

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

9-08-17
04:59 PM

Application of Southern California Gas
Company (U 904 G) and San Diego Gas
& Electric Company (U 902 G) for
Authority to Revise their Curtailment
Procedures

A.15-06-020
(Filed June 26, 2015)

**JOINT PETITION FOR MODIFICATION OF DECISION 16-12-015 AND REQUEST
FOR REDUCTION OF COMMENT PERIOD BY SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G), SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G), AND
THE INDICATED PARTIES**

EDWARD L. HSU

Attorney for:

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**

555 West 5th Street, GT14E7

Los Angeles, California 90013

Telephone: (213) 244-8197

Facsimile: (213) 629-9620

E-mail: ehsu2@semprautilities.com

Dated: September 8, 2017

TABLE OF CONTENTS

	<u>Page</u>
I. SUMMARY OF PROPOSED MODIFICATIONS.....	2
II. BACKGROUND	4
III. PROPOSED MODIFICATIONS.....	7
IV. PROPOSED REDUCTION OF THE PFM COMMENT PERIOD AND PROPOSED WAIVER OF COMMENTS ON A PD APPROVING THE PFM	9
V. CONCLUSION.....	9

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Gas
Company (U 904 G) and San Diego Gas
& Electric Company (U 902 G) for
Authority to Revise their Curtailment
Procedures

A.15-06-020
(Filed June 26, 2015)

**JOINT PETITION FOR MODIFICATION OF DECISION 16-12-015 AND REQUEST
FOR REDUCTION OF COMMENT PERIOD BY SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G), SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G), AND
THE INDICATED PARTIES**

Pursuant to Rule 16.4 of the Commission’s Rules of Practice and Procedure, Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and the Indicated Parties comprised of The Alliance for Retail Energy Markets (AREM), California State University (CSU), California Manufacturers & Technology Association (CMTA), California League of Food Processors (CLFP), City of Long Beach Gas & Oil Department, City of Vernon, Clean Energy Fuels Corp., Commerce Energy, Commercial Energy, Indicated Shippers, Interstate Gas Supply, Inc. (IGS), NRG Energy, Inc., Pacific Summit Energy LLC, Shell Energy North America (US), L.P., Southern California Generation Coalition (SCGC), Tiger Natural Gas, University of California (UC), Western Power Trading Forum (WPTF), Office of Ratepayer Advocates (ORA), and the California Independent System Operator (CAISO)¹ (collectively the “Joint Parties”) hereby submit this Joint Petition for Modification (PFM) of Decision (D.) 16-12-015.² The Joint Parties propose to extend the termination date of the *Settlement Agreement*

¹ Subsequent to the October 20, 2016 Joint Motion for Adoption of Second Daily Balancing Proposal Settlement Agreement, the California Cogeneration Council (CCC) disbanded and is no longer an active party.

² In accordance with Rule 1.8 of the Commission’s Rules of Practice and Procedure SoCalGas and SDG&E have been authorized to submit this Joint PFM on behalf of the Joint Parties.

Regarding Daily Balancing Issues (Second Daily Balancing Settlement) from November 30, 2017 to November 30, 2018. Pursuant to D.17-03-020, the termination date of the Second Daily Balancing Settlement had already been extended from March 31, 2017 to November 30, 2017.

I. SUMMARY OF PROPOSED MODIFICATIONS

The Joint Parties propose revisions to three Ordering Paragraphs in D.16-12-015, which had already been revised by D.17-03-020. First, the Joint Parties propose to modify the first Ordering Paragraph to extend the term of the Second Daily Balancing Settlement for an additional year from November 30, 2017 to November 30, 2018. The first sentence of Ordering Paragraph 1 would be modified to state that the Second Daily Balancing Settlement “is approved for implementation and extended to November 30, 2018.”

Second, the Joint Parties propose conforming changes to Ordering Paragraphs 15 and 18 to substitute “November 30, 2018” for “November 30, 2017” in both paragraphs. Ordering Paragraph 15, which was based on language from the Second Daily Balancing Settlement adopted by the Commission in D.16-12-015 and modified by D.17-03-020, currently provides: “Southern California Gas Company and San Diego Gas & Electric Company shall file a Tier 1 Advice Letter after November 30, 2017 to remove the temporary provisions that were granted by this decision from their tariffs.” Ordering Paragraph 18, which was not a part of the Second Daily Balancing Settlement but was included in the Commission’s final decision and modified by D.17-03-020, currently provides: “In the event that Aliso Canyon storage field does not return to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity by November 30, 2017, which is the date the terms of the Settlement Agreement is set to expire, Southern California Gas Company and San Diego Gas & Electric

Company shall take all reasonable efforts to seek a long-term solution to the system reliability issues which are present at Aliso Canyon storage field.”

The Joint Parties propose these modifications because operational constraints at the Aliso Canyon storage field, which have been the impetus for the continuing Daily Balancing Settlements, may continue beyond November 30, 2017. Further, the Commission now has before it the Order Instituting Investigation (OII) Pursuant to Senate Bill 380 to Determine the Feasibility of Minimizing or Eliminating the Use of the Aliso Canyon Natural Gas Storage Facility Located in the County of Los Angeles While Still Maintaining Energy and Electric Reliability for the Region (I.17-02-002, or “SB 380 OII”). An extension to November 30, 2018, would allow the Second Daily Balancing Settlement balancing rules to remain in effect for an additional year. The Joint Parties believe that, given the current situation at the Aliso Canyon storage field, it would be in all parties’ interest to continue the temporary provisions granted by D.16-12-015 and extended by D.17-03-020 through November 30, 2018.³

The Joint Parties are also seeking a reduced 5-day comment period for this PFM because they are simply proposing the continuation of temporary tariff modifications that were the subject of a Settlement Agreement that was adopted by the Commission in its entirety and without modification and which was originally supported by a large contingent of SoCalGas’ and SDG&E’s customers. A similar continuation was already granted by D.17-03-020. Moreover, the Joint Parties are also asking the Commission to waive comments on a Proposed Decision (PD) if the PD adopts the PFM as presented and no party has contested the PFM.

³ As discussed below, pursuant to the Second Daily Balancing Settlement, the temporary provisions granted by D.16-12-015 would be removed from the tariffs before November 30, 2018 should there be any superseding decision or order by the Commission or should Aliso Canyon return to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity. *See, generally* D.16-12-015, Section 2, para. 2, p. 6 & Ordering Paragraph 1.

II. BACKGROUND

SoCalGas and SDG&E filed their Application to Revise Their Curtailment Procedures (Application) on June 26, 2015. A prehearing conference (PHC) was noticed and held on October 27, 2015, to discuss the issues raised by the Application and by the parties' protests and responses, the need for evidentiary hearings, and the schedule for resolving the issues. An Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on November 6, 2015. The Scoping Memo identified the issues to be considered in this proceeding, set a procedural schedule, determined the category of the proceeding as ratesetting, and determined there was a need for hearings.

On March 1, 2016, SoCalGas and SDG&E filed a Motion for Interim Order to Establish Daily Balancing requirements. Numerous parties filed comments on the Motion on March 16, 2016. On April 12, 2016, a group of parties filed a Motion Requesting Approval of System Reliability Measures.

ALJ Bushey set a PHC for April 20, 2016, to address the SoCalGas and SDG&E daily balancing proposal. Parties were directed to hold Clarification Sessions to attempt to reach a compromise solution before establishing a procedural schedule. On April 14, 2016, an Assigned Commissioner's Amended Scoping Memo and Ruling was issued, which added the following to the scope of this proceeding:

The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily balancing on the SoCalGas and SDG&E systems to address operational constraints at the Aliso Canyon storage field."⁴

At the April 20, 2016 PHC, parties notified Commissioner Florio and ALJ Bushey that a settlement in principle had been reached with most active parties regarding the SoCalGas and

⁴ Assigned Commissioner's Amended Scoping Memo and Ruling at 2.

SDG&E daily balancing proposal and related proposals from other parties, and that there did not appear to be any parties who opposed the settlement in principle. Also on April 20, 2016, SoCalGas and SDG&E served a Notice of Settlement Conference, pursuant to Rule 12. That Settlement Conference was held telephonically on April 28, 2016. SoCalGas, SDG&E, and 24 other parties file a Joint Motion for Adoption of Daily Balancing Proposal Settlement (First Daily Balancing Settlement) on April 29, 2016. That tariff changes proposed in the First Daily Balancing Settlement received interim approval by an Assigned Commissioner's Ruling on May 27, 2016, and were ultimately approved by D.16-06-021. The tariff changes were implemented on June 1, 2016, and were effective through November 30, 2016.

Per the First Daily Balancing Settlement, D.16-06-021 established a subsequent phase of this proceeding "to consider reliability measures that may be needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity, consistent with the service levels set forth in Section 2 of the Settlement, or (2) working inventory at Aliso Canyon is not at least 45 Billion Cubic Feet."⁵ D.16-06-021 further directed parties to "meet in good faith to address reliability measures that may be needed beyond November 30, 2016, through Clarification Sessions, informal meetings, and/or Rule 12 settlement discussions and to "file and serve a Joint Status Report on the results of these meetings no later than September 8, 2016."⁶

On August 17, 2016, Southern California Edison Company, on behalf of the Customer Coalition, filed a Motion for Consideration of Winter Reliability Measures,⁷ to which SoCalGas

⁵ D.16-06-021, mimeo., at 14.

⁶ *Id.*

⁷ The "Customer Coalition" for the August 17, 2016 motion includes, in addition to Southern California Edison Company, the California Manufacturers and Technology Association, the California League of

and SDG&E filed a response on September 2, 2016. The aforementioned Joint Status Report was submitted on September 8, 2016. On September 15, 2016, SoCalGas and SDG&E filed a motion for order changing the timing of the daily core demand forecast, temporarily continuing certain existing customer mitigation measures and shortening response period. The Customer Coalition responded to that motion on September 30, 2016.⁸ On October 12, 2016, SoCalGas and SDG&E served notice of a Settlement Conference that was held at 11 a.m. on October 19, 2016. A Joint Motion for Adoption of Second Daily Balancing Proposal Settlement Agreement and Reduction of Comment Period was filed on October 20, 2016. The Joint Motion was approved and adopted by D.16-12-015 on December 1, 2016. Relevant tariff modifications were made by Tier 1 Advice Letters at SoCalGas and SDG&E, filed December 1, 2016 and effective the same day.

On February 16, 2017, SoCalGas, SDG&E, and the Indicated Parties filed a Joint Petition for Modification of D.16-12-015 and Reduction of Comment Period. The Joint PFM requested modification of D.16-12-015 to extend the termination date of the Second Daily Balancing Settlement from March 31, 2017 to November 30, 2017. ALJ Kelly by Ruling on February 17, 2017 granted the reduced comment period on the PFM. The Commission adopted D.17-03-020 on March 23, 2017, which granted the Joint PFM.

Food Processors, Indicated Shippers, Independent Energy Producers Association, Shell Energy North America (US), L.P., The Alliance for Retail Energy Markets (AReM), Southern California Generation Coalition, Commercial Energy, Western Power Trading Forum, Clean Energy Fuels, NRG Power Marketing, and GenOn Energy Management LLC.

⁸ The “Customer Coalition” for the September 30, 2016 response includes Southern California Edison, the Indicated Shippers, Shell Energy North America (US), L.P., The Alliance for Retail Energy Markets (AReM), and Southern California Generation Coalition.

III. PROPOSED MODIFICATIONS

Section II.B.2 of the Second Daily Balancing Settlement provided the following:

For provisions that refer to the Settlement term, the term of this Settlement is defined to begin upon adoption by the Commission and to conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) the return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) March 31, 2017.

Without changing any other aspect of the Second Daily Balancing Settlement, the Joint Parties want to leave in place the temporary provisions granted by D.16-12-015 and extended by D.17-03-020 through November 30, 2018, subject to existing off-ramps that would remove the temporary provisions earlier should there be any superseding decision or order by the Commission or should Aliso Canyon return to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity. As noted at the time, the Second Daily Balancing Settlement provided a recommended resolution of the following item identified in the April 14, 2016 Assigned Commissioner's Amended Scoping Memo and Ruling, as expanded by Ordering Paragraph 4 of Decision (D.) 16-06-021:

The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily balancing on the SoCalGas and SDG&E systems to address operational constraints at the Aliso Canyon storage field.”⁹

. . .

A subsequent phase of this proceeding is hereby established to consider reliability measures that may be needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity, consistent with the service levels set forth in Section 2 of

⁹ Assigned Commissioner's Amended Scoping Memo and Ruling at 2.

the Settlement, or (2) working inventory at Aliso Canyon is not at least 45 Billion Cubic Feet.”¹⁰

Operational constraints at the Aliso Canyon storage field, which have been the impetus for the continuing Daily Balancing Settlement Agreements, may continue beyond November 30, 2017. Without upsetting the Second Daily Balancing Settlement, which has already been found to be reasonable in light of the record, consistent with law, and in the public interest, the Joint Parties, who represent both the entirety of the original settling parties¹¹ as well as additional active parties, are merely requesting to continue the temporary provisions beyond November 30, 2017, to November 30, 2018, subject to existing off-ramps.

The extension would be accomplished by revising Ordering Paragraph 1 to extend the term of the Second Daily Balancing Settlement to November 30, 2018, and to make conforming changes to Ordering Paragraphs 15 and 18, the only two Ordering Paragraphs of D.16-12-015 (as modified by D.17-03-020) which refer to the November, 2017 terminus date. Accordingly, the Joint Parties propose the following limited redlined changes:

Ordering Paragraphs

1. The “Second Daily Balancing Proposal Settlement Agreement” (Settlement), set forth as Attachment 2 to this decision, is approved for implementation and extended to November 30, ~~2018~~2017.

15. Southern California Gas Company and San Diego Gas & Electric Company shall file a Tier 1 Advice Letter after November 30, ~~2018~~2017 to remove the temporary provisions that were granted by this decision from their tariffs.

18. In the event that Aliso Canyon storage field does not return to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity by November 30, ~~2018~~2017, which is the date the terms of the Settlement Agreement is set to expire, Southern California Gas Company and San Diego Gas & Electric Company shall take all reasonable

¹⁰ D.16-06-021, mimeo., at 14.

¹¹ As referenced in footnote 1, CCC disbanded and is no longer an active party in this proceeding.

efforts to seek a long-term solution to the system reliability issues which are present at Aliso Canyon storage field.

IV. PROPOSED REDUCTION OF THE PFM COMMENT PERIOD AND PROPOSED WAIVER OF COMMENTS ON A PD APPROVING THE PFM

The proposed modifications to D.16-12-015 should be relatively noncontroversial and beneficial. The Joint Parties are simply proposing the continuation of temporary tariff modifications that were the subject of a Settlement Agreement that was adopted by the Commission in its entirety and without modification, which was originally supported by a large contingent of SoCalGas' and SDG&E's customers, and has already been extended once before. The Second Daily Balancing Settlement provided a balance of important tariff changes tools while also providing customer mitigation measures that are largely appreciated.

For these reasons, the Joint Parties respectfully request that the Commission shorten the normal 30-day PFM comment period to 5 days.¹² This reduced comment period will enable the Commission to consider this PFM at least one business meeting earlier than otherwise, and is particularly appropriate given the need to receive approval by the November 30, 2017 Commission business meeting. For these same reasons, the Joint Parties also request that the Commission waive comments on a PD if the PD adopts the PFM as presented and no party has contested the PFM.¹³

V. CONCLUSION

For the reasons set forth above, the Joint Parties respectfully request that the Commission modify D.16-12-015 to extend the Second Daily Balancing Settlement to November 30, 2018.

¹² Rule 11.1(e) provides that responses to written motions must be filed and served within 15 days of the date that the motion was served, except as otherwise provided in the rules (e.g., discovery motions) or unless the ALJ sets a different date.

¹³ Rule 14.6(c)(2) provides that the Commission may reduce or waive the period for public review and comment on draft resolutions and proposed decisions in an uncontested matter where the decision grants the relief requested.

