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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and perform Long-Term Gas System Planning.	Rulemaking 20-01-007

ASSIGNED COMMISSIONER'S RULING DIRECTING SOUTHERN CALIFORNIA GAS COMPANY TO EXTEND RULE 30 OPERATIONAL FLOW ORDER NONCOMPLIANCE CHARGE STRUCTURE

Decision (D.) 19-05-030 adopted an eight-stage winter penalty structure for Southern California Gas Company (SoCalGas) which allows for more moderate increases between Operational Flow Order (OFO) stages than the prior winter penalty regime. Instead of the OFO penalty increasing from $5 to $25 between Stages 3 and 4, the new rules create intermediate Stages 3.1, 3.2 and 3.3, which impose penalties of $10, $15 and $20, respectively. The revised rules have been in effect for over two years and have mitigated the price spikes that would otherwise have been triggered by the large penalty increase between Stages 3 and 4. However, D.19-05-030 adopted the rules temporarily, and they are due to expire on October 31, 2021.

The Scoping Memo in this proceeding includes the issue of whether these temporary winter rules should be extended. On February 26, 2021, Administrative Law Judge (ALJ) Tran issued a ruling directing parties to comment on this issue. In their comments, SoCalGas supported the extension of the temporary winter OFO rules to a year-round structure, because they "provide a much smoother transition between noncompliance stages and give the system operator more flexibility to match OFO incentives to prevailing market conditions, minimizing the risk that excessive OFO noncompliance charges could inflate intraday gas prices."[1] No other party to the proceeding opposed extension of SoCalGas' temporary winter OFO rules. In addition, Southern California Edison "strongly urges the Commission to extend the current modified OFO penalty structure until SoCalGas restores full pipeline capacity... Failure to maintain the current OFO penalty structure until SCG's system is fully operational through full pipeline capacity likely will lead to renewed market instability and price volatility."[2]

Extraordinarily high winter natural gas prices are being forecast for the Southern California region. I believe it is necessary to act now to avoid the large price spikes that might result from reversion to the prior OFO rules. Accordingly, **IT IS RULED** that Southern California Gas Company shall extend the Operational Flow Order rules and structure adopted in Decision 19-05-030 until a full Commission decision is issued concerning the matter.

Dated October 12, 2021, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN
Clifford Rechtschaffen
Assigned Commissioner

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1 Joint Response of SoCalGas and SDG&E to the assigned ALJ's Ruling Seeking Comments, March 19, 2021, at 16.

2 Southern California Edison Company's Response to Assigned ALJ's February 26, 2021 Ruling Seeking Comments, at 3.