

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of SOUTHERN
CALIFORNIA GAS COMPANY
(U 904 G) for Authority to Establish a
Memorandum Account for the Angeles
Link Project

Application 22-02-007

**THE PUBLIC ADVOCATES OFFICE'S COMMENT
ON THE RESPONSES PROVIDED BY SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G) IN RESPONSE TO CERTAIN QUESTIONS
POSED BY THE ADMINISTRATIVE LAW JUDGE**

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I. INTRODUCTION

Pursuant to the *Email Ruling Allowing Comments and Reply Comments and Clarifying the Administrative Law Judge Request* (the “Comments Ruling”) issued on September 28, 2022, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) hereby files these comments on Southern California Gas Company’s (SoCalGas) responses to four questions posed by Administrative Law Judge Elaine Lau on Application (A.) 22-02-007 (Application).¹

II. PROCEDURAL BACKGROUND

On September 22, 2022, ALJ Lau issued an *Email Ruling Directing Applicant to Address Questions* (Clarification Ruling) to all parties. The Clarification Ruling instructed SoCalGas to respond to four questions to clarify statements SoCalGas made in both its opening and reply briefs. Several of these questions centered on SoCalGas’ claims that “all existing ratepayers will benefit from memorandum account treatment” and that “certain existing ratepayers will see direct benefits of the activities undertaken as part of the Memo Account.”² Another question centered on SoCalGas’ claims regarding potential routing of a pipeline to carry green hydrogen from unidentified sources to its customers in the Los Angeles Basin.³ The Clarification Ruling further required SoCalGas to submit its responses no later than September 30, 2022.

Subsequent to the issuance of the Clarification Ruling, the Protect Our Communities Foundation (PCF) moved to allow all parties to submit comments and reply comments on SoCalGas’s responses to the questions posed in the Order. ALJ Lau granted this motion with some modifications in the Comments Ruling issued on September 28.

¹ Application (A.) 22-02-007 *Application of Southern California Gas Company for Authority to Establish a Memorandum Account for the Angeles Link Project* (Application) filed February 17, 2022.

² Opening Brief of Southern California Gas Company (U904G)(SoCalGas Opening Brief), June 29, 2022, at 35-36.

³ Reply Brief of Southern California Gas Company(U904G)(SoCalGas Reply Brief), August 15, 2022, at 46.

On September 30, SoCalGas submitted its Response to the Clarification Ruling (SoCalGas' Response). As explained more fully below, SoCalGas' Response is unsatisfactory because the various responses contained therein are overly broad, vague, and unresponsive to the specific questions posed in ALJ Lau's Clarification Ruling.

III. SOCALGAS' RESPONSES FAILED TO PROVIDE ADEQUATE INFORMATION THE PERCENTAGE OF NON-CORE CUSTOMERS WHO CAN POTENTIALLY TAKE SERVICE OF GREEN HYDROGEN IN PLACE OF NATURAL GAS

SoCalGas' response to Question #2 of the Clarification Order states that SoCalGas "estimate[s] that approximately 50% or more of SoCalGas' current retail noncore customers could potentially take service of green hydrogen gas as a substitute for natural gas."⁴ SoCalGas provided no evidence to substantiate the estimates submitted in response to this question. SoCalGas' estimates are based on broad assumptions of the overall "customers [that] are eligible to convert to hydrogen fuel . . ."⁵ In other words, SoCalGas' estimates are not limited to the percentage of noncore customers that could potentially take service of green hydrogen provided by the Angeles Link project; it instead offered a percentage of the potential number of customers that might simply be eligible for green hydrogen service.⁶ However, even at the broader eligibility level, it appears that these estimates are based entirely on unsupported assumptions with no evidentiary backing.⁷ For that reason, SoCalGas' answer is unresponsive to Question #2.

⁴ SoCalGas Response, at 3 (citation omitted).

⁵ SoCalGas Response, at 3, fn 4.

⁶ It is also unclear whether SoCalGas' response is limited to existing noncore ratepayers that could potentially take service of green hydrogen as a result of the Angeles Link project; or, if SoCalGas' estimates are system-side estimates based upon eligibility that are unrelated to the Angeles Link project. If the latter, SoCalGas' answer is unresponsive to Question #2 because it asks for the estimated percentage of SoCalGas' existing noncore customers that could potentially take service of green hydrogen, if the Angeles Link project is constructed.

⁷ SoCalGas states that the estimates are based upon information currently available; however, SoCalGas did not provide the information to support its estimates or cite any evidence in the record.

In either instance, SoCalGas concedes that it does not know the actual number of customers that may ultimately be served from the Angeles Link project.⁸ SoCalGas admits that any actual green hydrogen customers will be influenced by many unknown factors that will not be addressed until Phase 1 (Pre-Engineering and Design activities) commences. This admission is consistent with the *Assigned Commissioner's Scoping Memo and Ruling's* (Scoping Memo) observation that the “Project is still in the conceptual phase, and details of the Project are not established . . .”⁹ Thus, SoCalGas’ estimates are unsupported by any underlining evidence, moreover, there is little value in the general estimates because SoCalGas cannot reasonably provide estimates of potential service takers of green hydrogen without establishing end-user demand and providing essential design characteristics (e.g., green hydrogen sources, pipeline route and distance, pipeline capacity, etc.) of its Angeles Link project, which SoCalGas concedes it has not yet presented in the record.

IV. SOCALGAS FAILED TO SHOW WHAT PERCENTAGE OF ITS NON-CORE SALES WOULD SWITCH FROM NATURAL GAS TO GREEN HYDROGEN

Question #3 of the Clarification Ruling asks the broader hypothetical question of what percent of SoCalGas’ noncore sales would switch from natural gas to clean hydrogen gas, assuming all eligible noncore ratepayers switched their services from natural gas to clean hydrogen gas. SoCalGas responds that more than 50% of its current retail noncore sales could potentially be substituted by the service of green hydrogen gas.¹⁰ However, consistent with its non-responsive answer to Question #2, SoCalGas concedes that it does not know the actual number or percentage of sales that may ultimately take service from the Angeles Link project because there are so many

⁸ SoCalGas Response, at 4.

⁹ Scoping Memo at 6.

¹⁰ SoCalGas Response, at 4.

unknown factors that will not be addressed until Phase 1.^{11,12} SoCalGas' response regarding sales percentages is also unsupported by any evidence in the record.

V. THE RECORD DOES NOT SUPPORT SOCALGAS' CLAIM THAT 50% OF SOCALGAS' NON-CORE CUSTOMERS WILL BE SERVED BY THE ANGELES LINK PROJECT

As noted above, SoCalGas responds that it anticipates that 50% or more of its current retail noncore customers could potentially take service of green hydrogen as a substitute for natural gas.¹³ The record does not support SoCalGas' unsubstantiated claim that 50% of its noncore customers will be served by either the Angeles Link project specifically or green hydrogen generally. Other than general references to hard-to-electrify sectors, SoCalGas has not provided any evidence that there are specific customers ready to take service of green hydrogen at a meaningful scale.

Parties opposing SoCalGas' Application have noted this discrepancy. PCF's opening brief notes that SoCalGas has only identified one potential customer for green hydrogen – the Los Angeles Department of Water and Power (LADWP).¹⁴ Air Products noted the same discrepancies and made the same argument.¹⁵ Furthermore, PCF argues that “SoCalGas's projections for green hydrogen demand volume lack evidentiary support and ignore all of the barriers to green hydrogen adoption. SoCalGas anticipates inaccurately that a large demand for green hydrogen will materialize.”¹⁶ In short, it appears that SoCalGas has no firm idea of what percentage of its noncore customers will

¹¹ SoCalGas Response, at 4.

¹² Again, it is unclear whether SoCalGas' response is limited to the percentage of its noncore sales that may switch over from natural gas to green hydrogen as a result of the Angeles Link project; or, if SoCalGas' estimates are system-side estimates based upon eligibility that are unrelated to the Angeles Link project.

¹³ SoCalGas Response, at 3.

¹⁴ Opening Brief of Protect Our Communities Foundation (PCF Opening Brief), July 29, 2022, at 29.

¹⁵ Protest of Air Products and Chemicals, Inc., March 18, 2022, at 3.

¹⁶ PCF Opening Brief, at 3. See also, PCF Opening Brief, at 28-29.

potentially take service or switch from natural gas to green hydrogen if the Angeles Link Project were to come to fruition.

VI. THERE IS NO EVIDENCE IN THE RECORD OF ANY EXISTING OR PLANNED HYDROGEN PRODUCTION FACILITIES ON WHICH SOCALGAS CAN RELY TO MEET ITS CUSTOMERS NEEDS SHOULD THOSE CUSTOMERS SWITCH FROM NATURAL GAS TO GREEN HYDROGEN

A fundamental flaw in SoCalGas' Application and responses to the Clarification Ruling's questions is the dearth of evidence that there are green hydrogen sources available to service any potential end-user either now or in the near future. Cal Advocates has observed that SoCalGas failed to provide any evidence that there are green hydrogen production facilities available that can produce the required amounts of green hydrogen to serve end-users at scale.¹⁷ The Utility Consumers' Action Network (UCAN) also noted the lack of any evidence for the existence of "a viable source of quantities of green hydrogen that would be needed to supply large electrical generation facilities such as power plants owned and operated by the [LADWP]."¹⁸ Hence, SoCalGas' estimates about end-user adoption of green hydrogen are both unsupported and unreasonable because no utility scale green hydrogen sources were identified that would serve as a source for the Angeles Link project.

¹⁷ Opening Brief of California Advocates, July 29, 2022, at 4-5, 20.

¹⁸ Opening Brief of the Utility Consumers' Action Network, July 29, 2022, at 8 (footnote omitted). See also, Opening Brief Air Products and Chemicals, Inc., July 29, 2022, at 8 ("SoCalGas has not yet identified a single potential end user or a single potential hydrogen supplier for the Project. It has not entered into a single contract, memorandum of understanding, or agreement related to the Project.").

VII. CONCLUSION

Cal Advocates respectfully requests that the Commission treat SoCalGas' responses to the questions posed in the Clarification Ruling as unresponsive.

Respectfully submitted,

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