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FILED

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Investigation 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.

Investigation 17-02-002

ADMINISTRATIVE LAW JUDGE'S RULING ON JOINT PETITION FOR MODIFICATION

On April 19, 2023, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) filed a joint petition to modify Decision (D.) 21-11-008 (Petition). SoCalGas and SDG&E also jointly filed a motion to shorten the response time. Rule 16.4 of the Commission's Rules of Practice and Procedure (Rules) states responses to a petition for modification must be filed within 30 days of the date the petition was filed and replies require permission of the Administrative Law Judge.

This ruling orders SoCalGas and SDG&E to supplement the Petition and sets a schedule for responses and replies.

1. Background

This proceeding has produced multiple reports, held numerous workshops, and received responses and formal comments as the Commission creates a path to decrease and eliminate California's reliance on Aliso Canyon Natural Gas Storage Facility (Aliso Canyon). On September 23, 2022, the

assigned Commissioner issued a ruling which entered into the record Energy Division's Staff Proposal for Portfolio and Next Steps (Staff Proposal) and ordered testimony. The assigned Commissioner directed parties to discuss in their testimony the Staff Proposal's outline of resources that might replace the services provided by Aliso Canyon and the closure process to meet a specific closure date. From December 2022 through February 2023, the parties served opening testimony, rebuttal testimony, and sur-rebuttal testimony on the possible energy portfolio to replace Aliso Canyon and how to implement such a portfolio.

While the proceeding is ongoing, the Commission set the interim storage capacity at Aliso Canyon at 34 billion cubic feet (Bcf) in 2020.¹ Subsequently, the Commission increased the limit to 41.16 Bcf due to the need to protect ratepayers from reliability issues and rate impacts during the 2021 winter season.² The Commission noted that it would revisit the storage level issue if needed.³

In the Petition, SoCalGas and SDG&E request modification of the 2021 decision due to the events of this past winter. Due to a combination of factors, starting in November 2022, California experienced wholesale natural gas price spikes. In February 2023, gas prices decreased but were still high compared to February 2022. In February 2023, the Commission held an *en banc* hearing to gather facts on the extent of and the reasons for high gas prices during the 2022-2023 winter. The Commission opened a formal proceeding and continues

¹ D.20-11-044.

² D.21-11-008.

³ *Id.* at 2.

to examine the causes of natural gas price spikes and the impacts on energy markets.⁴

SoCalGas states in the Petition that but for the 41.16 Bcf limit, actual receipt capacity during Summer 2022 showed there may have been additional inventory at Aliso Canyon from November 2022 through the winter season.⁵ SoCalGas's Summer 2023 Technical Assessment forecasts sufficient supply to fill Aliso Canyon to 68.6 Bcf by November 2023.⁶ SoCalGas and SDG&E argue that the Commission should modify D.21-11-008 to increase the storage capacity at Aliso Canyon to 68.6 Bcf to mitigate against price volatility and to preserve reliability.⁷

2. Support for the Petition

To better understand the implications of granting the relief sought in the Petition, SoCalGas and SDG&E are instructed to prepare and file a joint response to this ruling and address the questions affixed to this ruling as Attachment 1. All other parties may respond to the Petition and are encouraged to respond to the questions to the best of their abilities. Replies are permitted according to the schedule below. With the responses and replies, each party shall include verifications per Rule 1.11.

⁴ Order Instituting Investigation on the Commission's Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets, Investigation 23-03-008 (March 20, 2023).

⁵ Southern California Gas Company (U904G) and San Diego Gas & Electric Company's (U902G) Joint Petition for Modification of Decision 21-11-008 at 10 (April 19, 2023).

⁶ *Id.* at 10-11.

⁷ *Id.* at 13.

3. Schedule

The motion to shorten time requests that the 30 days response period be shortened to ten days.⁸ Several parties have tendered for filing responses to the joint motion to shorten time.⁹ The joint motion to shorten time is denied in part and granted in part, as reflected in the schedule below. The due dates are as follows:

EVENT	DATE
Concurrent Responses to Questions and Responses to the Joint Petition to Modify	May 15, 2023
Concurrent Replies to Responses	May 29, 2023

By May 15, 2023, SoCalGas and SDG&E shall respond to the questions in Attachment 1, in support of their Petition. All other parties are encouraged and permitted to file responses to the questions in Attachment 1. If parties have already filed their responses, then parties may supplement their responses in compliance with this order.¹⁰

By May 29, 2023, the parties are permitted to file concurrent replies to the responses.

⁸ Joint Motion of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) to Shorten Time to Respond to Joint Petition for Modification of D.21-11-008 at 1 (April 19, 2023).

⁹ Indicated Shippers' Response to Joint Motion to Shorten Time to Respond to Petition for Modification of D.21-11-008 (May 1, 2023). Issam Najm tendered for filing a response to the joint motion to shorten time on May 3, 2023. The Protect Our Communities Foundation tendered for filing a response to the joint motion to shorten time on May 4, 2023.

¹⁰ See Indicated Shippers' Response to Joint Petition for Modification of D.21-11-008 (May 1, 2023).

IT IS RULED that:

1. Southern California Gas Company and San Diego Gas & Electric Company shall file written responses and replies to supplement their joint petition for modification based on the direction and schedule set forth in this ruling.
2. All other parties are encouraged and permitted to file responses and replies based on the direction and schedule in this ruling.
3. The responses and replies shall include verifications pursuant to Rule 1.11 of the Commission's Rules of Practice and Procedure.

Dated May 5, 2023, at San Francisco, California.

/s/ ZHEN ZHANG
Zhen Zhang
Administrative Law Judge

ATTACHMENT 1

1. Page 10 of the Joint Petition for Modification states “but for the 41.16 Bcf limitation, there may have been additional inventory at Aliso Canyon on November 1, 2022 and throughout the winter season, including inventory allocated to the Unbundled Storage Program.” Provide data, assumptions, and modeling to support this statement.
2. What impact did the 2022-2023 winter price volatility have on your utility or your customers? Please quantify the rate and bill impacts to the greatest extent possible.
3. If the storage inventory at Aliso Canyon had been higher, would it have helped to reduce the magnitude, duration or volatility of the price spikes during the 2022-2023 winter? Provide assumptions and modeling results to support your response.
4. How would increasing the maximum allowable inventory at Aliso Canyon protect against future price spikes? Provide assumptions and modeling results to support your response.