



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA

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Order Instituting Investigation on the  
Commission's Own Motion into Natural Gas  
Prices During Winter 2022-2023 and Resulting  
Impacts to Energy Markets.

I.23-03-008

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) OPENING COMMENTS**  
**AND RESPONSES TO ASSIGNED COMMISSIONER'S RULING ISSUING FIRST**  
**AMENDMENT TO SCOPING MEMO AND SEEKING COMMENTS**

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Dated: **June 10, 2024**

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Pursuant to the May 13, 2024 Assigned Commissioner Ruling (Ruling) Issuing First Amendment to Scoping Memo and Seeking Comments, Southern California Edison Company (SCE) respectfully submits its response to Question 1 presented in Attachment A to the Ruling. For these Opening Comments, SCE’s response is limited to Question 1, but SCE may respond to other parties’ comments on the other questions presented in Attachment A in its Reply Comments.

**I.**

**RESPONSE TO QUESTION 1**

Question 1 in Attachment A to the Ruling asks if “the Commission [should] require gas and electric utilities to notify Customers if gas commodity costs reach a certain threshold [and] [i]f so, what should the threshold be?” SCE does not opine on whether or not gas utilities should notify gas customers if gas prices reach a certain threshold, but SCE does not recommend the Commission require electric utilities to so notify customers because doing so is unlikely to have the intended effect for the three reasons discussed below.

First, an increase in gas commodity costs does not translate to an automatic and immediate increase in customers' electricity bills for a variety of reasons. Whereas higher gas prices would result in higher spot market prices for electricity in the wholesale market, such higher costs are recorded in a balancing account, and thus not passed directly to customers. Furthermore, the collection of such costs is subject to the Commission's review and ratemaking treatment, which occurs over time, not in the same month or billing cycle as incurred. Also, not all electricity is purchased at the higher spot market prices. In fact, SCE procures most of the electricity it supplies to customers through long term power purchase agreements from a variety of generation sources, not all of which are benchmarked to gas commodity costs.

Second, if the Commission's objective in notifying the customers is to encourage conservation, this objective too is not best served by notifying electric utility customers. Electricity prices can vary greatly during a day, depending on peak versus off-peak demand, as well as peak versus off-peak supply conditions. Thus, shifting the temporal usage from peak to nonpeak is an equally powerful objective as conservation. But customers are not incentivized or motivated to shift their demand by simply informing them that gas commodity prices have reached a certain threshold.

Third and finally, electric utilities typically inform customers using bill inserts in customers' monthly bill. That timing and method of notification may not be best suited to achieve the underlying objective of modifying electricity usage behavior based on gas commodity price signals.

Given the foregoing it is not clear to SCE that informing electric utility customers that gas prices have increased or reached a certain threshold will have a meaningful effect or purpose.

## **II.**

### **CONCLUSION**

For the foregoing reasons, SCE requests that the Commission decline to require electric utilities to inform customers about gas price increases that reach a certain threshold.

Respectfully submitted,

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