

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



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Application of Pacific Gas and Electric Company
(U39G) for Approval of its 2027 Gas Cost
Allocation and Rate Design Proposals for its Gas
Distribution, Transmission and Storage System.

Application 25-11-006
(Filed November 21, 2025)

**JOINT COMMENTS OF WILD GOOSE STORAGE, LLC AND LODI GAS STORAGE,
L.L.C. ON DRAFT SCOPE OF ISSUES**

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Dated: February 10, 2026

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In accordance with the Administrative Law Judge’s February 3, 2026 email ruling requesting party feedback on the draft scope of issues for this proceeding, Wild Goose Storage, LLC (Wild Goose) and Lodi Gas Storage, L.L.C. (Lodi) submit their joint comments.

I. COMMENTS ON DRAFT SCOPE OF ISSUES

These comments focus on draft issue #20: “How can the Commission ensure that core customers are charged reasonable rates for storage purchased through the independent storage providers (ISPs) given the concentration of ISP ownership and the proposed increasing dependence of PG&E on ISP storage to meet core peak demand?”¹ While it is appropriate as a general matter for the Commission to assess the reasonableness of PG&E customers’ storage costs, the question is premised on a fundamental misunderstanding of the independent storage market. Additionally, it is not clear that a utility’s cost allocation and rate design proceeding is a reasonable venue to examine broader questions that may impact how PG&E contracts with an entire class of regulated entities. Any questions relating to ISP market structure and contracting practices must be examined in a dedicated rulemaking or other appropriate proceeding. The

¹ Email Ruling Granting Parties Opportunity to Comment on the Draft Scope of Issues, Attachment A (February 3, 2026).

Commission should not include this issue in the final scoping ruling.

A. ISP Market-Based Decision-making is not Concentrated

The independent gas storage market, which launched in 1997 with a single ISP, has always had a small number of participants.² In the intervening decades, the Commission has consistently found that each new market entrant, and each ISP requesting to expand its existing facilities, lacks market power and can therefore operate under market-based rates.³ The Commission has also reviewed and approved all ISP tariffs. There is no record in any proceeding that indicates that the independent storage market is producing unreasonable contract terms or prices. To the contrary, the Commission’s recent investigation into the winter 2022–2023 gas price spike concluded that PG&E’s ISP contracts were not unreasonable, that the ISPs did not contribute to the price spike, and that noncore customer access to the ISPs kept the market liquid and *reduced* gas prices in PG&E’s service territory.⁴ The independent storage market is functioning competitively, as the Commission designed it to.

B. PG&E’s ISP Contracts are Already Subject to Reasonableness Review

PG&E’s core storage ISP contracts under the Natural Gas Storage Strategy (NGSS) are reviewed by Cal Advocates and TURN, as well as the Commission, before they can be approved. In D.19-09-025, the Commission adopted procedures governing PG&E’s contracting process

² The Commission has noted in other contexts that tight market conditions do not necessarily demonstrate an abuse of market power. (See D.22-07-025, p. 3.)

³ See, e.g., D.97-06-091 (1997 Cal. PUC LEXIS 507), Conclusion of Law 11; D.00-05-048, Ordering Paragraph 2; D.09-10-035, Ordering Paragraph 1; D.10-10-001, Ordering Paragraph 8. Wild Goose and Lodi have additionally explained in I.23-03-008 that their shared corporate parent cannot make market-based decisions or negotiate storage contracts for both utilities, which prevents any ownership “concentration” that could affect storage prices.

⁴ I.23-03-008, Proposed Decision Regarding the Causes and Contributions to the 2022-2023 Gas Price Spike and Adopting Directions to Reduce the Likelihood or Mitigate the Impact of Future Gas Price Spikes, pp. 36, 46 (January 23, 2026) (I.23-03-008 Proposed Decision).

with the ISPs, which includes the requirement for PG&E to confer with Cal Advocates and TURN to determine whether the contract is reasonably priced, will benefit core customers, and is necessary to meet PG&E's reliability standard.⁵ The procedures also require Commission approval of any ISP contracts for core storage before the contracts become effective.⁶ If PG&E, Cal Advocates, and TURN do not reach agreement on whether the contract is reasonable and beneficial to core customers, PG&E may still request Commission review and approval of the contract via a Tier 2 Advice Letter, which allows for protests.⁷ All requests for approval of PG&E's core storage ISP contracts must be accompanied by:

- A copy of the contract showing all relevant terms;
- The analysis used to determine that the contract is reasonably priced, will benefit core customers, and is necessary to meet PG&E's reliability standard;
- Copies of the ISP's verification that its facility meets the operational requirements to ensure that the contracted volumes can be delivered as specified, as well as confirmation of industry-standard operation and maintenance standards;
- The analysis conducted by the independent credit analysis agency and the third-party insurance review agency concerning the ISP with which PG&E seeks to contract; and
- PG&E's determination that the ISP is fit to provide service.⁸

Since the NGSS was adopted, PG&E has entered into or amended at least 15 contracts

⁵ D.19-09-025, Appendix I, Approval Process for Gas Storage Contracts between PG&E and Independent Storage Providers to serve Core Customers, p. 2.

⁶ *Ibid.*

⁷ *Id.* at p. 3.

⁸ *Id.* at pp. 3–4.

with ISPs for core storage, all of which have been reviewed favorably by Cal Advocates and TURN⁹ and all of which the Commission has approved.¹⁰ Given the multi-faceted review and approval process for PG&E's core storage contracts, it does not appear that new or revised procedures are necessary to ensure that PG&E's ISP contracts are reasonable and beneficial to customers.

C. This Proceeding is Not the Appropriate Venue to Examine ISP Contracting

If, in spite of the foregoing, the Commission decides to explore changes that will affect the way PG&E contracts with all ISPs, that inquiry must be undertaken in a proceeding where all ISPs are parties and where all interested stakeholders have notice and the opportunity to participate. PG&E's gas cost allocation and rate design proceeding, which does not encompass the prudence of PG&E's commodity contracts, is not the appropriate venue.

⁹ TURN's participation in the contract review process is optional, and TURN elected not to review the contracts presented in Advice Letters 4206-G and 4224-G.

¹⁰ See Advice Letter 4206-G (seeking approval of two core storage contracts following a competitive solicitation process) (January 17, 2020); Advice Letter 4224-G (seeking approval of two core storage contracts following a competitive solicitation process) (March 2, 2020); Advice Letter 4306-G (seeking approval to modify one core storage contract to meet the NGSS reliability standard) (September 4, 2020); Advice Letter 4393-G (seeking approval of one core storage contract following a competitive solicitation) (February 26, 2021); Advice Letter 4652-G (seeking approval to modify an existing core storage contract to meet the NGSS reliability standard) (September 16, 2022); Advice Letter 4671-G (seeking approval of two core storage contracts following a competitive solicitation) (October 21, 2022); Advice Letter 4870-G (seeking approval of one core storage contract following a competitive solicitation) (February 23, 2023); Advice Letter 4731-G (seeking approval of one core gas storage contract following a competitive solicitation) (March 31, 2023); Advice Letter 4826-G (seeking approval of one core storage contract following a competitive solicitation) (November 22, 2023); Advice Letter 4873-G (seeking approval of one core storage contract following a competitive solicitation) (February 28, 2024); Advice Letter 4910-G (seeking approval of one core storage contract following a competitive solicitation) (May 13, 2024); Advice Letter 4973-G (seeking approval of one core storage contract following bilateral negotiations; notes consultation with Energy Division and Legal Division in addition to TURN and Cal Advocates) (September 18, 2024).

II. CONCLUSION

The Commission should not include issue #20 in the final scoping ruling. The question is premised on a misunderstanding of ISP market dynamics and overlooks the fact that PG&E's ISP contracts are already reviewed for reasonableness before the Commission approves them. Moreover, PG&E's cost allocation and rate design application is not the proceeding in which the Commission should examine questions that could affect the entire ISP class.

Dated: February 10, 2026

Respectfully submitted,

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