

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



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Application of Southern California Gas
Company (U904G) in Compliance with
Ordering Paragraph 6 of Decision 24-12-076.

Application 26-01-009
(Filed: January 15, 2026)

**SIERRA CLUB PROTEST TO APPLICATION OF SOUTHERN CALIFORNIA GAS
COMPANY (U904G) IN COMPLIANCE WITH ORDERING PARAGRAPH 6 OF
DECISION 24-12-076**

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”), Sierra Club submits this protest to the Application of Southern California Gas Company (“SoCalGas”) (U904G) in Compliance with Ordering Paragraph 6 of Decision 24-12-076 (“Application”).¹ The Application first appeared on the CPUC Daily Calendar on January 21, 2026.² This protest is timely filed in accordance with Rule 2.6(a).³

I. BACKGROUND

In October 2015, a well at the Aliso Canyon Natural Gas Storage Facility suffered a casing failure, allowing massive quantities of methane to escape uncontrollably for nearly four months until it was sealed in February 2016. The blowout released roughly 100,000 metric tons of methane—one of the largest methane leaks in U.S. history—producing a major short-term climate impact due to methane’s intensive warming potential and forcing thousands of nearby residents to temporarily relocate due to headaches, nausea, nosebleeds, and other symptoms associated with exposure to natural gas and odorants.

Following that disaster, the Commission instituted I.17-02-002 “to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility

¹ A.26-01-009, Application of Southern California Gas Company (U904G) in Compliance with Ordering Paragraph 6 of Decision 24-12-076 (“Application”) (Jan. 15, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M595/K083/595083702.PDF>.

² CPUC, *Daily Calendar*, at 9 (Jan. 21, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M595/K978/595978296.PDF>.

³ Rule 2.6 requires that protests be filed within 30 days of the date that the notice of the filing first appeared in the Commission’s Daily Calendar. As this application appeared on the Commission’s Daily Calendar on January 21, 2026, Sierra Club’s protest is timely filed.

(Aliso Canyon) while still maintaining energy and electric reliability for the Los Angeles region and just and reasonable rates in California.”⁴ SoCalGas’s application responds to orders in the final decision of the Commission’s investigation.

D.24-12-076 closed proceeding I.17-02-002 and ordered follow-on actions up to and including closure of Aliso Canyon.⁵ Specifically, D.24-12-076, Ordering Paragraph (“OP”) 3 directs Energy Division (“ED”) to submit a biennial assessment report to “include reliability analyses and economic analyses, and recommendations regarding the Aliso Canyon Natural Gas Storage Facility maximum storage limit or consideration of closure.”⁶

D.24-12-076 established a biennial process for evaluating the maximum storage limit for Aliso Canyon. D.24-12-076, OP 4 states that “The biennial assessment report will be served on the service list of this proceeding [and other proceedings] on June 15, starting in 2025, and biennially thereafter.”⁷ D.24-12-076, OP 6 states that “[i]f the biennial assessment report recommends changes to the maximum storage limit or the reliability and economic analyses, then within 90 days of the June 15 report, Southern California Gas Company shall file an application requesting the Commission to review the recommendations and present its own recommendations, if any.”⁸

Through D.24-12-076, the Commission started the biennial report process the following year. On October 1, 2025, Energy Division issued the first biennial report required by D.24-12-076, OP 3. ED asked for and received two deadline deferrals, resulting in an October 1, 2025 release for the 2025 Biennial Assessment Report instead of release on the June 15th deadline ordered in D.24-12-076. In the 2025 Biennial Assessment Report, Energy Division

⁴ I.17-02-002, *Order Instituting Investigation*, at 1 (Feb. 17, 2017), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M176/K180/176180991.PDF>.

⁵ D.24-12-076, *Decision Adopting Biennial Assessment Process*, at 76-78, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M551/K009/551009286.PDF> [hereinafter “D.24-12-076”].

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

recommended a 10 billion cubic feet (“Bcf”) reduction to Aliso Canyon’s storage capacity,⁹ which is the maximum storage capacity reduction allowed under D.24-12-076.¹⁰

SoCalGas filed its application for evaluation of the Aliso Canyon Natural Gas Storage Facility maximum storage limit or consideration of closure on January 15, 2025. SoCalGas asked for and received a deadline deferral for its Application, which is why the Application was filed later than the ordered deadline of 90-days after ED’s service of the Biennial Report. SoCalGas disagreed with ED’s analysis. Instead of a reduction to the Aliso Canyon maximum level, SoCalGas recommended that (1) “the Commission should not authorize the reduction of Aliso Canyon’s maximum inventory level at this time,”¹¹ and (2) “the Commission should authorize an increase of Aliso Canyon’s maximum inventory level if necessary to maintain reliability and just and reasonable rates.”¹²

In D.23-08-050 the Commission authorized a maximum storage capacity at Aliso Canyon of 68.6 Bcf.¹³ According to D.24-12-076, the California Geologic Energy Management Division (“CalGEM”) determined that Aliso Canyon can be safely pressurized to store no more than 68.6 Bcf of natural gas.¹⁴

II. GROUNDS FOR PROTEST

The Commission should reject SoCalGas’ request to increase the maximum storage capacity at Aliso Canyon because demand for gas is falling and even Energy Division’s conservative demand projections show Aliso Canyon’s storage capacity could be significantly reduced. In D.24-12-076, the Commission ordered a series of steps that will reduce the storage inventory at Aliso Canyon and will eventually lead to the Commission’s “consideration of closure” of the facility.¹⁵ Energy Division staff analysis shows storage reduction is appropriate,

⁹ CPUC Energy Division, *2025 Aliso Canyon Biennial Assessment Report Pursuant to D.24-12-076*, at 4-5 (Oct. 1, 2025), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/natural-gas/aliso-canyon/2025_aliso_canyon_biennial_assessment.pdf [hereinafter “2025 Biennial Assessment Report”].

¹⁰ D.24-12-076 at 51 (“Energy Division staff will recommend incremental reductions to Aliso Canyon maximum inventory of up to 10 Bcf based on the results of the biennial assessment.”).

¹¹ Application at 8.

¹² *Id.*

¹³ D.23-08-050, *Decision Granting in Part and Denying in Part the Joint Petition for Modification of Decision 21-11-008*, at 25-26, OP 4-1 (Aug. 31, 2023), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M519/K806/519806122.PDF>.

¹⁴ D.24-12-076 at 4, 33.

¹⁵ *Id.* at 77, OP 3.

and further evidence suggests an even greater reduction may be appropriate. D.24-12-076 states that “[b]ecause this decision creates cyclical review of Aliso Canyon and related analyses, the Commission is able to determine and initiate any necessary changes in the future if the current process proves inadequate.”¹⁶ In addition to the issue of lowering the Aliso Canyon storage inventory limit, the Commission should take up a handful of other issues for review. The Commission should, update the modeling inputs to be used in future Energy Division Biennial Reports, direct SoCalGas and other gas system operators to coordinate with California Independent Systems Operator (“CAISO”), order resource procurement to ensure a transition to a reliable renewable energy supply for California, and consider ordering other actions to accelerate the transition away from SoCalGas’ unreliable infrastructure.

A. The Application Overstates Demand for Aliso Canyon, as Energy Division’s Conservative Analysis Supports an Immediate Reduction of Aliso Canyon Storage Capacity by 10 Bcf, the Maximum Annual Reduction Allowed under D.24-12-076.

Energy Division’s analysis used conservative inputs and recommended Aliso Canyon’s storage capacity be reduced by 10 Bcf, the maximum annual reduction allowed by the Commission.¹⁷ Further, D.24-12-076 only allows the Energy Division to make a recommendation to maintain or increase storage capacity if two separate economic tests related to gas prices are passed: comparison against national gas prices, and comparison with historical prices.¹⁸ Southern California gas prices for both tests did not exceed the threshold levels to justify maintaining or increasing storage capacity.¹⁹ Upon initial review, Energy Division’s modeling process and outputs appear overly conservative, which Sierra Club’s experts will explain further in testimony. The Commission should consider an interim decision ordering an

¹⁶ D.24-12-076 at 69.

¹⁷ *Id.* at 51 (“Energy Division staff will recommend incremental reductions to Aliso Canyon maximum inventory of up to 10 Bcf based on the results of the biennial assessment.”).

¹⁸ *See* D.24-12-076 at 52-54 (describing two economic guardrails that would trigger the maintenance or increase of recommending Aliso Canyon storage capacity: the Southern California forward equals or exceeds 50% above Henry Hub price, or the Southern California forward price equals or exceeds 50% above the average of the prior three Decembers’ bidweek prices).

¹⁹ 2025 Biennial Assessment Report at 25 (“Current gas prices expected in Southern California for winter 2025-26 do not exceed the threshold levels set by D.24-12-076. Therefore, the results of the limited economic analysis do not override the results of the other analyses.”).

inventory reduction of 10 Bcf, as well as a second decision considering a greater limit reduction based on further modeling from stakeholders and Energy Division’s modeling group to determine the reasonable level to which it should lower the maximum inventory limit instead of capping the maximum reduction at 10 Bcf.

Empirical data shows that a near-term interim decision is reasonable. After the 2022-2023 winter season, the Commission increased Aliso Canyon’s storage inventory limit from 41 Bcf to 68 Bcf. Since then, electrical load serving entities (“LSE”) have brought online 19.4 gigawatts (“GW”) of renewable energy generators and battery storage.²⁰ The Energy Division expects another 9.2 GW of renewable generation and battery storage capacity to enter commercial operation in 2026 and an additional 6.9 GW of resources in 2027.²¹ The newly added resources plus expected resources from 2023 to 2027 total 35.5 GW of capacity.²² The newly added resources plus expected resources from 2023 to 2027 total 35.5 GW of capacity. In addition, the South Coast Air Quality Management District amendments to Rule 1146.2 went into effect this year and established zero NOx emissions standards for natural gas-fired pool heaters, larger water heaters, small commercial water heaters, boilers, and process heaters.²³ These measures are already reducing demand for gas from Aliso Canyon.

The gas use in the electricity sector has already started to fall since the Commission last addressed Aliso Canyon storage capacity. According to the U.S. Energy Information Administration (“EIA”), in the first 8 months of 2025 in California “natural gas generation declined 9.5 [billion kilowatt-hours], or 17%, compared with 2024.”²⁴ This change is particularly noteworthy because hydropower generation in the first 8 months of 2025 also decreased

²⁰ CPUC Energy Division, *Resource Tracking Data, Data Current as of December 2025*, at 6 (Jan. 22, 2026), <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/summer-2021-reliability/tracking-energy-development/resource-tracking-data-december-2025-release.pdf> [hereinafter “CPUC Resource Tracking Data”] (see years 2023-2025).

²¹ *Id.* at 15.

²² *Id.* at 6, 15, <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/summer-2021-reliability/tracking-energy-development/resource-tracking-data-december-2025-release.pdf>.

²³ Emily Yen, *Draft Staff Report, Proposed Amended Rule 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters, Small Boilers and Process Heaters*, SCAQMD (May 2024), https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/rule-1146-1146.1-and-1146.2/par-1146-2-draft-staff-report.pdf?sfvrsn=a67c8b61_6.

²⁴ Energy Information Administration (“EIA”), *Natural Gas Use for Electricity in California Falls as Solar Generation Rises* (Nov. 24, 2025), <https://www.eia.gov/todayinenergy/detail.php?id=66704>.

compared to 2024.²⁵ The considerable increase in new clean energy resources is part of the reason Energy Division’s modeling shows a significant decrease in the need for natural gas storage. Natural gas-use reductions will only accelerate as the 16.1 GW of expected new renewable and battery storage capacity enter operation by the end of 2027.²⁶

Table 1: New CAISO-Grid Renewable Generation and Battery Storage 2023-2027²⁷

	Online (GW)			Expected (GW)		Total (GW)
Year	2023	2024	2025	2026	2027	2023-2027
Capacity	5.57	6.93	6.86	9.19	6.94	35.49

Thus, because the Energy Division’s modeling reasonably shows that the gas system will remain reliable after lowering the Aliso Canyon inventory by 10 Bcf, the Commission should implement the inventory reduction immediately so that it can evaluate any gas price changes going into the 2026-2027 winter season. An interim decision in the early spring of 2026 that lowers the inventory at Aliso Canyon to 58.6 Bcf will enable the Commission to collect data on the effect on gas prices resulting from a lower storage inventory at Aliso Canyon. It will also ensure that a Commission-ordered inventory reduction will be in place before the summer and fall months when storage inventory typically receives gas injections.

In contrast to Energy Division’s recommendation, both of SoCalGas’ witnesses made a series of questionable assertions and claimed that unlikely scenarios are “realistic.”²⁸ For example, SoCalGas witness Andrew Sawin claimed that it is “realistic” to assume that SoCalGas will encounter major infrastructure outages in the Northern Zone, the Southern Zone, and Wheeler Ridge Zone and that these outages will last “the entire winter season.”²⁹ He also finds it realistic that the winter season that sees these simultaneous major outages will correspond with a winter that includes a gas demand equal to the 1-in-10 peak demand day.³⁰ The 1-in-10 peak winter day demand is supposed to be statistically calculated to occur once every 10 years,

²⁵ *Id.*

²⁶ CPUC Resource Tracking Data at 15.

²⁷ *Id.* at 6, 15.

²⁸ SoCalGas, *Prepared Direct Testimony of Andrew J. Sawin on Behalf of Southern California Gas Company (U 904 G)* (Jan. 15, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2601009/8901/596418493.pdf> [hereinafter “Sawin Direct Testimony”] (SoCalGas Witness Sawin claimed his modeling assumptions were “realistic” 15 times throughout his testimony).

²⁹ *Id.* at 14.

³⁰ *Id.* at 14-15.

however, the 1-in-10 peak demand calculated by SoCalGas has not occurred in the last 10 years.³¹ For the 2030-2031 Winter, Witness Sawin characterized the outages that he sees as “realistic” in this way: “severe outages on L225 *and* the supply constraint on the Southern System”³² and an “impactful pipeline” outage on the Wheeler Ridge Zone.³³ While Sierra Club acknowledges that the natural gas infrastructure is unreliable, Witness Sawin’s assumptions seem less reasonable than the assumptions made by the Energy Division.

Finally, Witness Sawin claims that the only way to avoid gas curtailments would be to increase the gas storage inventory level at Aliso Canyon,³⁴ even though California Energy Management Division (“CalGEM”) has stated that increasing the pressurization beyond the current level is unsafe.³⁵

While several of Witness Sawin’s assertions appear unjustified and unsupported, the fact that a Principal Engineer in SoCalGas’s Gas Transmission Planning department finds overlapping major outages to be “realistic” should be carefully investigated by the Commission to determine whether SoCalGas’ infrastructure is dangerously unreliable. Further, as a least-regrets strategy to these potential outages, the Commission should also expedite steps to diversify away from dependence on a gas system with which its own engineers have such significant concerns. These Commission steps should include adoption of policies that encourage fuel switching and immediate orders for electric load serving entities in Southern California to procure multiple additional gigawatts renewable energy generation each year specifically designed to enable the closure of unreliable gas infrastructure³⁶ and toxic gas storage facilities.³⁷

Sierra Club protests the relief sought by SoCalGas on the grounds that continued reliance on SoCalGas’ unreliable and polluting energy system conflicts with ratepayer safety³⁸ and

³¹ SoCalGas Envoy, *Daily Operations*, <https://www.socalgas-envoy.com/index.jsp#nav=/Public/ViewExternalDailyOperations.getDailyOperation> [last updated Feb. 18, 2026].

³² Sawin Direct Testimony at 21-22 [emphasis added].

³³ *Id.* at 15.

³⁴ *Id.* at 25 (“For these reasons, it would be imprudent for the Commission to reduce the authorized inventory capacity at Aliso Canyon at this time. Indeed, SoCalGas’s assessment indicates that increasing the maximum inventory level may be more appropriate.”).

³⁵ D.24-12-076 at 4, 33.

³⁶ Sawin Direct Testimony at 14-15.

³⁷ SCAQMD, *Facility Information Detail (F.I.N.D.)*, Facility ID 800128, Emissions drop-down, <https://xappprod.aqmd.gov/find/facility/AQMDsearch?facilityID=800128> [last visited Feb. 18, 2026] [hereinafter “FIND Database”].

³⁸ *See* Section 2.8 below.

contradicts California energy policies.³⁹ Continued dependence on natural gas endangers the health, wellbeing, and energy security of Californians while spending billions of dollars each year on an out-of-state fuel.⁴⁰ The Commission should take steps to transition California away from natural gas use as quickly as possible by issuing an interim decision reducing the gas inventory capacity at Aliso Canyon.

B. The Commission Can Lower the Gas Storage Limit at Aliso Canyon by 38 Bcf without Impacting Reliability.

The Energy Division recommends in the Biennial Report to lower the storage inventory limit at Aliso Canyon. SoCalGas recommends evaluating an *increase* in storage capacity at Aliso Canyon, even though CalGEM determined that SoCalGas cannot safely pressurize the Aliso Canyon facility beyond 68.6 Bcf.⁴¹ The Energy Division recommended the maximum storage capacity reduction that it was allowed to recommend under D.24-12-076 (i.e., 10 Bcf). However, the Commission can and should lower the storage capacity limit by more than 10 Bcf to protect the safety of the community surrounding Aliso Canyon.

Energy Division modeling shows 0% need for Aliso Canyon in 4 modeling scenarios,⁴² a need for 1% of Aliso inventory in 6 additional scenarios corresponding to system outages, and under 9 more scenarios that assume a significant level of infrastructure outages modeling determined a need for up to 44% inventory levels at Aliso Canyon.⁴³ Thus, in 19 of Energy Division's modeling scenarios, up to 44% inventory levels are needed at Aliso Canyon to maintain reliability.⁴⁴ Thus, the Energy Division's modeling shows that the Commission could

³⁹ Health and Safety Code ("HSC") § 38562.2(c)(1), ("It is the policy of the state to... [a]chieve net zero greenhouse gas emissions as soon as possible, but no later than 2045[.]"), https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC§ionNum=38562.2.

⁴⁰ CPUC, *2024 California Electric and Gas Utility Costs Report, AB 67 Annual Report to the Governor and Legislature*, at 90, Table 7.5 (Sept. 2025), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/ab67_puc913_102425.pdf.

⁴¹ D.24-12-076 at 4, 33.

⁴² 2025 Biennial Assessment Report at 12, Table 5 (Four modeling scenarios showed a need for 0% percent inventory level at Aliso Canyon and six additional scenarios showed a need for 1% percent inventory level at Aliso Canyon.).

⁴³ *See id.* (Even with significant pipeline outages and/or significant unplanned storage outages, nine modeling scenarios showed a need for 44% or lower inventory levels at Aliso Canyon. This is in addition to the 10 other scenarios described in footnote 41, in which 0% to 1% inventory level at Aliso Canyon would be needed to maintain reliability.).

⁴⁴ *Id.*

lower the storage inventory limit by 56%.⁴⁵ The Energy Division's modeling suggests the Commission can lower the inventory at Aliso Canyon by 38 Bcf, making the inventory limit 30 Bcf.⁴⁶ The modeling shows that energy reliability would be maintained if Aliso Canyon's inventory limit is reduced to 30 Bcf.

Empirical evidence also supports Energy Division's modeling that shows the Commission can lower the storage inventory limit at Aliso Canyon by tens of billions of cubic feet while maintaining reliability. During the winter of 2022-2023, SoCalGas ratepayers experienced gas price spikes. The Commission has released a proposed decision listing several contributing factors to the price spike including multiple pipeline outages.⁴⁷ During that winter Aliso Canyon's maximum inventory level was limited to 41.16 Bcf,⁴⁸ which is 27 Bcf lower than the currently allowed inventory level.⁴⁹ At the end of the 2022-2023 winter season SoCalGas retained 36.9 Bcf in storage across its four storage facilities.⁵⁰ This 36.9 Bcf of gas retained in storage at the end of the price-spike winter shows that either SoCalGas contributed to the price spike or that SoCalGas had tens of billions of cubic feet of excess storage capacity.

When combining the excess inventory from 2022-2023 (36.9 Bcf) with the increase to the maximum inventory level at Aliso Canyon after 2022-2023 (27.44 Bcf), the level of excess storage capacity equals 64 Bcf.⁵¹ However, that should be lowered by the 15.3 Bcf that, across its four storage facilities, SoCalGas has asserted that it needs to keep in inventory at the end of the winter withdrawal season to assure reliability.⁵² Thus, empirical evidence suggests that Aliso

⁴⁵ $100\% - 44\% = 56\%$.

⁴⁶ $68.6 \text{ Bcf} * 56\% = 38.416 \text{ Bcf}$.

⁴⁷ I.23-03-008, *Proposed Decision*, at 1 (Jan. 23, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M595/K227/595227206.PDF> (“[T]he following factors contributed to the 2022-2023 gas price spike: (1) prolonged below-normal temperatures and high precipitation levels; (2) interstate pipeline constraints; (3) reduced natural gas flows from the Permian Basin, Canada, and the Rocky Mountain region; (4) reduced natural gas storage supplies; and (5) events occurring before and during bidweek.”).

⁴⁸ D.21-11-008, *Decision Setting the Interim Range of Aliso Canyon Storage Capacity at Zero to 41.16 Billion Cubic Feet*, at 22, OP 1 (Nov. 4, 2021), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M421/K086/421086399.PDF>.

⁴⁹ Current inventory limit 68.6 Bcf – Prior inventory limit 41.16 Bcf = 27.44 Bcf.

⁵⁰ See SoCalGas Envoy, *Storage Inventory*, <https://www.socalgas-envoy.com/> (toggled to display Mar. 31, 2023 inventory) [last visited Feb. 18, 2026] [hereinafter “SoCalGas Storage Inventory”].

⁵¹ $36.9 \text{ Bcf} + 27.44 \text{ Bcf} = 64.34 \text{ Bcf}$.

⁵² SoCalGas, *Southern California Gas Company Winter 2018-19 Technical Assessment*, at 7, Table 5 (Oct. 16, 2018), https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2018/2018-11-02-socalgas-rschwecke-letter-to-cec-enclosing-winter-2018-19-technical-assessment.pdf.

Canyon’ gas inventory limit is 49 Bcf above the inventory level required to maintain reliability and mitigate high gas prices.⁵³ Further, this calculation assumes that no new renewable energy or battery storage capacity has been added to the California energy system since the beginning of 2023.

C. The Application’s Modeling Inputs Are Less Reliable than California Energy Commission (“CEC”) Modeling, and the Commission Should Require CEC Inputs Instead.

D.24-12-076, Attachment A lists the modeling inputs that Energy Division shall use in its modeling for the Biennial Report.⁵⁴ It specifies that several of the inputs are to be taken from the California gas utilities’ California Gas Report.⁵⁵ The gas utilities’ modeling in their California Gas Report is skewed to benefit the gas utilities. D.24-12-076 also states that the CPUC should move to CEC inputs as soon as they are available.⁵⁶ Since D.24-12-076 was issued the CEC has continued its modeling efforts and has more refined inputs available for use by the Energy Division in upcoming Biennial Reports. In this proceeding, the Commission should review which modeling inputs should come from the CEC or other sources instead of the California Gas Report.

D. The Commission Has Yet to Require Coordination Between the Gas System Operators and the Electric System Operators.

In 2023 CAISO published the results of its Aliso Canyon reliability study.⁵⁷ CAISO determined that both gas and electric reliability in Southern California could be maintained even if over 50 gas-fired generators served by SoCalGas were to be curtailed. CAISO asked the Commission not to use these results in its I.17-02-002 investigation because the Commission had not specified how much gas would be available for gas fired generators without Aliso Canyon

⁵³ 64.34 Bcf – 15.3 Bcf = 49.04 Bcf.

⁵⁴ D.24-12-076, Attachment A, *Biennial Assessment Report Inputs and Methods* (Nov. 13, 2024), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M551/K129/551129840.PDF>.

⁵⁵ *Id.*

⁵⁶ D.24-12-076 at 51.

⁵⁷ CAISO, *2022-2023 Transmission Plan*, at K-6 (May 10, 2023), <http://www.caiso.com/Documents/Appendix-K-Revised-Draft-2022-2023-TransmissionPlan.pdf> (“2032 Winter peak load conditions did not result in transmission reliability concerns in the LA Basin and San Diego-Imperial Valley area, provided that the remaining gas-fired generation resources are available.”).

and under 1-in-10 peak cold day conditions. The implication is that more than 50 gas-fired generators might need to be curtailed without Aliso Canyon operational.

Thus, while CAISO was able to determine its ability to maintain electric reliability in Southern California under extreme conditions, the Commission did not specifically direct CAISO if these conditions were enough to close Aliso Canyon. Regardless, to best protect ratepayers from potential outages, the Commission should review whether it should require enhanced coordination between gas and electric system operators during extreme weather events. Not only will this decrease the likelihood of gas and electric curtailments and reduce ratepayer costs, but it will also enable Aliso Canyon to close at an earlier date, which will reduce ratepayer costs.

E. The Proceedings Assigned to Procure Resources That Will Replace Aliso Canyon Have Yet to Order Procurement.

If the Commission finds that Aliso is still needed, then procurement should be required in the instant proceeding to ensure a path to future closure while maintaining reasonable rates and reliable energy supply. D.24-12-076 stated that any of four proceedings could consider ordering procurement to reduce the need for Aliso Canyon.⁵⁸ None of those proceedings have issued decisions that order procurement defined as resources for the replacement of Aliso Canyon. Moreover, even though SoCalGas' Application characterizes its gas infrastructure as unreliable, SoCalGas has strongly opposed clean energy procurement that would reduce demand for gas from Aliso Canyon. SoCalGas has an established history before this Commission of lobbying against policies that decrease gas demand.⁵⁹ For example, in the IRP proceeding SoCalGas opposed recommendations to procure renewable resources to replace Aliso Canyon.⁶⁰

⁵⁸ D.24-12-076 at 44 ("Proceedings that may consider procurement of resources that address the services currently provided by Aliso Canyon include IRP (R.20-05-003 or its successor proceeding), energy efficiency (R.13-11-005 and successor proceedings), building decarbonization (R.19-01-011), and long-term gas system planning (R.24-09-012).").

⁵⁹ Times Editorial Board, *SoCal Gas' Sleazy 'Astroturf' Effort to Keep Fossil Fuels Flowing in California*, Los Angeles Times (Aug. 12, 2019), <https://www.latimes.com/opinion/story/2019-08-10/socalgas-astroturf-cpuc-aliso-canyon>.

⁶⁰ R.25-06-019, *Southern California Gas Company's (U 904 G) Reply Comments on the Order Instituting Rulemaking to Continue Oversight of Electric Integrated Resource Planning and Procurement Processes*, at 6-9 (Aug. 15, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M576/K079/576079956.PDF>.

Another example of SoCalGas' opposition to reduced dependence on Aliso Canyon occurred last year when SoCalGas opposed updates to South Coast Air Quality Management District's ("SCAQMD's") nitrogen oxides ("NOx") emissions regulations including proposed amendments to Rule 1111 and Rule 1121.⁶¹ These rule amendments would have reduced natural gas use by residential furnaces and water heaters and reduced NOx emissions by 6 tons per day.⁶² The Los Angeles Times recently reported significant irregularities regarding 20,000 Artificial Intelligence- ("AI-") submitted public comments opposing the proposed rules that would decrease gas demand across the air basin and noted that the person organizing the AI campaign is also a partner at a public affairs lobbying firm that is employed by Sempra.⁶³ The SCAQMD voted down the rule amendments in a 5-7 vote.⁶⁴

SoCalGas' application asserts that more storage inventory is needed at Aliso Canyon today than is currently authorized or safe. For this reason, the Commission should immediately consider whether to order additional renewable generation and storage resources in this proceeding that would specifically reduce or eliminate the need for Aliso Canyon.

F. The Application's Requested Increase in Storage Capacity Should Be Rejected in Favor of Using Aliso Canyon as a Resource of Last Resort Due to the Facility's Harmful Emissions and Declining Gas Demand.

The Commission should investigate whether to use Aliso Canyon as a resource of last resort. There are two data points that suggest the Commission should reinstate its decision to use Aliso Canyon as a resource of last resort.

⁶¹ Hilary Beumont, *The Gas Lobby is Weakening Southern California's Boldest Clean-Air Plan in Decades*, Floodlight (June 3, 2025), <https://floodlightnews.org/the-gas-lobby-is-weakening-southern-californias-boldest-clean-air-plan-in-decades/>.

⁶² SCAQMD, *Myths vs Facts, Understanding the Proposed Space and Water Heating Appliance Rules (1111/1121)*, <https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1111-and-1121/1111-1121-factsheet-myths-vs-facts.pdf> ("The proposed rules are expected to achieve a reduction of 6 tons per day of NOx emissions from residential building appliances.").

⁶³ Hayley Smith, *Southern California Air Board Rejected Pollution Rules after AI-Generated Flood of Comments*, Los Angeles Times (Feb. 16, 2026), <https://www.latimes.com/environment/story/2026-02-17/ai-powered-campaign-may-have-killed-key-vote-on-air-quality>.

⁶⁴ SCAQMD, *Proposed Amended Rules (PAR) 1111 and 1121*, <https://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules/rule-1111-and-rule-1121> ("On June 6, 2025, the South Coast AQMD Governing Board voted 7 to 5 not to approve Proposed Amended Rules 1111 and 1121.").

First, the Commission should consider toxic emissions. After the 2015 Aliso Canyon blowout, and after the draw-down of gas storage at Aliso Canyon, the Commission ordered SoCalGas to only use Aliso Canyon as a resource of last resort (approximately November 2017 to July 2019).⁶⁵ During 2018, benzene emissions from Aliso Canyon dropped to a record-low level according to data that SoCalGas reported to SCAQMD.⁶⁶ Benzene is a human carcinogen. During that year other toxic emissions from the facility were also low compared to historical data.⁶⁷ As greater usage of Aliso Canyon was allowed after 2018, toxic emissions increased.⁶⁸

Second, the Commission should consider the current, very limited use of Aliso Canyon capacity as this current winter shows little need for Aliso Canyon. On November 1, 2025, the first day of the gas storage withdrawal season, Aliso Canyon's storage inventory was 60.4 Bcf.⁶⁹ The lowest inventory level at Aliso Canyon since the start of withdrawal season through February 15, 2026 was 58.4 Bcf on January 30, 2026.⁷⁰ As of February 15, 2026, storage inventory stands at 59.0 Bcf.⁷¹ Thus, there has been remarkably little use of Aliso Canyon this winter.

While the Commission should consider placing limitations on Aliso Canyon to make it a resource of last resort, the conditions for use under the last-resort status could be different than the previous resource-of-last-resort iteration. For example, the Commission could place limitations on Aliso Canyon use based on a number of factors including: a gas market index price, flow order conditions, reliability conditions, or other factors. The Commission could use any or all of these factors to determine on which days Aliso Canyon could be used. The critical point is that the fewer days that Aliso Canyon is used, the fewer toxic emissions to which nearby residents will be exposed.

⁶⁵ CPUC, *Frequently Asked Questions: Aliso Canyon Gas Storage Facility*, at 5-6 (Jan. 26, 2021), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/natural-gas/aliso-canyon/alisoFAQ_2021-01-26.pdf.

⁶⁶ FIND Database, Facility ID 800128; *See also* I.17-02-002, *Issam Najm Notice of Ex Parte Communication*, at Attachment p. 4, PDF p. 7 (Aug. 8, 2023), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M516/K768/516768711.PDF>.

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ SoCalGas Storage Inventory (toggled to display Nov. 1, 2025 inventory).

⁷⁰ *Id.*

⁷¹ *Id.*

For the reasons above, Sierra Club recommends that the Commission consider establishing a new resource-of-last-resort restriction that takes into account the gas and electrical needs of today and the lessons learned from the previous resource-of-last-resort restriction.

G. The Application Fails to Plan for Decommissioning of Unnecessary Wells.

SoCalGas should be ordered to decommission unneeded wells at the Aliso Canyon facility and should be allowed to recover reasonable costs for decommissioning activities. Aliso Canyon was designed for a maximum storage capacity of 86.2 Bcf and SoCalGas still reports this maximum inventory level as Aliso Canyon's capacity to the CEC.⁷² As noted previously, CalGEM has determined that storage above 68.6 Bcf is not safe.⁷³ Additionally, over the coming years, the Commission will continue reducing the storage inventory limit at Aliso Canyon through the Biennial Assessment process established in D.24-12-076. For these reasons, it is reasonable for the Commission to consider ordering SoCalGas to start decommissioning inactive wells at the Aliso Canyon storage facility and to open a balancing account to track and recover reasonable costs for the decommissioning process. The Commission should determine Aliso Canyon well decommissioning to be an issue considered in this proceeding.

H. The Commission Should Take New and Immediate Steps to Transition Away from Aliso Canyon Gas Infrastructure, as the Application Suggests Multiple Major Simultaneous Pipeline Outages Are Realistic Modeling Inputs.

As noted in Section 2.1 above, SoCalGas Witness Sawin describes what he characterizes as "realistic" modeling inputs. These inputs assume that SoCalGas could experience major pipeline outages in every SoCalGas infrastructure zone simultaneously and that the outages could last throughout the winter. While Sierra Club believes SoCalGas' claims to be less reasonable than the assumptions used by the Energy Division, the Commission must take these claims seriously because these claims have been made by a Principal Engineer in SoCalGas's Gas Transmission Planning department.⁷⁴ Thus, in this proceeding, the Commission should take immediate actions to accelerate electrification and thereby minimize the use of SoCalGas' inherently unreliable infrastructure.

⁷² CEC Docket 22-OII-02, TN# 268372, *Form CEC-1314 - 2025 Q4 - SCG - Aliso Canyon* (Jan. 30, 2026), <https://efiling.energy.ca.gov/GetDocument.aspx?tn=268372&DocumentContentId=105564>.

⁷³ D.24-12-076 at 4, 33.

⁷⁴ Sawin Direct Testimony at 14-15, 26.

III. LIST OF ISSUES

- Whether the Commission should lower the Aliso Canyon storage inventory limit by 10 Bcf in an interim decision.
- Whether the Commission should lower the Aliso Canyon storage inventory limit by more than 10 Bcf to better align with Energy Division modeling and empirical data that suggests Aliso Canyon's storage inventory should be lowered by 38 Bcf.
- Whether the Commission should update the required data sources for the Energy Division's modeling inputs for the Biennial Assessment Report.
- Whether the Commission should require coordination between the gas system operator and the electric system operator.
- Whether the Commission should order immediate procurement actions by LSEs to replace Aliso Canyon.
- Whether Aliso Canyon should be operated as a resource of last resort.
- Whether SoCalGas should be ordered to decommission unneeded wells and recover costs for its decommissioning activities.
- Whether the Commission should take other immediate steps to transition away from reliance on SoCalGas' infrastructure that SoCalGas' own engineers characterize as unreliable.

IV. EFFECT OF THE APPLICATION ON THE PROTESTANT

Sierra Club is a national nonprofit organization of approximately 613,000 members—including more than 131,000 members living in California. Sierra Club is dedicated to exploring, enjoying, and protecting the wild places of the earth; to practicing and promoting the responsible use of the earth's ecosystems and resources; to educating and enlisting humanity to protect and restore the quality of the natural and human environment; and to using all lawful means to carry out these objectives. Sierra Club supports policies that will help California cost-effectively and swiftly meet its clean energy, air quality, and climate protection goals, create jobs for California families, and reduce our dependence on dirty forms of energy.

The Sierra Club's concerns encompass the environmental and public health impacts of maintaining or increasing fossil fuel combustion in multiple end uses, including gas power plants, gas appliances, and industrial heat. If approved as submitted, the Application would harm the interests of Sierra Club and its members by increasing toxic and carcinogenic emissions in the Los Angeles-South Coast Air Basin, which is already in nonattainment status for fine

particulate matter and extreme nonattainment for ozone.⁷⁵ Methane combustion in residential, industrial, and power sectors all release air pollutants, including nitrogen oxides, which are primary precursors to ozone and particulate matter.

V. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS, PROPOSED SCHEDULE, AND COMMUNICATION OF SERVICE

A. Categorization of the Proceeding

Sierra Club agrees with Commission Resolution Administrative Law Judge (“ALJ”) 176-3576 that the categorization for the proceeding should be ratesetting.⁷⁶

B. The Commission Should Schedule Hearings.

After preliminary review of the testimony sponsored by SoCalGas, Sierra Club believes that evidentiary hearings may be necessary and requests that the hearings be included in the schedule. The schedule should include a deadline for any motion for evidentiary hearings.

C. Schedule

Sierra Club recommends a proceeding schedule that anticipates at least two decisions. The first decision should be an interim decision to lower the inventory level at Aliso Canyon by 10 Bcf in alignment with Energy Division’s recommendation. A second, final decision for this proceeding should evaluate whether a *greater* reduction in maximum inventory is appropriate, as Energy Division modeling shows that the Commission could lower the inventory level at Aliso Canyon from 68.6 Bcf to 30.2 Bcf, a 38.4 Bcf inventory reduction, even within modeling scenarios that assume pipeline and storage outages.⁷⁷

Sierra Club requests the Commission consider the schedule proposed below, which includes a solicitation for comments and reply comments regarding whether it would be reasonable for the Commission to issue an interim decision during the spring or early summer of 2026 to lower the gas inventory capacity at Aliso Canyon by 10 Bcf. Under this proposal, the final decision is issued before the summer of 2027 so that any additional Commission orders can

⁷⁵ EPA, *Current Nonattainment Countries for All Criteria Pollutants*, EPA Greenbook, <https://www3.epa.gov/airquality/greenbook/anc1.html> [last updated Jan. 31, 2026].

⁷⁶ CPUC, *Resolution ALJ 176-3576*, at 1 (Feb. 5, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M599/K152/599152729.PDF>.

⁷⁷ See Section 2.2 above.

be integrated into the Energy Division's June 15, 2027 Biennial Assessment Report release. For example, Sections 3.2 and 4, above discuss the need for a rapid transition from SoCalGas-supplied modeling inputs to CEC-supplied modeling inputs. If Energy Division is to use any updated modeling inputs, it will need to have a final decision as early as possible in 2027.

For the reasons above, Sierra Club strongly opposes SoCalGas' proposed schedule that attempts to delay any Commission decision until after Energy Division's 2027 Biennial Report is issued. SoCalGas' proposed schedule wastes Commission resources because it would ensure that Energy Division's 2027 Biennial Report would use very similar inputs as Energy Division's first Biennial Report. That type of exercise would benefit SoCalGas at the expense of ratepayers. The Commission should reject SoCalGas' schedule because SoCalGas' proposal conflicts with the interests of ratepayers.

EVENT	SoCalGas Schedule DATE	Sierra Club Schedule DATE
Prehearing Conference	April 2026	March 9, 2026
Scoping Memo	June 2026	---
Scoping Ruling (including solicitation of party comments regarding an interim decision)	---	March 16, 2026
Comments on Ruling	---	March 31, 2026
Reply Comments on Ruling	---	April 7, 2026
PD Interim Decision on 10 Bcf reduction	---	June 2026
Interim Decision on 10 Bcf reduction	---	July 2026
Intervenor Testimony	August 2026	August 2026
Rebuttal Testimony	October 2026	September 2026
Hearings (if necessary)	December 2026	November 2026
Opening Briefs	February 2027	December 2026
Reply Briefs	April 2027	January 2027
Proposed Decision	June 2027	March 2027
Commission Decision	July 2027	April 2027

D. Communication of Service

For receipt of all correspondence, pleadings, orders, and notices in this proceeding, the following representatives for Sierra Club should be placed on the service list as a “party”:

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VI. CONCLUSION

For the reasons stated above, SoCalGas protests SoCalGas’ Application. Sierra Club requests that the Commission (1) issue an interim decision to lower the Aliso Canyon’s storage inventory limit by 10 Bcf, (2) specify new sources for modeling inputs for Energy Division’s next Biennial Assessment Report, and (3) adopt Sierra Club’s recommendations for issues to be scoped in this proceeding.

Dated: February 20, 2026

Respectfully submitted,

/s/ Katherine Ramsey

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