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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

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)**

INDICATED SHIPPERS OPENING COMMENTS ON WORKSHOP AND PROCESS

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The Indicated Shippers[1] submit these comments pursuant to Administrative Law Judge (ALJ) Jamie Ormond's April 16, 2026 *Email Ruling Memorializing Direction Provided at Workshop*. On April 15, the California Public Utility Commission's (Commission) Energy Division presented a summary of its 2025 Aliso Canyon Biennial Assessment,[2] and Southern California Gas Company (SoCalGas) presented a summary of its Application,[3] filed pursuant to Decision 24-12-076 (Decision)[4] at a virtual workshop. At the conclusion of the workshop, the ALJ directed SoCalGas to file the presentations in this proceeding.[5] The ALJ solicited comments from intervenors on the presentations, as well as any suggestions to modify the biennial assessment process.[6]

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[1] The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: BP Energy Company, California Resources Corp., Chevron U.S.A. Inc., Marathon Petroleum Company LP, and PBF Holding Company.
[2] California Public Utility Commission 2025 Aliso Canyon Biennial Assessment Report Pursuant to D.24-12-076, Energy Division, Oct. 1, 2025.
[3] *Application of Southern California Gas Company (U904G) in Compliance with Ordering Paragraph 6 of Decision 24-12-076*, A.26-01-009, Jan. 15, 2026 (Application).
[4] D.24-12-076, *Decision Adopting Biennial Assessment Process*, I.17-02-002, Dec. 19, 2024 (Decision).
[5] *Compliance Filing of Southern California Gas Company (U904G)*, A.26-01-009, Apr. 16, 2026 (Compliance Filing).
[6] *Email Ruling Memorializing Direction Provided at Workshop*, A.26-01-009, Apr. 16, 2026.

I. INTRODUCTION

The Commission recently affirmed its prior decision increasing Aliso Canyon's maximum inventory level as "necessary to protect natural gas and electricity ratepayers from reliability and economic impacts."[7] The storage field remains critical for just and reasonable gas and electricity rates and natural gas system reliability. The potential impacts to energy security and significant consequences for millions of Californians from an unsupported and unwarranted decrease to the maximum inventory level require the Commission's prudence and care in its consideration here. The Commission must not base its decision on reliability analyses with unrealistic, problematic assumptions and inputs, and an insufficient economic analysis. Indicated Shippers urge inclusion in the Scoping Memo sufficient procedural steps with enough time to develop a robust record on both (a) the Application and Staff Assessment, as well as (b) modifications to the biennial assessment process. This may require revising the planned cadence of the Biennial Assessment; given the critical importance of Aliso Canyon, getting the assessment "right" is more important than doing the next assessment "right now."

II. COMMENTS

A. ALISO CANYON'S PIVOTAL ROLE

Aliso Canyon plays a pivotal role in sustaining reliable utility service (both electric and natural gas) across the western United States. This is because it functions as both a natural gas supply reserve and, indirectly, an electric reliability resource for a region whose gas and power

[7] D. 26-02-058, *Decision Regarding the Causes and Contributors to the 2022-2023 Gas Price Spike and Adopting Directions to Reduce the Likelihood or Mitigate the Impact of Future Gas Price Spikes*, I.23-03-008, Feb. 26, 2026 at 42 (citing D. 23-08-050, *Decision Granting in Part and Denying in Part the Joint Petition for Modification of Decision 21-11-008*, I.17-02-002, Aug. 31, 2023 at Finding of Fact (FOF) 5).

markets are tightly interconnected. The Aliso Canyon facility's storage withdrawals allow SoCalGas to help electric generators meet steep daily ramps in gas-fired generation demand, particularly during extreme weather events when imports and renewable generation output fall short. Such an event occurred during August 2020, when rotating customer electric outages were ordered for the first time in nearly two decades in California. During this event, Aliso Canyon-backed storage was relied upon to serve electric generator needs as system demand spiked, renewable generation output diminished, and electricity imports dropped.[8]

As explained in SoCalGas's workshop presentation, the SoCalGas system is designed to meet hourly and daily peaks of gas usage through storage because over 90% of its gas supply is delivered from sources outside of California. The imported gas's delivery point is at the tail end of several interstate pipeline systems, indicated in SoCalGas's map on Slide no. 1.[9] If the required supplies of gas are not available to be imported from out of state, storage gas, including gas stored in Aliso Canyon (the largest field), is the only option left to ensure reliability and mitigate price volatility.

Events within SoCalGas's service territory are also a relevant consideration. The force majeure event on Line 225 illustrates how unexpected system events can become the weakest link.[10] Yet the biennial assessment process fails to accurately account for storage gas's pivotal

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[8] *Reply Comments and Recommendations of Southern California Gas Company (U 904 G) on Administrative Law Judge's Ruling*, R.20-05-003, Oct. 28, 2021 at 5. Note that similar events will be detailed by SoCalGas in upcoming filings in this Application. After the Scoping Memo is issued, parties should have the opportunity to address such events and the impact such events might have on the analyses.

[9] Compliance Filing, Attachment B, Southern California Gas Company Aliso Canyon Biennial Assessment Application Presentation to Workshop April 15, 2026 (SoCalGas Workshop Presentation) at 2.

[10] SoCalGas Workshop Presentation at 8.

role in mitigating the demand increases caused by pipeline outages or competition for gas supply.[11] Without storage – or a proven, available alternative – as a backup, California's residents and its economy are in jeopardy.

To avoid negative impacts on reliability and rate affordability, the Biennial Assessment process should be amended to use realistic and accurate Receipt Point Utilization (RPU) assumptions, instead of the current RPU assumptions.

B. RECEIPT POINT UTILIZATION ASSUMPTION

Basing the assessment on 85% (Northern and Southern Zones) and 100% (Wheeler Ridge) RPU[12] fails to reflect reality; the SoCalGas system does not exist in a vacuum. In addition to a lack of gas supply, issues in gas transportation capacity upstream of California limit a utility's ability to meet its demand in real time.[13] The system operator must react to real-life situations when the system simply is under stress without "perfect foresight," and without control over the quantity of gas supply that may be available at any given time.[14] As stated by SoCalGas in its workshop presentation, a 100% RPU assumption is not only unrealistic, but also imprudent.[15] This is particularly the case given the critical nexus between Line 225 and the Wheeler Ridge zone.

The California Council on Science & Technology found that California's gas storage fields, Aliso Canyon among them, "protect[] California from outages caused by extreme events,

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[11] SoCalGas Workshop Presentation, at 3; *see also* Decision, at 16 ("Unavailable pipelines limit whether a storage field can be filled at all, while also increasing the need for stored natural gas").
[12] SoCalGas Workshop Presentation at 8.
[13] Decision at 19-20.
[14] *Id*. at 23.
[15] SoCalGas Workshop Presentation at 3.

notably extreme cold weather that can drastically reduce out-of-state supplies;" moreover, it found that these resources "could increasingly be called on to provide gas and electric reliability during emergencies caused by extreme weather and wild fires in and beyond California."[16]

While alternatives to Aliso Canyon are being sought, assuring that Aliso Canyon can be called upon is important for both reliability and rate affordability. Using a 100% RPU assumption in the analysis of the maximum storage level needed negates such assurance. Winter Storm Uri, which caused SoCalGas to become critically dependent on storage to meet customer demand,[17] reduced SoCalGas's RPU to 43% on February 16, 2021.[18] Winter Storm Fern in 2026 reduced RPU to a new low of just 25%.[19] These facts justify modification of the 100% RPU assumption. Additionally, constrained Aliso Canyon gas inventories have been shown to drive gas price volatility and push hundreds of millions of dollars in excess electricity costs onto customers in both Southern and Northern California zones of the California Independent System Operator (CAISO). For example, the Energy Division estimated roughly $599 million in excess costs to southern-zone electric customers in 2018, and $317 million in excess electricity costs to northern-zone customers that same year.[20]

The forthcoming Scoping Memo, when issued, should allow parties to address their concerns regarding the Biennial Assessment process, including RPU assumption concerns.

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[16] California Council on Science & Technology (CCST), *Long-Term Viability of Underground Natural Gas Storage in California* (Feb. 2018), https://ccst.us/wp-content/uploads/Full-Technical-Report-v2_max.pdf.
[17] *Administrative Law Judge's Ruling Entering Into the Record Aliso Canyon Investigation 17-02-002 Phase 2: Additional Modeling Report, Requesting Comment*, I.17-02-002, Feb. 10, 2022, Attachment A, Aliso Canyon I.17-02-002 Phase 2: Additional Modeling Report at 12.
[18] *Comments of the Indicated Shippers on Administrative Law Judge Ruling*, I.17-02-002, Mar. 19, 2021 at 7.
[19] SoCalGas Workshop Presentation at 3.
[20] D.21-11-008, *Decision Setting the Interim Range of Aliso Canyon Storage Capacity at Zero to 41.16 Billion Cubic Feet*, I.17-02-002, Nov. 4, 2021 at 6.

Additionally, as discussed below, the Biennial Assessment's economic analysis warrants refinement, particularly given the ongoing affordability crisis and availability of significant historical price data to develop a more robust analysis.

C. ECONOMIC ANALYSIS

SoCalGas also shows how the Biennial Assessment process's economic analysis "is limited in scope and does not evaluate the full economic consequences of reducing Aliso Canyon inventory."[21] The assessment omits key considerations, by applying a threshold comparison rather than a comprehensive economic assessment of the price impacts of a reduction in the maximum inventory level. The use of forward price inputs simplistically assumes that Aliso Canyon is available at existing inventory levels, and that all non-Aliso canyon storage is full,[22] an assumption that is improbable at best. The 2025 Biennial Assessment also fails to model storage for economic or price mitigation purposes, and ignores the historical role of storage in mitigating volatile gas commodity prices.[23] The economic impact of reducing storage levels must be accorded the appropriate emphasis in the assessment. It is essential to a trustworthy determination of storage inventory levels on which the people of Southern California and beyond may rely.

III. CONCLUSION

The Scoping Memo should enable refinement of the Biennial Assessment process. Because storage is so pivotal, to avoid negative impacts on reliability and rate affordability, the

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[21] SoCalGas Workshop Presentation at 15.
[22] *Prepared Direct Testimony of Andrew J. Sawin on behalf of Southern California Gas Company (U 904 G)*, A.26-01-009, Jan. 15, 2026 (Testimony of Andrew J. Sawin) at AJS-13:11-16.
[23] *Id*.; SoCalGas Workshop Presentation at 15.

Biennial Assessment process should be amended to use realistic, accurate RPU assumptions and more robust economic analyses. Failing to remedy these biennial assessment flaws would likely result in substantial repercussions across the West.

The Indicate Shippers appreciate this opportunity to submit these comments.

Respectfully submitted,

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