ALJ/CFG/jnf **PROPOSED DECISION** **Agenda ID #23799**
Ratesetting

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39G) for Approval of Natural Gas Curtailment Procedures Pursuant to Decision 23-11-069.	Application 24-05-004

DECISION APPROVING PACIFIC GAS AND ELECTRIC COMPANY'S REVISED NATURAL GAS CURTAILMENT PROCEDURES

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DECISION APPROVING PACIFIC GAS AND ELECTRIC COMPANY'S REVISION OF ITS NATURAL GAS CURTAILMENT PROCEDURES

Summary

Decision 23-11-069, issued in Pacific Gas and Electric Company's 2023 General Rate Case Proceeding, directed the utility to file Application 24-05-004, to revise the curtailment procedures in its Gas Tariff and make the revised procedures "similar to" the curtailment procedures of other large energy utilities.[1] The purpose of the Commission's directive and the aim of the utility's application are to expand the utility's curtailment tools by adding tariff provisions for systemwide curtailment procedures similar to what other large California energy companies use. Currently, the utility relies on localized curtailment procedures. This decision corrects that situation by approving the addition of specific systemwide curtailment procedures to PG&E's existing curtailment procedures.

1. Background

The development of Pacific Gas and Electric Company's (PG&E's) additional gas curtailment procedures and the response of stakeholders to them are briefly set forth in the following subsections of this decision.[2]

[1] D.23-11-069, at 902, Ordering Paragraph No. 13 ("Within 180 days of the effective date of this decision, Pacific Gas and Electric Company shall file an application for review and approval of an improved curtailment process similar to those of other large energy utilities."); *see also id.*, at 161.

[2] The proposed gas curtailment procedures approved in this decision modify PG&E's Gas Tariff Rules 1 and 14. Redlined copies and clean copies of Rules 1 and 14 are attached to this decision.

1.1. Pre-filing Activities Related to PG&E's New Curtailment Rules

PG&E operates a system of approximately 5,650 miles of natural gas transmission pipelines and 45,200 miles of natural gas distribution pipelines in Northern and Central California, as well as three natural gas storage facilities.[3] Like any gas infrastructure system, PG&E's gas infrastructure must operate in a relatively narrow band of pressure to function properly. When pressure is too low or too high in any portion of the system, curtailment may be required. Upon the issuance of the Commission's order in Decision (D.) 23-11-069 for PG&E to improve its gas curtailment procedures, but before filing Application (A.) 24-05-004, PG&E convened three workshops with potential stakeholders. One result of conducting these workshops, was a memorandum of understanding (Initial MOU) signed by PG&E, The Utility Reform Network (TURN), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Southern California Generation Coalition (SCGC), Wild Goose Gas Storage, LLC (Wild Goose), Lodi Gas Storage, L.L.C. (Lodi Storage), and Central Valley Gas Storage, LLC (Central Valley Gas Storage) expressing support for, or at least not opposing, the revisions to Rules 1 and 14 of

[3] PG&E Opening Brief Supporting Approval of Natural Gas Curtailment Procedures (PG&E Opening Brief), at p. 3. PG&E's Application at page 2 contained slightly different quantities. PG&E owns interests in other natural gas infrastructure in California as explained at PG&E Opening Brief, note 5, p. 3.

PG&E's Gas Tariff that PG&E would eventually present for our approval in this proceeding.[4]

A group of petroleum refineries (the Indicated Shippers)[5] filed a joint protest to PG&E's application in this proceeding. Although the Indicated Shippers had participated in PG&E's workshops, certain of their views were not incorporated by PG&E into the proposed additions to its gas curtailment procedures that were presented in PG&E's Application.

1.2. Post-filing Activities

PG&E filed its formal application on May 14, 2024, a date within the time limit set by the Commission in D.23-11-069.[6] PG&E's Application set forth the proposed changes to Rules 1 and 14 of its Gas Tariff supported, on which it reached consensus with the non-refinery stakeholders and intervenors.[7] The Indicated Shippers (the refineries) filed a timely protest on June 17, 2024, that alleged PG&E's proposed new tariff provisions did not adequately address their

[4] A copy of the Initial MOU is attached to the prepared testimony of PG&E witness Daven Phelan as Attachment D. Mr. Phelan's prepared testimony, and its Attachment D, were admitted into evidence in this proceeding. *See* Assigned Commissioner's Scoping Memo, filed May 20, 2025, Ordering Paragraph Nos. 6 and 7, at p. 10 (marking and admitting Phelan testimony and attachments as PG&E Exh.-001 and marking and admitting the Indicated Shippers MOU as PG&E Exh.-002).

[5] The term "Indicated Shippers" refers to the following refineries in this proceeding: California Resources Corporation; Chevron U.S.A. Inc.; PBF Holding Company; Phillips 66 Company; and Marathon Petroleum Company LP.

[6] *See* note 1, *above.* The term "stakeholders" refers to PG&E gas customers who, or which, participated in workshops but did not file a protest or otherwise intervene in the proceeding.

[7] Application at 12. PG&E's proposed curtailment processes will now include both so-called "localized" curtailment procedures as well as "systemwide" curtailment procedures; *see* proposed Gas Rule 14.F.1.a. and H.1. *and* 2 in Attachment __ hereto.

concerns.[8] Nevertheless, after PG&E filed its Application, the Indicated Shippers continued to meet with PG&E to discuss the provisions they wanted included in PG&E's new curtailment procedures. Those continuing discussions resulted in a second memorandum of understanding (the Indicated Shippers MOU) and further additions to Rules 1 and 14 of PG&E's Gas Tariff to accommodate the Indicated Shippers' interests.[9] Thus, there is no longer any party in this proceeding opposing either PG&E's Application or the additional curtailment provisions added to address Indicated Shippers' concerns.

On March 19, 2025, PG&E filed an Amended Motion for Approval of the Memorandum of Understanding with Indicated Shippers. In that motion, PG&E asked the Commission to approve all the changes to Rules 1 and 14 that PG&E originally proposed in its Application and all the additional changes PG&E made to Rules 1 and 14 responsive to Indicated Shippers' concerns. We will rule on that motion in this decision.

Subsequently, on May 2, 2025, PG&E submitted its Opening Brief on the merits, which also seeks our approval of the Indicated Shippers MOU.[10] No

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[8] Indicated Shippers' Protest at 1 - 3.

[9] The Indicted Shippers MOU contains more than PG&E's proposed modifications to Rules 1 and 14 of its Gas Tariff. The extra provisions describe how PG&E and the Indicated Shippers envision interacting cooperatively with one another going forward after the Commission approves PG&E's proposed changes to Rules 1 and 14. While these anticipated interactions between PG&E and the Indicated Shippers are something to be encouraged, they do not require our "approval," and they are is outside the scope of this proceeding, as we explain below.

[10] Opening Brief at p. 16. We note that PG&E also represents in its Opening Brief that it submitted its Opening Brief in draft form to all stakeholders before filing it and invited their comments, corrections or changes. *Ibid.* No stakeholder filed an opposition to PG&E's Opening Brief. On the contrary, the filed version incorporated the "limited feedback" PG&E received

Footnote continued on next page.

opposition brief was filed in response to PG&E's Opening Brief. Two reply briefs were filed in support of PG&E.[11] The Assigned Commissioner issued the Scoping Memo on May 20, 2025, before which, PG&E had already proposed the additional changes to its gas tariff responsive to Indicated Shippers' concerns, shared those additional proposals with the non-refinery stakeholders, shared a draft of its Opening Brief with all stakeholders and determined that there was no opposition to any change it is proposing to Rules 1 and 14.

1.3. Submission Date

This matter was submitted on May 20, 2025, upon the issuance of the Assigned Commissioner's Scoping Memo.

2. Scoped Issues

The Assigned Commissioner's Scoping Memo identifies only two issues as scoped issues:

1. Are PG&E's proposed revisions to its tariff Rules 1 and 14 to implement a revised natural gas curtailment protocol just, reasonable, and sufficiently safe and reliable to be implemented?

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from two stakeholders. *Ibid.* These facts establish that all stakeholders understood exactly what additional tariff changes were being requested for the benefit of Indicated Shippers and no stakeholder objected to the changes.

[11] *See* Reply Brief of Indicated Shippers, filed May 14, 2025, *and* Joint Reply Brief of Central Valley Gas Storage, LLC, Calpine Corporation, Sacramento Municipal Utility District, Lodi Gas Storage, LLC, Wild Goose Gas Storage, LLC and TURN, Supporting Approval of PG&E's Natural Gas Curtailment Procedures Pursuant to Decision 23-11-069.

2. Has PG&E complied with the requirements of D.23-11-069 regarding the development of a revised curtailment protocol?[12]

3. Disposition of Pending Motions

Certain pending motions will be disposed of in the following two subsections.

3.1. Motion for Party Status

On May 13, 2025, a year after PG&E initiated this proceeding and two weeks after PG&E filed its unopposed brief to close this proceeding, two independent gas storage companies, Wild Goose and Lodi Storage, filed a joint motion for party status, citing as the reason for their request that they had each signed the Initial MOU described above. They further stated in their joint motion that they would "submit a reply brief addressing the policy and legal arguments set forth in PG&E's opening brief in support of its application."[13]

On May 14, 2025, Central Valley Gas Storage, Calpine Corporation, Sacramento Municipal Utility District, Lodi Gas, Wildgoose Storage and TURN jointly submitted a reply brief encouraging the Commission to adopt the proposed tariff changes listed in PG&E's Application as well as the additional curtailment procedures PG&E was proposing to address Indicated Shippers'

[12] The appropriate Ordering Paragraph of D.23-11-069 ordered PG&E to "file an application for review and approval of an improved curtailment process similar to those of other large energy utilities." D.23-11-069 at p. 902. And, at D.23-11-069, page 132, the Commission encouraged PG&E to gather stakeholder input: "…PG&E's application should consider input from stakeholders." *Ibid.* at p. 131. Taken together then, the Commission wanted PG&E to do two things: (i) gather input from stakeholders regarding curtailment and (ii) improve its current curtailment protocols to be more like those of other large energy companies.

[13] Joint Motion for Party Status, p.1.

concerns. The proposed changes discussed briefly in their reply include the same changes discussed by PG&E witness Daven Phelan in his prepared testimony served a year earlier.[14] While we appreciate the collegiality and cooperation with PG&E that stakeholders, like Wild Goose and Lodi Storage, have demonstrated, the only basis offered by Wild Goose and Lodi Storage for granting them party status was a very condensed version of information that had previously been conveyed in detail by PG&E and was already a part of the record. Nothing of additional relevancy will be added to the record by granting the motion. Therefore, the motion for party status of Wild Goose and Lodi Storage is denied.

3.2. Motion for Approval of Indicated Shippers MOU

Before the scoping memo for this proceeding was issued, PG&E filed a motion for Commission approval of the Indicated Shippers MOU.[15] However, the scoping memo issued two months later, did not list approval of the Indicated Shippers MOU as a scoped issue, nor did it rule on PG&E's motion. We shall s

[14] *Cf.* Joint Reply Brief of Central Valley Gas Storage, LLC, *et al.,* at pp. 1 – 2 *and* PG&E Exh.-001 (Phelan Test.) at pp. 1 – 26 and Opening Brief at pp. 3 – 14.

[15] PG&E Amended Motion for Approval of MOU with Indicated Shippers (Amended Motion for Approval of Indicated Shippers MOU), Attachment A. PG&E explained that it did not file a similar motion seeking approval of the Initial MOU "because the Initial MOU did not include any substantive [tariff] provisions," the Initial MOU simply noted that PG&E had proposed new tariff provisions. PG&E Opening Brief at p. 16. Despite the complete absence of any proposed tariff provisions, the record in this proceeding shows that those who signed the Initial MOU were well informed about PG&E's proposed new curtailment provisions when they signed the Initial MOU. The record shows, without the slightest contradiction, PG&E conducted several workshops for all stakeholders before any signed the Initial MOU. And the record also shows that in those workshops, PG&E explained its rationale for proposing systemwide additions to its traditionally localized curtailment procedures. PG&E Exh.-001 (Phelan Test.), at pp. 13 – 15. Likewise, the record shows, without contradiction, that PG&E disclosed to the non-refinery stakeholders all the additional tariff provisions it added or modified for the benefit of the Indicated Shippers (the refineries). *Ibid.*

As we will explain in more detail below, we approve of all PG&E's tariff provisions proposed in this proceeding as set forth in the Indicated Shippers MOU. But, insofar as PG&E's motion seeks approval of content other than the new tariff provisions,[16] we deny PG&E's motion for the following reasons.

First, PG&E's motion has attached to it the entire Indicated Shippers MOU, and that MOU includes the full text of the curtailment tariff provisions proposed by PG&E to address Indicated Shippers' concerns as well as the text of all other tariff changes PG&E proposed in this proceeding in the Initial MOU. Thus, although the Indicated Shippers MOU is a convenient document for us to reference for the text of all PG&E's proposed tariff changes,[17] we distinguish the tariff provisions from the other provisions of the Indicated Shippers MOU. The latter provisions are beyond the scope of this proceeding and we decline to address or approve them.

Second, neither PG&E nor the Indicated Shippers explain what a Commission approval of the non-tariff provisions of their MOU would look like or mean. The document's very title suggests that the parties are treating their

[16] The Indicated Shippers MOU contains descriptions regarding what conduct PG&E and/or the Indicated Shippers might follow if the Commission should modify or reject a part or all the Indicated Shippers MOU. These descriptive passages have nothing to do with the scope of this proceeding which is limited to tariff provisions. We neither modify, reject or approve the Indicated Shippers MOU. On the other hand, we approve the proposed tariff provisions therein and order that they be incorporated into PG&E's Gas Tariff.

[17] The stakeholders who signed the Initial MOU were not invited to sign the Indicated Shippers MOU. Instead, the record indicates that PG&E supplied each of the stakeholders who signed the Initial MOU with a copy of the Indicated Shippers MOU. No opposition was filed to the additional tariff provisions proposed by PG&E in the Indicated Shippers MOU. PG&E Opening Brief at p. 2.

memorandum of understanding as just a written memorialization of their respective intentions on the day they signed the MOU, which neither requires nor warrants Commissioner approval.[18]

4. Assessment of PG&E's New Curtailment Procedures

As explained in the preceding section, we will consider only the proposed curtailment terms to be added to Rules 1 and 14. They must be just and reasonably safe and they must conform to our twin directives in D.23-11-069 to have had the benefit of stakeholder input and improve PG&E's current curtailment protocols by conforming them to what other large energy companies in California use.

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[18] The Indicated Shippers assert in their reply brief supporting PG&E's motion that "the Commission approved MOUs in Decision (D.) 22-12-033, D.19-09-025, and D.15-12-005." Reply Brief of Indicated Shippers, May 14, 2025, at page 4 (footnotes omitted). This is not accurate.

The earliest of the three citations, D.15-12-005, only approved "the terms [for offering broadband connectivity] contained in [a] Memorandum of Understanding." D.15-12-005 at p. 78, Ordering Paragraph No. 2. The decision did not conflate approval of specified terms of service identified in the MOU with approval of the MOU itself. Moreover, the Commission observed that no party sought approval of an MOU: "… the MOUs were not designated 'settlements' by the parties and the parties did not file motions for their approval." D.15-12-005, at p. 63.

Likewise, in D.19-09-025, only a portion of an MOU was "adopted" by the Commission, namely, the terms upon which utility service would be provided, essentially the same as we will do here. *See* D.19-09-025 at 326, Ordering Paragraph No. 35.

Finally, the most recent decision cited in Indicated Shippers Reply Brief, D.22-12-033, does not refer to either of the two prior decisions cited by Indicated Shippers nor does it recognize the obvious distinction between approving an MOU in its entirety and approving only the terms of service referenced in an MOU. The weight of Commission authority recognizes that distinction and we shall do likewise.

The record shows that PG&E adopted four design principles to guide its development of new curtailment procedures: (i) **Safety** – the new curtailment procedures should ensure safe and reliable operation of the gas system and enable PG&E to reduce gas demand in a controlled manner; (ii) **Effectiveness** – PG&E should be able to reduce demand quickly and predictably in any emergency and any other operational situations; (iii) **Simplicity** – all customers should be able to comprehend how the new tariff provisions governing curtailment affect them; and (iv) **Alignment** – the new provisions should be consistent with the design and methodology of the other large California energy utilities.[19] After explaining the structure of the proposed tariff provisions, we will apply the same four principles to determine whether the proposed tariff provisions are just, reasonable and conform to what we ordered in D.23-11-069.[20] In the sections below, we conclude that they do.

4.1. PG&E's Proposed Sequence Is Reasonable

As noted on the first page of this decision, PG&E operates 5,650 miles of natural gas transmission pipelines and 45,200 miles of natural gas distribution lines in northern and central California, as well as three natural gas storage facilities.[21] It is a constant challenge for PG&E to operate an infrastructure of such magnitude. It requires keeping the gas flowing through the pipelines and

[19] PG&E Exh.-001, p.15; *see also* PG&E Opening Brief, p.8.

[20] PG&E has not asked for any revenue authorization for designing and or implementing its proposed new guidelines.

[21] One of these gas storage facilities is inactive now. On the other hand, PG&E now also owns 25 percent of the Gill Ranch Storage Facility.

storage facilities within a narrow band.[22] If the contents of the system exceed the maximum point, critical pumps and other machinery will shut down, barring some gas supplies from getting onto the pipeline system and preventing some customers from receiving gas. Likewise, if the content of the system falls below the minimum operational requirement, PG&E will be impeded to a greater or lesser extent to deliver gas to end-users. Consequently, PG&E has at its disposal various curtailment tools to keep sufficient gas within the backbone transmission system between the maximum and minimum operational limits.[23] However, this challenge to keep the flow of gas in the transmission pipelines within the minimum/maximum tolerances is complicated by the fact that a large part of the demand for natural gas in California comes from the electric power industry, which depends on having a substantial amount of gas supplied to it on schedules established daily by the California Independent System Operator (CAISO), not PG&E. The record indicates that PG&E has initiated discussions with CAISO aimed at coordinating both PG&E's and CAISO's operations to avoid curtailments. According to the testimony submitted by PG&E's witness Daven Phelan, PG&E's counterpart in southern California, the Southern California Gas Company (SoCalGas), has already worked with CAISO and developed a sophisticated, market optimization process that restricts the dispatching of gas-

[22] PG&E Exh.-001 at p. 6. line 17 – p. 7, line 13. The minimum amount of gas that must be maintained throughout the entire transmission and distribution system is 4,100 million cubic feet (MMcf) and the maximum quantity of gas that cannot be exceeded is 4,500 MMcf.

[23] PG&E Exh.-001 at p. 8, lines 4 – 23. PG&E's existing tools include storage withdrawal, pipeline balancing by means of market incentives, diversion of gas supply away from noncore customers, and curtailment of noncore customers in local sections based on weather forecasts.

fired electric generators based on a gas utility's maximum limitation within specified curtailment zones.[24] However, the record also shows that the process developed by and for SoCalGas cannot be easily transposed for PG&E's use.[25] CAISO and PG&E must develop a separate, customized program for PG&E, distinct from what CAISO developed with SoCalGas. PG&E represented in its testimony that it plans to continue working with CAISO on a plan for coordinating with CAISO.[26] We consider this to be an important aspect of PG&E's revision of its curtailment procedures, and we will order that PG&E follows through with its plan.

What PG&E presents for our approval now is specific additions to its curtailment procedures. PG&E proposes revising current Gas Rules 1 and 14 to expand its array of curtailment tools to include systemwide as well as its current localized tools.[27] To accomplish this goal, PG&E proposes modifying Rule 14 by including a list that divides all its customers into six different groups and then sequences when each group, or some portion of each group, will experience curtailment.[28] PG&E states that its priority scheme is designed to protect core electric and gas customers from experiencing curtailment while gas deliveries to its industrial and other non-core gas customers have been curtailed. We find that

[24] PG&E Exh.-001 at p. 11: lines 6 - 18.

[25] *Id.* at p. 12, lines 14 – 22.

[26] *Ibid.*

[27] PG&E Opening Brief at 9.

[28] *Ibid,* Fig. 1; *see also* Attachment II, p. [E-23], Gas Tariff Rule 14 H.1.A—F.

the proposed priority scheme divides the entire collection of customers into six groups and prioritizes the groups in a reasonable and just fashion.

At the top of PG&E's proposed systemwide priority list to be added to existing Gas Rule 14 are sets of PG&E's gas customers all of which generate electricity on schedules not dictated by PG&E. These sets of electric generation customers have been carefully defined in the proposed amendments to PG&E's Rule 14. As a first set of electric generation customers to be curtailed, PG&E proposes that it will curtail gas deliveries to all dispatchable electric generation not scheduled to be operating at the time of the curtailment, which timing will be based on either a day-ahead forecast of peak electric generation load by CAISO and/or other grid operators, or based on real time demand. In other words, undispatched electric generation is PG&E's proposed primary curtailment target. This makes sense to us because, as PG&E points out, "these generators will not adversely impact electric system reliability" when curtailed, and, on the other hand the safety of PG&E's gas system will be stabilized.[29] We agree with PG&E's choice of a first target and its assessment that while stabilizing PG&E's gas system, the curtailment will avoid reducing the reliability of the state's electric system.

PG&E's second proposed systemwide curtailment target is dispatched electric load, but it proposes to do so on a limited basis. PG&E proposes that it will limit the amount of curtailment orders to 60 percent of the dispatched electric load during the months of November through April and only 40 percent

[29] PG&E Exh.-001 at p. 16, line 4 – p. 17, line 7.

in the months of May through October. PG&E reasons that a distinction between winter and summer loads is reasonable because in winter, unlike summer, it is necessary "to preserve gas usage for critical safety and health heating needs."[30] Similarly, less curtailment of dispatched electric generation is wiser for the summer months because electric generation is typically used for running air conditioning equipment, which is critical to safety and health needs in the hotter months.[31] PG&E further points out that its proposed 60/40 split is exactly what SoCalGas and SDG&E use, thus it will be aligned with those two gas utilities.[32] We find PG&E's reasoning reasonable.

PG&E has proposed as its third-in-order target for systemwide curtailment, the non-electric generation, noncore customers, that is, its (i) industrial, (ii) refinery, and (iii) large commercial customers. Originally, pursuant to this portion of its modified Rule 14, PG&E would have had discretion to curtail all gas deliveries to approximately 1,000 such customers. In its protest to the Application, Indicated Shippers five, pointed out that none of the refineries it represents could safely manage its plant if PG&E cut off 100 percent of its gas supply because their own safe operation protocols required discrete, minimums of constant gas supply. Accordingly, PG&E made appropriate changes to address Indicated Shippers' concerns. According to PG&E's modified proposal, each of the refineries will inform PG&E of the minimum quantity of gas supply it needs to operate safely, which PG&E will act

[30] PG&E Opening Brief at pp. 10 – 11.

[31] *Ibid.*

[32] *Id.* at p. 11.

in good faith to approve. None of the other customers in this rank have protested PG&E's proposed revision of Rule 14. We shall approve it as a reasonable modification.

PG&E's fourth target to curtail systemwide, if necessary, is the last of its non-core customers. This group would include the remaining portion of gas-fired electric generators that have been dispatched as well as the remaining refinery load, that is, the minimum amounts the refineries each need for continued safe operations, which we described in the preceding paragraph. As PG&E points out, curtailing this group of its customers will have significant impacts, however, it will permit PG&E to continue gas service to core customers unless the circumstances on the gas system worsen.[33] We approve this approach as reasonable.

PG&E's fifth target for curtailment is all non-residential core customers. In its prepared testimony, PG&E makes two important points – curtailing any core customers is highly unlikely and PG&E will exhaust all possible options to avoid curtailing any core customers before doing so.[34] We find this distinction among core customers to be reasonable.

Finally, the sixth target, should it ever be necessary, consists of the 4.6 million residential and small commercial core customers of PG&E. PG&E adds in its prepared testimony and Opening Brief that, should it ever be necessary to curtail this group of its customers, it would not be done systemwide

[33] PG&E Opening Brief at 12.

[34] PG&E Exh.-001 at p. 19, n. 25.

all at once; rather PG&E would employ existing Emergency Shutdown Zones that are designed for catastrophic emergencies to reduce demand in an orderly fashion to preserve the safety and integrity of its gas system.[35] Again, we find this to be a rational, reasonable approach.

4.2. Approval of the PG&E's New Curtailment Rules

As noted above, PG&E used four guiding principles to design the new curtailment provisions it proposes to add to its gas tariff. In this section. we adopt those principles and assess whether PG&E's proposed curtailment additions to its Gas Tariff meet them.

4.2.1. Safety

The record does show that the new provisions promote safety. The sequencing of customer groups described above allows PG&E to reduce gas service in a methodical, stepwise fashion that ensures the gas system continues to operate safely and reliably for as long as possible, particularly for PG&E's core customers and in any season of the year, while PG&E focuses its attention on identifying and solving the underlying problem that has triggered curtailment. In addition, the groupings of customers PG&E set up are set up to minimize harmful effects on all customers and ultimate end-users of the energy as much as possible. For example, the first step in the curtailment process is directed at a group of customers (non-dispatched electric generators) to protect the flow of gas to all electric generators that have been dispatched by CAISO and the other grid operators. Similarly, the second targeted group of customers represent only a portion of the dispatched electric generation for northern and central California

[35] PG&E Exh.-001 at p. 19, lines 3 – 10; PG&E Opening Brief at 12.

end-users. A substantial amount of gas-fired generation, which will vary depending on the season of the year, will still be served by PG&E. Finally, we agree that choosing to target these two groups electric generation customers before any other customer group will preserve electric grid stability, prevent electric load shedding and provide a significant measure of safety and comfort to core end-users, whether they use gas or electricity for heating.

All the above decisions PG&E made were reasonable and justified.

4.2.2. Effectiveness

First, we note that the new curtailment provisions contain financial penalties for ignoring curtailment orders from PG&E. The newly added systemwide scheme would be toothless without them.[36] We find the penalties for ignoring curtailment notices from PG&E are reasonable and just.

Second, PG&E's focus on its non-core customers as a first effort to combat whatever is causing the need for curtailment may prove to be all that is necessary given the quantity of gas supplied to electric generators.[37] Additionally, the non-core customers are much smaller in number than the ranks of core customers (4.6 million). Thus, PG&E can communicate and enforce curtailment orders much more readily to its non-core customers than core customers.[38]

Finally, the record shows a considerable amount of cooperation and coordination between PG&E and CAISO thus far.[39] The record also indicates

[36] PG&E Exh.-001 at p. 20, line 25 – p. 21, line 6.

[37] *Id.* at p. 24, lines 14 – 17.

[38] *Id.* at p. 24, lines 8 – 13.

[39] *Id.* at p. 11, line 6 – p. 12, line 22.

that there likely will be even more coordination between CAISO and PG&E going forward.[40] We approve PG&E's past work with CAISO and will order that PG&E pursue further coordination with CAISO.

4.2.3. Simplicity

PG&E's new curtailment provisions are based on a prioritization of six, well-defined customer groups who are impacted in serial fashion rather than PG&E having to determine *pro rata* reductions of all customer groups at once. The identities of each group are easy to understand and the impact on each group is transparent. Likewise, the penalties for ignoring PG&E's orders are easy to understand and simple to calculate for any infraction.[41] We find this level of clarity and simplicity is both reasonable and justified.

4.2.4. Alignment with Other Energy Utilities

The record shows that PG&E's proposed additional systemwide curtailment procedures in its Rules 1 and 14 are in alignment with SDG&E's Gas Rule 14 and SoCalGas' Rule 23 systemwide procedures, which were implemented in 2016. These two southern California utilities have sequenced customer groups in a fashion very similar to what PG&E has proposed here. And the other two gas utilities referenced in this paragraph share other similarities with each other and PG&E's proposal here – they restore service in the inverse order they curtail customer groups; they make exception for operating emergencies declared by any customer; they allow for discretion in emergency

[40] *Ibid.*

[41] *See* PG&E Exh.-001 at p. 24, line 23 – p. 25, line 2.

conditions; and they charge financial penalties for failure to comply with their curtailment orders.[42]

These similarities are sufficient to satisfy our directive in D.23-11-069 and are reasonable features of a curtailment program for all three to have chosen.

5. Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No public comments were filed in this proceeding.

6. Conclusion

PG&E has satisfied our directive to update its Gas Tariff by adding systemwide curtailment procedures to its existing localized curtailment procedures and thereby aligning its procedures with those of other major energy companies in California.

7. Procedural Matters

This decision affirms all the rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

8. Comments on Proposed Decision

The proposed decision of ALJ Charles Ferguson in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and

[42] *Id.* at p. 25, line 3 – p. 27, line 2.

comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

9. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Charles Ferguson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Before filing its application to initiate A.24-05-004, PG&E conducted a series of three workshops both to inform key stakeholders about what PG&E planned to propose in A.24-05-004 and to solicit input from them before initiating A.24-05-004.

2. Five key stakeholders (TURN; Cal Advocates; SCGC; Wild Goose; Lodi Storage; and Central Valley Gas Storage) executed the Initial MOU with PG&E memorializing their intent not to oppose PG&E in proceeding A.24-05-004.

3. The Indicated Shippers' protest to the Application was the only protest filed in this proceeding.

4. PG&E made further additions to its proposed new curtailment procedures to accommodate the Indicated Shippers' protest and then executed a second memorandum of understanding (the Indicated Shippers MOU) with the six refinery owners that comprise the Indicated Shippers group.

5. The Indicated Shippers MOU memorialized the intent of the individual Indicated Shippers not to oppose any of PG&E's proposed additions to Rules 1 and 14 of PG&E's Gas Tariff.

6. PG&E provided copies of the additional curtailment procedures it added for the benefit of Indicated Shippers to the key stakeholders and no objection was advanced or filed by any of them.

7. PG&E's amended motion seeking Commission approval of the Indicated Shippers MOU is the only document in the record of this proceeding that contains all PG&E's proposed additions to its Gas Tariff for purposes of this proceeding.

8. PG&E's proposed additional curtailment procedures are similar to the curtailment procedures found in SoCalGas' existing Gas Tariff and SDG&E's existing Gas Tariff.

9. PG&E seeks no increase in allowed revenue for developing the additional curtailment procedures presented in this proceeding for our approval.

10. PG&E's new, systemwide curtailment procedures improve the tools at its disposal compared to its previous curtailment procedures.

Conclusions of Law

1. PG&E's decision to design its new curtailment procedures using four guiding principles – safety, effectiveness, simplicity and alignment – was reasonable.

2. PG&E's new curtailment procedures conform to the four guiding principles listed in the preceding Conclusion of Law.

3. PG&E has satisfied our directive in D.23-09-006 to initiate this proceeding within 180 days of the effective date of D.23-11-069.

4. PG&E's proposed curtailment procedures satisfy our directive in D.23-11-069 that the new procedures reflect input from stakeholders.

5. PG&E's new curtailment procedures meet our directive in D.23-11-069 that PG&E's new curtailment procedures be similar to those of other major energy companies in California.

6. PG&E has fulfilled our directive in D.23-11-069 to consider input from stakeholders.

7. PG&E's new, systemwide curtailment procedures improve the tools at its disposal compared to its previous curtailment procedures, as required by D.23-11-069.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E's) proposed additions to Gas Rules 1 and 14, as set forth in Attachments B and D to PG&E's Amended Motion for Approval of Memorandum of Understanding with Indicated Shippers (Amended Motion), are approved. The Amended Motion is denied insofar as it seeks approval of any or all the text of the Memorandum of Understanding with Indicated Shippers itself as distinguished from PG&E's proposed additions to Gas Rules 1 and 14.

2. Within 30 days of issuance of a final decision in this proceeding, Pacific Gas and Electric Company (PG&E) shall notify all non-core customers about the new curtailment procedures by email and request confirmation of receipt by return email. Within an additional 45 days from distribution of this first email, PG&E must make an additional email notification to those who have not confirmed receipt of the first email. Within 30 days of this additional email notification, PG&E must make telephone contact with those non-core customers

who have not responded to either the first or second email notification. In addition to the above, within 30 days of issuance of a final and non-appealable decision in this proceeding, PG&E must list the additional curtailment process changes to Gas Rules 1 and 14 on PG&E's Pipe Ranger Website and cause its California Gas Transmission unit to communicate the same information to Third-Party Gas Suppliers.

3. Within 30 days of a final and non-appealable decision in this proceeding, Pacific Gas and Electric Company (PG&E) must file a Tier 1 Advice Letter with final versions of Gas Rules 1 and 14. This Tier 1 Advice Letter must be served by PG&E on all parties and persons on the service list for this proceeding. The Advice Letter described in this Ordering Paragraph must include PG&E's proposed implementation date for the new Gas Rules 1 and 14 and an overview of PG&E's planned implementation procedures.

4. Pacific Gas and Electric Company must continue to work with California Independent System Operator to develop a plan that will avoid curtailments, as Southern California Gas Company has done, and report on its progress in the next general rate case it files.

5. Application 24-05-004 is closed.

This order is effective today.

Dated _____, at Sacramento, California

ATTACHMENT A

Redlined Version of Gas Tariff Rule 1

ATTACHMENT B

Clean Version of Gas Tariff Rule 1

ATTACHMENT C

Redlined Version of Gas Tariff Rule 14

ATTACHMENT D

Clean Version of Gas Tariff Rule 14