APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY & SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS IN THE 2024 COST ALLOCATION PROCEEDING (A.22-09-015)

(DATA REQUEST SET 2 FROM SOUTHERN CALIFORNIA GENERATION COALITION DATED APRIL 17, 2023)

SOCALGAS RESPONSE DATED: MAY 1, 2023

Question 2.1:

2.1. Please provide the total system-wide cumulative monthly imbalance for each month of the period January 2018 to December 2022.

Response 2.1:

Starting on February 1, 2021, the calculation for the Cumulative Customer Imbalance posted in Envoy was revised to provide a better estimate of this number. See Excel file, SCGC-02_Q1.xlsx, with the daily cumulative customer imbalance posted on SoCalGas' Envoy Daily Operations Report. The last day of each month shows the cumulative monthly imbalance for each month as posted on Envoy.

File sent.

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Question 2.2:

2.2. Please provide the system-wide imbalance on a daily basis for the period January 2018 to December 2022.

Response 2.2:

See Excel file provided in Response 2.1. The daily system wide imbalance can be estimated by taking the difference between the daily cumulative customer imbalance in two consecutive days.

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Question 2.3:

2.3. Please provide the cumulative system-wide imbalance on a daily basis for the period January 2018 to December 2022.

Response 2.3:

See Response 2.1.

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Question 2.4:

2.4. When the witnesses say "transportation customers" (for example in Chapter 1 on page 8) are they referring to retail noncore customers or are they referring to a broader group of customers? If the latter, please specify the group of customers.

Response 2.4:

Transportation customers are all customers, both core and noncore, using transportation as defined in SoCalGas Rule 1.

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Response 2.5:

2.5. Under its proposal in this proceeding, does SoCalGas intend that all customers (both core and noncore) pay for and utilize balancing services or only a subset of customers? If the latter, please specify the subset of customers.

Response 2.5:

SoCalGas intends for all customers, both core and noncore, to pay and utilize the balancing services.

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Question 2.6:

2.6. Under its proposal in this proceeding, does SoCalGas intend that all customers (both core and noncore) pay for and utilize "balancing plus" services or only a subset of customers? If the latter, please specify the subset of customers.

Response 2.6:

Balancing Plus services will be available to all, core and noncore customers. Unsold Balancing Plus assets will be paid and used by all, core and noncore, customers.

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Question 2.7:

2.7. With respect to Chapter 1 page 9 which states:

> For example, the average daily demand posted on Envoy from April 2021 to March 2022 was 2,420 MMcf/d. The tolerance band resulting from a 31-day month with an average demand of 2,420 MMcf/d is approximately plus or minus 6,000 MMcf. Therefore, under the current end of the month constraint customers can inject 12,000 MMcf of imbalance gas over a storage cycle by moving from an aggregate negative imbalance position of 6,000 MMcf to an aggregate positive imbalance position of 6,000 MMcf. Imbalance customers, then, have effective command over 12,000 MMcf of storage capacity, an amount that significantly exceeds their current storage allocation.

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2.7.1. Please provide a derivation of the 6,000 MMcf from the 2,420 MMcf/d daily average demand as described in the quotation.

Response 2.7.1:

(2,420MMcf * 31 days) * 8% ≈ 6,000MMcf

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2.7.2. Has SoCalGas ever observed the cumulative monthly imbalance changing from a plus 6,000 MMcf to a negative 6,000 MMcf or vis versa within a timeframe of a month or a few months?

Response 2.7.2:

No.

2.7.3. If the answer to the previous question is "yes," please identify the dates during which this occurred.

Response 2.7.3:

Not applicable.

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2.7.4. Has SoCalGas ever observed the cumulative monthly imbalance to exceed 9,560 MMcf?

Response 2.7.4:

Yes.

2.7.5. If the answer to the previous question is "yes," please identify the date(s) during which this occurred.

Response 2.7.5:

SoCalGas posted a cumulative customer imbalance of 12,754,482Dth on June 30, 2020. The Excel file attached in Response 2.1 can be used to identify other days. SoCal Gas suggests using a conversion factor of 1.0322MCF = 1 Dth.

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Question 2.8:

2.8. With respect to the figures in Table 1 of Chapter 1:

2.8.1. Please provide the redacted workpapers for SDG&E for the 2022 California Gas Report.

Response 2.8.1:

The workpapers can be found in the following link:

California Gas Report | San Diego Gas & Electric (sdge.com)

(Last accessed May 1, 2023.)

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2.8.2. Is the average year demand of 988 MMcfd an all-year average or an average of the demand only during the winter months of an average year?

Response 2.8.2:

The average year demand is an all-year average.

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2.8.3. Does the 988 MMcfd include SDG&E's core demands?

Response 2.8.3:

Yes.

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2.8.4. Please provide a derivation of the 988 MMcfd from the data in the 2022 California Gas Report or the workpapers to that report.

Response 2.8.4:

Average of 2024-2027 total core demand (SoCalGas + SDGE)

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2.8.5. Is the cold year 1-in-35 demand of 1,465 MMcfd an all-year average or an average of the demand only during the winter months of a cold year 1-in-35 year?

Response 2.8.5:

The cold year 1-in-35 demand is an average of the demand only during the winter months of a cold year 1-in-35 year.

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2.8.6. Does the 1,465 MMcfd include SDG&E's core demands?

Response 2.8.6:

Yes.

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2.8.7. Please provide a derivation of the 1,465 MMcfd from the data in the 2022 California Gas Report or the workpapers to that report.

Response 2.8.7:

Average daily Winter demand (Nov., Dec., Jan., Feb., Mar.) of 2024-2027 cold year 1-in-35 demand.

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Question 2.9:

2.9. With respect to the statement at page 8:

> Because revenues will solely benefit transportation customers, and the assets will be sold exclusively via auction on a predetermined schedule at a reservation price equal to the embedded cost, there is no need to align incentives between customers and the utility with a shareholder/ratepayer sharing mechanism.

2.9.1. Is SoCalGas proposing that the minimum bid for the auction would be equal to the embedded cost adopted by the Commission for each storage subfunction, inventory, summer injection, winter injection, and summer withdrawal?

Response 2.9.1:

Yes.

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2.9.2. Would customers be able to bid above the minimum bid for some or all of the capacity?

Response 2.9.2:

Yes.

2.9.3. Would SoCalGas be obligated to select those bids that maximize the revenues produced?

Response 2.9.3:

If the capacity were available, and there were no operational or regulatory constraints then, yes.

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2.9.4. Hypothetically, if someone bid a price that was 125% of embedded cost for all of the various storage elements but the duration of the bid was only one month, and another customer bid 110% of embedded cost for all of the various storage elements but the duration of the bid was three months, how would SoCalGas determine which bid to award? Please explain your answer.

Response 2.9.4:

SoCalGas intends to award the bid associated with the highest total revenue taking into account the duration of the bid. Given the provided example, the bid of 110% of embedded cost for all of the various storage elements for a duration of three months would be awarded if the total revenues that result from awarding the bid were to exceed the revenues that may result from awarding the bid for 125% of the embedded cost for a one-month period.

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2.9.5. If a customer contracts for Balancing Plus storage inventory for a multiple month period, would the storage inventory be applicable under Special Condition 9 of G-IMB during the months that the customer contracted for Balancing Plus storage inventory?

Response 2.9.5:

Yes.