

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 2, 2017

**Advice Letter 5194**

Ronald van der Leeden  
Director, Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Low-Carbon Fuel Standard Program Annual Credit and Revenue Estimates (2018)**

Dear Mr. van der Leeden:

Advice Letter 5194 is effective as of November 1, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division



**Ronald van der Leeden**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
Fax: 213.244.4957

[RvanderLeeden@semprautilities.com](mailto:RvanderLeeden@semprautilities.com)

October 2, 2017

Advice No. 5194  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2018)**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) estimates for Natural Gas Vehicle (NGV) Low Carbon Fuel Standard (LCFS) credits and revenues for 2018, as shown in Attachment A.

**Purpose**

In accordance with Decision (D.) 14-12-083 Ordering Paragraph (OP) 5, this filing provides estimates of LCFS credits and revenues for 2018.

**Background**

On May 19, 2014, the Commission issued D.14-05-021, in which OP 1 authorized SoCalGas to sell LCFS credits according to the parameters and restrictions set forth in Appendix A. OP 7 of D.14-05-021 authorized the utilities to establish balancing accounts to track LCFS credit revenue, while OP 6 authorized recovery of costs associated with administering the sale of LCFS credits upon their approval in an implementation Advice Letter (AL).

On December 23, 2014, the Commission issued D.14-12-083, in which OP 2 authorized SoCalGas to return to customers revenue from the sale of natural gas LCFS credits as either a reduction in the fuel price at the point-of-sale at utility-owned compressed natural gas (CNG) refueling stations or a reduction in the volumetric energy rate levied on natural gas used for refueling natural gas vehicles for customers. OP 3 included the list of items that SoCalGas was directed to comprehensively address in its Implementation Plan. The Implementation Plan was directed to also include any information required by D.14-05-021. Appendix A of

D.14-12-083 provided a comprehensive listing of the items to be included in the Implementation Plan. SoCalGas filed its Implementation Plan for Commission approval by AL 4779 on March 18, 2015, which was approved by the Commission on August 5, 2015, and made effective July 30, 2015.

### **2018 Credit and Revenue Estimates**

SoCalGas hereby provides the 2018 credit and revenue estimates requested by the Commission in D.14-12-083 as Attachment A to this AL.

### **Confidentiality**

Due to the confidential nature of certain of the credit and revenue estimates requested by the Commission in D.14-12-083, the redacted information in Attachment A is being provided only to the Energy Division pursuant to General Order (GO) 66-C, Section 583 of the Public Utilities Code, and D.16-08-024. A declaration requesting confidential treatment is being provided to the Commission concurrently with this Advice Letter, pursuant to D.16-08-024.

### **Protest**

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this AL, which is October 22, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is given below.

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

A copy of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-mail: [ROrtiz@SempraUtilities.com](mailto:ROrtiz@SempraUtilities.com)

**Effective Date**

Per OP 5 of D.14-12-083, this filing is subject to Energy Division disposition and is classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved on November 1, 2017, which is 30 calendar days from the date filed.

**Notice**

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list for R.11-03-012. Address change requests to the GO 96-B should be directed by electronic mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com) or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

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Ronald van der Leeden  
Director- Regulatory Affairs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Ray B. Ortiz

Phone #: (213) 244-3837

E-mail: [ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5194

Subject of AL: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2018)

Keywords (choose from CPUC listing): Balancing Account, Credit

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.14-12-083 and D.14-05-021

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: See Declaration of Confidentiality.

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 11/1/17

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

**Southern California Gas Company**

**Attention: Ray B. Ortiz**

**555 West 5<sup>th</sup> Street, GT14D6**

**Los Angeles, CA 90013-1011**

[ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)

[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

<sup>1</sup> Discuss in AL if more space is needed.

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

**DECLARATION OF PATRICK BROWN  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.16-08-024**

I, Patrick Brown, do declare as follows:

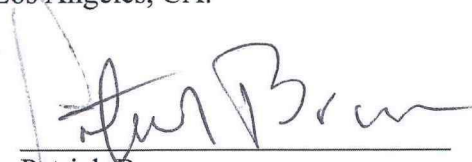
1. I am the Clean Transportation Business Development Manager in the Technology Solutions Department for Southern California Gas Company (“SoCalGas”). I have been delegated authority to sign this declaration by Lisa M. Alexander, Officer and Vice President of Customer Solutions and Communications. I have reviewed Attachment A to SoCalGas’ Advice No. 5194, Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2018), submitted concurrently herewith (“AL 5194 Attachment A”). I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 16-08-024 to demonstrate that the grey highlighted information (“Protected Information”) provided in AL 5194 Attachment A is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal citations and narrative justification described in Attachment A, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 2<sup>nd</sup> day of October, 2017, at Los Angeles, CA.

A handwritten signature in black ink, appearing to read "Patrick Brown", written over a horizontal line.

Patrick Brown  
Clean Transportation Business  
Development Manager

# ATTACHMENT A

## SoCalGas Request for Confidentiality on the following information in AL 5194 Attachment A

Location of Protected Information	Legal Citations	Narrative Justification
LCFS Report Attachment A, Grey Highlighted Information.	<p>Material, market-sensitive trade secret information protected under Govt. Code Sections 6245(k) and 6254.7(d), and that the disclosure of this information would place SoCalGas at an unfair business disadvantage under General Order 66-C, Section 2.2(b). Evidence Code Section 1060 provides a privilege for trade secrets, which Civil Code Section 3426.1 defines, in pertinent part, as information that derives independent economic value from not being general known to the public or to other persons who could obtain value from its disclosure.</p> <p>The Protected Information is also similar to the type of market-sensitive electric procurement information that the CPUC has protected under D.06-06-066.</p>	Publicly releasing the Protected Information provides parties with insight into SoCalGas' sales strategy, which would unfairly undermine SoCalGas' bargaining power and potentially result in lower revenues to return to natural gas vehicle customers.



**ATTACHMENT A**

**Advice No. 5194**

**2018 Credit and Revenue Estimates**

**CONFIDENTIAL – PROVIDED ONLY TO THE ENERGY DIVISION  
UNDER THE PROVISIONS OF GENERAL ORDER 66-C, SECTION 583  
OF THE PUBLIC UTILITIES CODE, AND DECISION 16-08-024**

**ATTACHMENT A**  
**Advice No. 5194**  
**2018 Credit and Revenue Estimates**

SoCalGas hereby provides the credit and revenue estimates requested by the Commission in D.14-12-083.

**The number of credits SoCalGas expects to generate in 2018**

In AL 4867-A and AL 5038 (SoCalGas' 2016 and 2017 Credit and Revenue Estimate Advice filings, respectively), SoCalGas forecasted credit generation by [REDACTED]

**The amount of revenue SoCalGas expects to generate from the sale of LCFS credits**

The August 2017 LCFS credit transfer activity report published by the Air Resources Board showed LCFS credit prices ranging from \$70 per metric ton to \$97 per metric ton. Assuming average LCFS credit prices are within historical reported averages for the sale of one year's worth of generated LCFS credits, 2018 LCFS credit revenues are expected to range from [REDACTED] to [REDACTED].<sup>1</sup> Actual LCFS credit revenues in 2018 may be lower or higher depending on the actual LCFS credit prices at the time of LCFS credit sales, and actual sales activity.

**The balance that will be in SoCalGas' LCFSBA on January 1, 2018**

[REDACTED]. Assuming there are no credit sales by the end of the year, the balance in the LCFSBA will be approximately [REDACTED]. This balance takes into account administrative costs already incurred.

SoCalGas may sell none, some, or all of their available LCFS credits by January 1, 2018. If one year's worth of credits are sold by the end of the year at prices within the above quoted range, the balance in the LCFSBA should be between [REDACTED] and [REDACTED]. This represents the range of forecasted revenues from the sale of LCFS credits ([REDACTED] to [REDACTED]) less the estimated [REDACTED] forecast.

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<sup>1</sup> [REDACTED] metric tons multiplied by \$70 per metric ton and \$97 per metric ton, respectively.

**The cost of administering the LCFS credit program in 2018, including customer outreach expenses**

SoCalGas' estimated administrative costs for 2018 are \$41 thousand. The administrative cost for a contractor to manage the generation of credits for all utility-owned CNG stations is estimated to be \$10 thousand. Brokerage costs are estimated to be about \$1 thousand. Finally, SoCalGas expects continued implementation costs of around \$30 thousand. These costs include further modifications of its IT system to handle deal tracking, confirmations, billing and accounting processes, incremental costs for negotiating and administering contracts for the sale of LCFS credits, and settlement and accounting of the sale of the LCFS credits

**The amount of revenue that will be distributed to customers in 2018**

[REDACTED],  
SoCalGas will likely file a Tier 2 AL to put the LCFS rate credit into effect in 2018. Assuming the revenue range, forecasted administrative costs, and forecasted LCFSBA balance discussed herein, SoCalGas may be able to distribute between [REDACTED] to customers in 2018.

**The number of drivers to whom credits will be distributed and the value that will be distributed to each driver**

As stated in SoCalGas' LCFS implementation plan AL 4779, since SoCalGas public access CNG vehicle refueling stations are open to the general public, the number of customers served in any one year and who will receive the value of any LCFS rate credit cannot be accurately predicted. However, AL 4779 used an analysis of the number of unique credit card transactions as a reasonable proxy for the number of individual customers to whom LCFS credits may be delivered.

In 2016, SoCalGas recorded [REDACTED] unique credit card transactions. If SoCalGas is able to put into 2018 rates an LCFS rate credit as discussed above, and using the low and high net revenue range of [REDACTED], these [REDACTED] customers may expect to receive, on average, between [REDACTED], depending on individual refueling volumes.