

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 5631G
As of June 15, 2020

Subject: Updated Greenhouse Gas Balancing Account Pursuant to Decision 20-03-027

Division Assigned: Energy

Date Filed: 05-20-2020

Date to Calendar: 05-22-2020

Authorizing Documents: D2003027

Disposition:	Accepted
Effective Date:	05-20-2020

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

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213-244-3837

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PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov



Ronald van der Leeden
Director
Regulatory Affairs

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Los Angeles, CA 90013-1011
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Fax: 213.244.4957
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May 20, 2020

Advice No. 5631
(U 904 G)

Subject: Updated Greenhouse Gas Balancing Account Pursuant to Decision 20-03-027

Southern California Gas Company (SoCalGas) hereby submits for approval with the California Public Utilities Commission (Commission) revisions to its Preliminary Statement V, Balancing Accounts, as shown on Attachment A.

Purpose

The purpose of this Advice Letter (AL) is to update SoCalGas' Greenhouse Gas Balancing Account (GHGBA) to reflect SoCalGas' remittance of the Technology and Equipment for Clean Heating (TECH) Initiative and the Building Initiative for Low-Emissions Development (BUILD) costs funding to Southern California Edison (SCE) pursuant to Senate Bill (SB) 1477, Resolution (Res.) G-3565, and Decision (D.) 20-03-027.

Background

SB 1477 required the Commission to develop and supervise the administration of the TECH and BUILD Program, these pilot programs are designed to develop market experience for the purpose of decarbonizing California's residential buildings. SB 1477 further required that the Commission, for Fiscal Year (FY) 2019–20 to 2022–23, inclusive, allocate \$50,000,000 annually across the four gas utilities¹ to fund the TECH Initiative and the BUILD Program.² The source of program funding is the proceeds, including any accrued interest, received by gas utilities from the direct allocation of GHG emissions allowances from the market-based compliance mechanism overseen by the California Air Resources Board (CARB), also known as the Cap-and-Trade Program.

¹ Four gas corporations currently participate in California's Cap-and-Trade program: SoCalGas, Pacific Gas & Electric Company, San Diego Gas & Electric Company, and Southwest Gas Corporation.

² Per Res. G-3565 and D.20-03-027, SoCalGas was allocated \$24,630,000 (49.26%) annually.

Pursuant to Res. G-3565, SoCalGas submitted AL 5588³ that reduced the annual forecast of funding available to customers for the Climate Credit refund by the authorized annual funding obligation of \$24.630 million associated with the TECH Initiative and BUILD Program (collectively, "SB 1477 Compliance Costs").

On April 6, 2020, D.20-03-027 was issued which established a framework for Commission oversight of SB 1477 and the TECH Initiative and BUILD pilot programs.

Discussion

Ordering Paragraph (OP) 4 of D.20-03-027 assigned SCE to be the contracting agent responsible for:

- (a) managing the solicitation for the third-party implementer of the TECH Initiative; and
- (b) disbursing funds to both the TECH Initiative implementer and the BUILD Program administrator.

Further, OP's 7 and 8 of D.20-03-027 direct SoCalGas and the other gas utilities to remit their respective SB 1477 Compliance Costs directly to SCE, the Contracting agent. Pursuant to OP 7, the gas utilities "...shall on or before June 1, 2020, disburse to the contracting agent the entire first year funding set aside as directed by Resolution G-3565." Additionally, pursuant to OP 8, the gas utilities "... shall, beginning September 1, 2020, remit their respective "SB 1477 Compliance Costs" directly to the contracting agent on a quarterly basis in four equal installments per fiscal year." Remittances shall be made on or before March 1, June 1, September 1, and December 1. Funding obligations shall cease following the remittances made on June 1, 2023 unless otherwise directed by a subsequent decision of the Commission.

Therefore and pursuant to the SB 1477 Compliance Costs to be sent directly to SCE per D.20-03-027, SoCalGas includes as Attachment A an update to its GHGBA to reflect SoCalGas' remittance of the SB 1477 Compliance Costs for the TECH and BUILD pilot programs to SCE and an update to the accounting procedures.

Protests

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 June 9, 2020. The address for mailing or delivering a protest to the Commission is given below.

³ SoCalGas AL 5588, *Updated Greenhouse Gas Proceeds, 2020 California Climate Credit, and Greenhouse Gas Balancing Account Pursuant to Resolution G-3565*, was submitted on February 18, 2020. AL 5588 was approved by the Commission on March 18, 2020.

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). Due to the COVID-19 pandemic and the shelter at home orders, SoCalGas is currently unable to receive protests or comments to this AL via U.S. mail or fax. Please submit protests or comments to this AL via e-mail to the address shown below on the same date it is mailed or e-mailed 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@socalgas.com

Effective Date

This submittal is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. It is in compliance with D.20-03-027. Therefore, SoCalGas respectfully requests that this submittal be made effective May 20, 2020, the date submitted.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.19-01-011. Address change requests to the GO 96-B service list should be directed via e-mail to 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 via e-mail at process_office@cpuc.ca.gov.

/s/ Ronald van der Leeden
Ronald van der Leeden
Director - Regulatory Affairs



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A
Advice No. 5631

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 57595-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 1	Revised 57216-G
Revised 57596-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 2	Revised 57217-G
Revised 57597-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 3	Revised 57218-G
Revised 57598-G Revised 57599-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 57586-G Revised 57414-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 1

1. Purpose

The GHGBA is an interest bearing two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 14-12-040, the purpose of the GHGBA is to record costs incurred to comply with the California Cap and Greenhouse Gas (GHG) Emissions and Market-Based Compliance mechanisms (Cap-and-Trade Program) regulations imposed by the Air Resources Board (ARB). The GHGBA will record actual Cap-and-Trade Program costs incurred by SoCalGas as a regulated natural gas supplier that delivers gas to California end-users and as owners and operators of facilities that are classified as covered entities under the Cap-and-Trade Program regulations with the corresponding actual revenues billed to applicable customers to recover such costs as authorized by the Commission. In addition, the GHGBA will record revenues received from consignment of natural gas supplier allowances for auction. Pursuant to D.15-10-032, the GHGBA will also separately identify and record GHG compliance costs associated with Lost and Unaccounted For (LUAF) gas. The GHGBA is effective December 18, 2014, the effective date of D.14-12-040, and modified on October 22, 2015, the effective date of D.15-10-032.

Senate Bill 1477 (SB) requires the CPUC to develop and supervise the administration of the Technology and Equipment for Clean Heating (TECH) Initiative and the Building Initiative for Low-Emissions Development (BUILD) Program. In compliance with Resolution (Res.) G-3565, SoCalGas will reduce the annual forecast of funding available to customers for the Climate Credit refund by the authorized annual funding obligation associated with the TECH Initiative and BUILD Program (collectively, "SB 1477 Compliance Costs").

Pursuant to D.20-03-027, effective April 6, 2020, SoCalGas will remit its respective "SB 1477 Compliance Costs" directly to Southern California Edison (SCE), the utility assigned to disburse funds to both the TECH Initiative Implementor and the BUILD Program administrator. Per Ordering Paragraph (OP) 7 of D.20-30-027, the entire first year funding shall be distributed on or before June 1, 2020. Further OP 8 states that on a quarterly basis remittance shall be made on or before March 1, June 1, September 1, and December 1. Funding obligations shall cease following the remittance made on June 1, 2023 unless otherwise directed by a subsequent decision of the Commission. Lastly, OP 3 of D.20-30-207 states that any unspent funds remaining as of July 1, 2033 shall be returned to the ratepayers of the respective gas corporations as part of the California Climate Credit.

The GHGBA shall consist of four subaccounts:

- 1) End Users GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' natural gas deliveries to end users;
- 2) Company Facilities GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' covered facilities;
- 3) LUAF GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' LUAF gas; and
- 4) Consignment Revenues Subaccount records revenues received from consignment of natural gas supplier allowances for auction.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5631
 DECISION NO. 20-03-027

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 20, 2020
 EFFECTIVE May 20, 2020
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 2

(Continued)

2. Applicability

The GHGBA shall apply to gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. End Users GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' natural gas deliveries to end users to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for natural gas deliveries to end users;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Company Facilities GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' covered facilities to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for SoCalGas' covered facilities;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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