

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



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 5659G
As of July 30, 2020

Subject: Information-Only - Biannual Report on Cost Impacts Resulting from Decision (D.) 19-08-002
(Core Balancing /Advanced Meter Data Aggregation System)

Division Assigned: Energy

Date Filed: 06-30-2020

Date to Calendar: 07-03-2020

Authorizing Documents: D1908002

Disposition:	Accepted
Effective Date:	06-30-2020

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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PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
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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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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
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Regulatory Affairs

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June 30, 2020

Advice No. 5659

(Southern California Gas Company U 904 G)

Advice No. 2877-G

(San Diego Gas & Electric Company U 902 G)

Public Utilities Commission of the State of California

Subject: Information-Only – Biannual Report on Cost Impacts Resulting from Decision (D.) 19-08-002 (Core Balancing / Advanced Meter Data Aggregation System)

Purpose

Pursuant to Ordering Paragraph (OP) 4 of D.19-08-002, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) collectively submit this Tier 1 Information-Only Advice Letter (AL) providing a biannual report on cost impacts to core customers as a result of requiring them to balance to estimated actual consumption, including number of Operational Flow Order (OFO) days and Gas Acquisition's mitigation measures.

Background

D.19-08-002 required the SoCalGas Gas Acquisition department to balance core deliveries to estimated actual consumption instead of a forecast, beginning April 1, 2020.¹ In support of this objective, D.19-08-002 directed SoCalGas and SDG&E to begin building an "AMI Data Aggregation System" (AMI DAS) as described within the decision.² While D.19-08-002 stated that SoCalGas and SDG&E should make all reasonable efforts to ensure the AMI DAS was completed by April 1, 2020,³ the decision also adopted a formula for use in estimating retail core consumption starting April 1, 2020, should the AMI DAS not be completed by that date.⁴

¹ D.19-10-002 at p. 32, (OP 2).

² *Id.* at p. 33, (OP 5).

³ *Id.* at p. 34, (OP 9).

⁴ *Id.* at pp. 32-33, (OP 3).

On September 3, 2019, SoCalGas submitted Advice No. 5511, providing its roadmap (on behalf of SoCalGas and SDG&E) for completing the AMI DAS. SoCalGas stated that the AMI DAS could not be completed until August 1, 2020, and further explained how SoCalGas would comply with D.19-08-002's requirement for Gas Acquisition to balance to estimated actual consumption starting April 1, 2020, while the AMI DAS was still being completed. SoCalGas' AMI DAS roadmap was approved by Resolution (Res.) G-3563 on March 12, 2020.⁵

In requiring Gas Acquisition to balance to estimated actual consumption rather than a forecast starting April 1, 2020, the Commission in D.19-08-002 also noted that "the cost impact to core customers remains an important consideration."⁶ The Commission sought to monitor the situation to ensure that core customers are not significantly impacted, and in doing so, required SoCalGas and SDG&E to "biannually submit an information-only advice letter that reports any cost impacts to core customers as a result of balancing to actual usage, including number of OFO days and Gas Acquisition mitigation measures taken." The first report was due no later than December 31, 2019.⁷ However, this is SoCalGas' and SDG&E's first report because Gas Acquisition continued balancing to a forecast until April 1, 2020. This report includes data and analysis through May 31, 2020.

Report on Cost Impacts to Core Customers

Operational Flow Order (OFO) Dates and Noncompliance Charges

For the reporting period of April 1, 2020⁸ through May 31, 2020, there were 22 OFOs declared by SoCalGas' System Operator. The following table provides the number of OFOs by month for each of the balancing tolerances:

⁵ On June 25, 2020, SoCalGas submitted a letter to Executive Director Alice Stebbins seeking an extension of time to comply with OP 1 of Res. G-3563 due to implementation delays resulting from the COVID-19 emergency condition. That request remains pending as of this reporting date.

⁶ D.19-08-002 at p. 17.

⁷ *Id.* at pp. 17-18.

⁸ The requirement to balance to actual usage as opposed to a forecast began on April 1, 2020. Future biannual reports, starting with the report submitted December 31, 2020, will include six months of data.

	Number of Declared OFOs	Tolerances of Declared OFOs
Low OFOs		
April	6	-5% (6)
May	0	N/A
High OFOs		
April	5	19% (2), 17%, 14%, 12%
May	11	19%, 18%, 17% (4), 16% (2), 15% (2), 8%

SoCalGas' Gas Acquisition Department did not incur any noncompliance charges on the 6 Low OFO days and 16 High OFO days in this reporting period.

Mitigation Measures Taken

SoCalGas' Gas Acquisition Department took several mitigation measures to minimize its exposure to noncompliance charges on OFO days which Gas Acquisition believes resulted in lost opportunities for reducing procurement costs against benchmark for the benefit of bundled core customers. As noted below, these cost impacts are not calculable without making significant assumptions, which affect their usefulness.

1. Gas Acquisition developed daily Usage Guidelines to address observed uncertainty in forecast core demand. These Usage Guidelines reflected observed deviations between historical same day usage forecasts provided by the Regulatory Forecasting Group and estimated actual usage. Additional usage uncertainties resulted from COVID-19 virus-related business impacts first observed in mid-March. Changes to both core residential and core commercial and industrial (C&I) usages occurred quickly and were somewhat unpredictable given historical usage data. Gas Acquisition and the Regulatory Forecasting Group communicated frequently regarding these observations and established formal weekly meetings to discuss trend observations and changes to forecast assumptions. Gas Acquisition's Usage Guidelines were modified to reflect improved forecasts as changes to core usage stabilized and temperature impacts to core burn fell with the arrival of seasonally warmer weather.
2. Gas Acquisition's Usage Guidelines assisted in determining the likelihood of whether planned daily deliveries would result in daily OFO non-compliance charges. Use of the Usage Guideline resulted in Gas Acquisition reducing its deliveries on days when High OFOs were anticipated or observed and increasing its deliveries on days when Low OFOs were observed.

3. Gas Acquisition anticipated or observed High OFOs and attempted to maximize utilization of its injection rights on 47 days during this two-month period. In contrast, if Gas Acquisition had been able to balance against a forecast of its actual usage rather than an unknown estimated actual usage on these 47 days, Gas Acquisition estimates it could have enhanced its storage injections by approximately 4.0 Bcf during these two months. This represents 37% of the net increase in Gas Acquisition's storage level during this two-month period. It is premature for Gas Acquisition to attempt to fully estimate any impacts to customer costs or winter reliability from delaying these injections before the injection season is completed.
4. Gas Acquisition observed Low OFOs and used its withdrawal rights on six days during this two-month period. In contrast, if Gas Acquisition had been able to balance against a forecast of its actual usage rather than an unknown estimated actual usage on these six days, Gas Acquisition estimates it could have reduced its storage withdrawals by over 0.9 Bcf during these two months. Gas Acquisition recognizes that the extra gas it withdrew from its storage remained on the system. However, this additional withdrawal from Gas Acquisition's storage increased the amount of monthly imbalance gas which subsequently was traded into Gas Acquisition's storage account and thus subject to injection fuel charges. Actual storage fuel costs are subject to balancing account treatment and Gas Acquisition is allocated approximately 90% of system inventory. Therefore, most of the incremental injection fuel charges associated with these storage withdrawals would eventually be offset via a reduction in future injection charges. Gas Acquisition did not attempt to quantify the remaining injection fuel cost due to uncertainty regarding the timing of replacement gas purchases.

Protest and Reply

This is an information-only AL submittal. Pursuant to General Order (GO) 96-B Section 6.2, Joint IOUs are not seeking relief through this AL and thus this AL is not subject to protest.

Effective Date

Pursuant to OP 4 of D.19-08-002, SoCalGas and SDG&E request that this Tier 1 information-only AL become effective upon the date of submittal, which is June 30, 2020.

Notice

A copy of this AL is being sent to SoCalGas's GO 96-B service list and the Commission's service list in A.17-10-002. 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

Attachments



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:
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City: State:
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Email: