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September 30, 2022

Advice No. 6039
(U 904 G)

Public Utilities Commission of the State of California

Subject: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2023)

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) estimates for Natural Gas Vehicle (NGV) Low Carbon Fuel Standard (LCFS) credits and revenues for 2023, as shown in Attachment A, including a proposed distribution of revenue from the sale of natural gas LCFS credits starting January 1, 2023, as approved by the Commission in SoCalGas' LCFS Implementation Advice No. (AL) 4779.

Purpose

In accordance with Decision (D.) 14-12-083 Ordering Paragraph (OP) 5, this AL provides estimates of LCFS credits and revenues for 2023. As directed by D.14-12-083 OP 3 and D.14-05-021 OP 2,¹ SoCalGas had submitted AL 4779 to provide upfront standards and plans for the sale of natural gas LCFS credits, establish a Low-Carbon Fuel Standard Balancing Account (LCFSBA), revise Rate Schedule No. G-NGV, Natural Gas Service for Motor Vehicles, to provide for a LCFS rate credit, and include other implementation plan requirements. This AL accordingly proposes a distribution of LCFS revenues through the LCFS rate credit.

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 AL.

¹ As modified by D.14-07-003.

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 submitted 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.

On May 18, 2018, SoCalGas submitted AL 5295 to make balancing account and rate schedule modifications supporting a voluntary renewable natural gas (RNG) procurement pilot. As approved in that AL, SoCalGas created an “RNG Environmental Credit Proceeds” subaccount in the LCFSBA to track and record SoCalGas’ contractual share of the proceeds from the sale of LCFS and Renewable Identification Number (RIN) credits generated by the RNG supplier, any associated program costs (if any), and the proceeds returned to CNG customers served at utility-owned CNG fueling stations. This AL includes revenues for both the traditional LCFS program, as well as revenues received as part of the RNG pilot.

In compliance with the non-standard disposition letter approving AL 5519, SoCalGas’ LCFS Program Annual Credit and Revenue Estimates for 2020, SoCalGas submitted AL 5590 on February 18, 2020 to provide details of SoCalGas’ LCFS revenue return plan designed to increase the quantity of LCFS revenue returned to customers. On March 1, 2021, AL 5590 was denied and SoCalGas was “...encouraged to work with Energy Division staff to determine options for returning the utility’s excess LCFS credit revenue...”. Therefore, this AL is submitted consistent with the revenue return plan approved by AL 4779.

2023 Credit and Revenue Estimates

SoCalGas hereby provides the 2023 credit and revenue estimates requested by the Commission in D.14-12-083 as Attachment A to this AL.

2023 LCFS Rate Credit

As discussed in Attachment A, SoCalGas proposes to amortize \$2,382 thousand from its LCFSBA, beginning on January 1, 2023, into the LCFS Rate Credit. Pursuant to AL 4779, SoCalGas' and San Diego Gas & Electric Company's (SDG&E) LCFS Rate Credits will be averaged, to create a Sempra-wide rate. Using the \$339 thousand that SDG&E proposes to amortize in its AL 3123-G, submitted concurrently, SoCalGas proposes an LCFS Rate Credit from January 1, 2023, through December 31, 2023, of \$0.42527 per therm. The following table depicts the calculation of the credit. Schedule No. G-NGV will be modified as part of SoCalGas' year-end consolidated rate update AL.

Description	Units	SoCalGas	SDG&E	Sempra-Wide
Public Access Compression Volumes	Mth per year	5,840	664	6,504
LCFS Balance Amortized and Implied LCFS Rate Credit	\$000	\$2,382	\$339	\$2,721
	\$ per therm	\$0.40793	\$0.50996	\$0.41834
FF&U (%)	%	101.6564%	102.4293%	-
LCFS Revenue Distributed and Effective LCFS Rate Credit	\$000	\$2,484	\$285	-
	\$ per therm	\$0.42527	\$0.42850	-

Confidentiality

Due to the confidential nature of certain 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-D and D.17-09-023. A declaration requesting confidential treatment is being provided to the Commission concurrently with this AL.

Protest

Anyone may protest this Advice Letter 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 submitted electronically and must be received within 20 days after the date of this Advice Letter, which is October 20, 2022. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should also be sent electronically to the attention of:

Attn: Gary Lenart
Regulatory Tariff Manager
E-mail: GLenart@socalgas.com
E-mail: Tariffs@socalgas.com

Effective Date

Per OP 5 of D.14-12-083, this submittal is subject to Energy Division disposition and is classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this submittal be approved on October 30, 2022, which is 30 calendar days from 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 for R.11-03-012. 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 via e-mail at Process_Office@cpuc.ca.gov.

/s/ Joseph Mock
Joseph Mock
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:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

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

**DECLARATION OF ARMANDO INFANZON
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.17-09-023**

I, Armando Infanzon, do declare as follows:

1. I am the Director of Business Development for Southern California Gas Company (“SoCalGas”). I have been delegated authority to sign this declaration by Neil Navin, Vice President of Clean Energy Innovations. I have reviewed Attachment A to SoCalGas’ Advice No. 6039, Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2023) submitted concurrently herewith (the “AL 6039 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.”) 17-09-023 to demonstrate that the confidential information (“Protected Information”) provided in AL 6039 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 30th day of September, 2022, at Los Angeles.



Armando Infanzon
Director of Business Development

ATTACHMENT A

SoCalGas Request for Confidentiality on the following information in its AL 6039 Attachment A

Location of Protected Information	Legal Citations	Narrative Justification
AL 6039 Attachment A, information highlighted in grey.	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-D, 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. 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.	Market-sensitive LCFS information, if disclosed, could provide market participants and SoCalGas' competitors with insight into SoCalGas' LCFS transactional activity, plans and strategies, which would place SoCalGas at an unfair business disadvantage. This could ultimately result in increased cost to natural gas vehicle ratepayers. If disclosed, SoCalGas' competitors and market participants could also derive economic value from this information.

ATTACHMENT A

Advice No. 6039

2023 Credit and Revenue Estimates

**CONFIDENTIAL – PROVIDED ONLY TO THE ENERGY DIVISION
UNDER THE PROVISIONS OF THE GENERAL ORDER 66-D, SECTION 583
OF THE PUBLIC UTILITIES CODE, AND DECISION 17-09-023**

ATTACHMENT A
Advice No. 6039
2023 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 2023

In prior Advice Letter (AL) submissions, SoCalGas forecasted credit generation by

[REDACTED]

[REDACTED] On April 1, 2019, in accordance with SoCalGas Advice Letter 5295, SoCalGas began dispensing renewable natural gas (RNG) at all utility-owned CNG vehicle refueling stations. In 2022, the RNG contract is forecasted to produce an estimated [REDACTED] LCFS credits.¹ Actual credits generated in 2023 may be above or below this level based on market conditions for NGV fueling activity.

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

Assuming average RNG-related revenue tracks revenue forecasted in 2022, 2023 RNG revenues are expected to be approximately [REDACTED]. Actual RNG-related revenues in 2023 may be lower or higher depending on the dispensed volumes and the actual RNG-related credit prices at the time of environmental credit sales and actual sales activity.

The balance that will be in SoCalGas' LCFSBA on January 1, 2023

SoCalGas expects to have sold or received revenue for [REDACTED] LCFS credits by the end of the year. Further, SoCalGas expects to have returned revenue to customers associated with [REDACTED] LCFS credits by the end of the year. Assuming these projections are accurate, the balance in the LCFSBA will be approximately \$7.36 million over-collected. This balance takes into account administrative costs already incurred and estimated through the end of the year.

The cost of administering the LCFS credit program in 2023, including customer outreach expenses

SoCalGas' estimated administrative costs for 2023 are \$54 thousand. These costs are related to the administration, management and generation of credits and revenues for all utility-owned CNG stations. These costs include CNG offtake reporting and analysis, confirmations, billing and accounting processes, incremental costs for

¹ Per Advice Letter 5295, SoCalGas did not receive the actual LCFS credits generated since the RNG supplier assumes ownership per LCFS regulations. Rather, SoCalGas received the resulting revenue from the generation and sale of the RNG-related environmental credits.

negotiating and administering contracts for the sale of LCFS credits and RNG-related revenue generation.

The amount of revenue that will be distributed to customers in 2023

SoCalGas proposes to amortize \$2,382 thousand from its LCFSBA into the G-NGV LCFS Rate Credit during 2023. As shown in the body of this AL, that level of amortization will result in a Sempra-wide LCFS rate credit of 41.834 cents per therm. When allowances for Franchise Fees and Uncollectibles (FF&U) are added, SoCalGas' effective LCFS Rate Credit for 2023 will be 42.527 cents. Accordingly, SoCalGas expects to distribute approximately \$2,484 thousand to SoCalGas customers in 2023.

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 2021, SoCalGas recorded 10,527 unique credit card transactions. Assuming a 2023 LCFS rate credit as discussed above, these 10,527 customers may expect to receive, on average, \$236, depending on individual refueling volumes.