



**Joseph Mock**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.3718  
Fax: 213.244.4957  
[JMock@socalgas.com](mailto:JMock@socalgas.com)

September 29, 2023

Advice No. 6198-G  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2024)**

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 2024, as shown in Attachment A, including a proposed distribution of revenue from the sale of natural gas LCFS credits starting January 1, 2024, as approved by the Commission in SoCalGas' LCFS Implementation Advice No. (AL) 4779 and AL 6024.

**Purpose**

In accordance with Decision (D.) 14-12-083 Ordering Paragraph (OP) 5, this AL provides estimates of LCFS credits and revenues for 2024. As directed by D.14-12-083 OP 3 and D.14-05-021 OP 2,<sup>1</sup> SoCalGas 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. Subsequently and in accordance with Commission directive, SoCalGas submitted AL 6024 that updated the LCFS implementation plan. This AL accordingly proposes a distribution of LCFS revenues through the LCFS rate credit consistent with AL 6024.

On September 25, 2023, San Diego Gas & Electric Company (SDG&E) recognized that its forecast contained an error. In short, the forecast was based upon the revenue return plan established in AL 2370-G and does not account for the LCFS credit revenue return plan approved via AL 2844-G. There is insufficient time to either correct the error prior to the compliance deadline or request an extension of time pursuant to Rule 16.6 of the Commission's Rules of Practice and Procedure. Therefore, SDG&E is filing a timely advice letter acknowledging the flawed

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<sup>1</sup> As modified by D.14-07-003.

analysis and intend to complete an updated forecast expeditiously to correct the error through a supplemental advice letter. Consequently, the Sempra-wide rate included herein, which is impacted by SDG&E's forecast, will also need to be updated by SoCalGas via a supplemental advice letter. However, SoCalGas's forecast will remain unchanged.

### **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.

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...". On August 25, 2022, SoCalGas submitted AL 6024 that proposed an LCFS fuel card program designed to meet the Commission requirements while also returning the utility's excess LCFS credit revenue. AL 6024 was approved by the

Commission on September 24, 2022. Therefore, this AL is submitted consistent with the revenue return plan approved by AL 6024.

### **2024 Credit and Revenue Estimates**

SoCalGas hereby provides the 2024 credit and revenue estimates requested by the Commission in D.14-12-083 as Attachment A to this AL.

### **2024 LCFS Rate Credit**

As discussed in Attachment A, SoCalGas proposes to amortize \$2,948,000 from its LCFSBA, beginning on January 1, 2024, into the LCFS Rate Credit. Pursuant to AL 4779, SoCalGas's and SDG&E's LCFS Rate Credits will be averaged, to create a Sempra-wide rate. Using the \$697,000 that SDG&E proposes to amortize in its AL 3237-G, submitted concurrently, SoCalGas proposes an LCFS Rate Credit from January 1, 2024, through December 31, 2024, of \$0.37494 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.

<b>Description</b>	<b>Units</b>	<b>SoCalGas</b>	<b>SDG&amp;E</b>	<b>Sempra-Wide</b>
Public Access Compression Volumes	Mth per year	9,080	803	9,883
LCFS Balance Amortized and Implied LCFS Rate Credit	\$000	\$2,948	\$697	\$3,645
	\$ per therm	\$0.32463	\$0.86877	\$0.36883
FF&U (%)	%	101.6564%	102.3011%	-
LCFS Revenue Distributed and Effective LCFS Rate Credit	\$000	\$3,404	\$303	-
	\$ per therm	\$0.37494	\$0.37732	-

### **2024 LCFS Fuel Card Program**

In 2024, SoCalGas expects to launch the LCFS Fuel Card Program that will begin to draw down on the overcollection in the LCFSBA. This program was outlined in AL 6024, which approved SoCalGas's revision to the LCFS Program Implementation Plan to align with EO N-79-20, Decisions (D.) 14-05-021 and D.14-12-083.

### **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.21-

09-020. 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 of the date of this Advice Letter, which is October 19, 2023. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: [EDTariffUnit@cpuc.ca.gov](mailto: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](mailto:GLenart@socalgas.com)  
E-mail: [Tariffs@socalgas.com](mailto: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 29, 2023, 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](mailto:tariffs@socalgas.com) or call 213-244-2424. 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](mailto: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 proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss 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](mailto: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. 6198-G**

**2024 Credit and Revenue Estimates**

**Confidential and Protected Material  
Pursuant to Public Utilities Code Section 583,  
General Order 66-D, and D.21-09-20**

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

**DECLARATION OF ARMANDO INFANZON  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.21-09-020**

I, Armando Infanzon, do declare as follows:

1. I am the Director of Business Development for Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Neil Navin, in his role of Vice President of Clean Energy Innovations at SoCalGas. I have reviewed Attachment A to SoCalGas’s Advice No. 6198-G, Low-Carbon Fuel Standard (“LCFS”) Program Annual Credit and Revenue Estimates (2024) submitted concurrently herewith (the “AL 6198-G 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.”) 21-09-020 to demonstrate that the confidential information (“Protected Information”) provided in AL 6198-G 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 29<sup>th</sup> day of September, 2023, at Los Angeles.

A handwritten signature in black ink, appearing to read 'Armando Infanzon', written over a horizontal line.

Armando Infanzon  
Director – Business Development

# ATTACHMENT A

## SoCalGas Request for Confidentiality on the following information in its AL 6198-G Attachment A

<b>Location of Protected Information</b>	<b>Legal Citations</b>	<b>Narrative Justification</b>
<p>AL 6198-G, Attachment A, information highlighted in grey.</p>	<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-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.</p>	<p>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.</p>

**ATTACHMENT A**  
**Advice No. 6198-G**  
**2024 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 2024**

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 2023, the RNG contract is forecasted to produce an estimated [REDACTED] LCFS credits.<sup>1</sup> Actual credits generated in 2024 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 2023, 2024 RNG revenues are expected to be approximately [REDACTED]. Actual RNG-related revenues in 2024 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, 2024**

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 \$11.20 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 2024, including customer outreach expenses**

SoCalGas' estimated administrative costs for 2024 are \$31 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

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<sup>1</sup> 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 2024**

SoCalGas proposes to amortize \$2,948 thousand from its LCFSBA into the G-NGV LCFS Rate Credit during 2024. As shown in the body of this AL, that level of amortization will result in a Sempra-wide LCFS rate credit of 36.883 cents per therm. When allowances for Franchise Fees and Uncollectibles (FF&U) are added, SoCalGas' effective LCFS Rate Credit for 2023 will be 37.494 cents. Accordingly, SoCalGas expects to distribute approximately \$3,404 thousand to SoCalGas customers at the pump in 2024. In addition, SoCalGas expects to launch the LCFS Fuel Card Program in 2024 that will begin to draw down on the overcollection in the LCFSBA.

**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 2022, SoCalGas recorded 13,336 unique credit card transactions. Assuming a 2024 LCFS rate credit as discussed above, each of these 13,336 customers may expect to receive, on average, \$255, depending on individual refueling volumes.