

Email from Devin Zornizer, Southern California Gas Company
To: Jean Spencer, California Public Utilities Commission
Date: 11/29/2017

CC: Lana Wong, CEC; Brad Bouillon, CAISO; Franz Cheng, CPUC; Donald Sievertson, LADWP; Greg Reisinger, CPUC; Abishek Hundiwale, CAISO; Majed Ibrahim, CPUC; Brad Packer, LADWP; Dennis Peters, CAISO; Mark Rothleder, CAISO; Dede Subakti, CAISO; Nancy Traweek, CAISO; Rodger Schwecke, SoCalGas; Jason Egan, SoCalGas; Sabina Clorfeine, SoCalGas; David Bisi, SoCalGas; Beth Musich, SoCalGas; Catherine Elder, Aspen Environmental Group

Per our 11/13/2017 meeting, SoCalGas would like clarification from the Energy Division regarding the conflicts between SoCalGas Rule 23 and the Aliso Canyon Withdrawal Protocol.

Specifically, SoCalGas and Energy Division agreed there are conflicts between Rule 23 and the Aliso Withdrawal Protocol when SoCalGas needs to curtail noncore - EG customers beyond 60% of their forecasted burns, as required per Rule 23, to reduce EG demand to the "min-generation" levels acknowledge by the Balancing Authorities in their winter reliability assessment. As a reminder, the Balancing Authorities have defined "min-generation" requirements in their winter reliability assessment and, to support system reliability, SoCalGas will hold them to those volumes if our system is in stress.

How should SoCalGas effectuate curtailments to reduce demand to "min-generation" in light of Rule 23's requirement to begin curtailing other noncore customers once noncore - EG customers have been curtailed to 60% of their forecasted burns?

Further, the following presents SoCalGas' understanding from the meeting based on the topics SoCalGas provided the Energy Division prior the meeting. SoCalGas requests Energy Division's confirmation of the following understanding.

1. "Request clarification on protocol's reference to Sections 1.A and 1.B"
 - a. Energy Division intended the quoted section to be an introduction and discussion of the different sections of the protocol. A withdrawal from Aliso Canyon can be made provided the requirements of Section 1.A or Section 1.B are triggered. Section 1.A and 1.B occur under different circumstances and require different steps.
2. "Request clarification as to whether withdrawal protocol replaces or supersedes SoCalGas Tariff Rules"

- a. The protocol was not intended to replace SoCalGas Tariff Rules and is similar to prior protocols, so, to degree prior protocols didn't conflict with tariffs the current protocol should not now conflict. Energy Division intended the process to proceed in accordance with the curtailment order specified in Rule 23, and as follows (assuming there is not an emergency condition requiring immediate action):
 - i. Contact Balancing authorities to determine if they can reduce EG demand.
 - ii. If the Balancing Authorities cannot reduce demand, or the requested reduced EG demand does not fix the situation, SoCalGas can withdraw from Aliso Canyon.
 - iii. If withdrawals from Aliso Canyon are still insufficient, SoCalGas curtails the noncore consistent with Rule 23.
 - b. Energy Division stated there are no restrictions in the Protocol on the authority to curtail customers pursuant to SoCalGas' tariff process.
 - c. Energy Division acknowledged some uncertainty as to the application of the above process (see our request for clarification above).
3. "Request clarification on party responsible for determining emergency conditions and impacts to health and safety"
- a. SoCalGas is responsible for making this determination, supporting the determination, and communicating it to the CPUC.
 - b. Energy Division noted that they do not believe we are currently in an emergency condition.
4. "Request clarification on withdrawal protocol if there are disagreements between the System Operator and the Balancing Authorities"
- a. SoCalGas remains responsible for determining if withdrawals are necessary under Section 1.A or Section 1.B.
5. Request clarification on use of term "electric load"
- a. Means electric customers (end use) on the electric system.
6. "Request clarification on SoCalGas' operating restrictions"
- a. Energy Division did not intend the withdrawal capacity levels of 2.065 Bcf and 2.4 Bcf directed by the Commission to be requirements, but rather targets.
 - b. Energy Division understands the risk that if we use storage, the withdrawal capacity will decrease – hope we could bring back up and maintain at targets as best possible.

- c. SoCalGas is not to curtail to maintain withdrawal capacity targets.
- d. SoCalGas explained that withdrawal capacity impacts would be greater if natural gas was withdrawn from Honor Rancho versus Aliso Canyon.
- e. Energy Division agreed to provide written clarification that 2.065 withdrawal capacity is not a requirement.

The November 16, 2017 letter from Executive Director Sullivan regarding "Clarification of Intent of March 16, 2017, Letter from the Executive Director" provided the requested clarification.