

**San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas)  
Responses to be Addressed by the Amended Application  
A.15-09-013 Proposed Pipeline Safety & Reliability Project (Proposed Project)  
California Public Utilities Commission (CPUC) Deficiency/Data Request 02 – December 30, 2015**

Per the *Joint Assigned Commissioner and Administrative Law Judge's Ruling Requiring an Amended Application* issued in the above-captioned proceeding on January 22, 2016, SDG&E and SoCalGas (the Applicants) have been ordered to address the topics of Purpose and Need and Project Alternatives more thoroughly in an Amended Application. As discussed with CPUC staff and E&E on February 9, 2016, specific items requested in the Energy Division's Second Application Completeness Determination dated December 30, 2015 pertain to topics that will be addressed in the Amended Application. As such, the Applicants are not providing responses to those items, which are listed in Table 1: Items to be Addressed by the Amended Application, at this time.

**Table 1: Items to be Addressed by the Amended Application**

Item#	Resource Area/Topic	Source/ Proponent's Environmental Assessment (PEA) Page	Request	CPUC's Notes
1.2-1	Purpose and Need	Ch. 2 / New Appendix	The CPUC continues to discuss the parameters for a <b>cost-benefit analysis</b> (economic analysis) for the proposed project. It is not clear at this time to what extent all or part of such an analysis may be required as part of the PEA. This is a placeholder for a deficiency item.	
1.2-2	Purpose and Need	Ch. 2	<p><b>Past Discussions with the CPUC:</b></p> <p>a. Provide a comprehensive discussion that cites specific CPUC proceedings, rulings, gas capacity filings, other documents, and ex parte communications regarding SDG&amp;E/SoCalGas's dialogue with the CPUC since the 1990s (or longer if applicable) regarding SDG&amp;E/SoCalGas's redundancy concerns associated with lines 3010 and 1600 and gas supply to SDG&amp;E service area. Include in the discussion any reference to gas supply to SDG&amp;E's service area from Otay Mesa.</p> <p>b. Provide a copy of all SDG&amp;E Gas Capacity Planning filings filed pursuant to OII .I-11-002 since CPUC Decision 02-11-073.</p>	
1.2-3	Purpose and Need	p.2-1	Add the Marine Corps' purpose and need for the project under NEPA.	CPUC to coordinate with Marine Corps. Need the lead federal agency's purpose and need.
1.2-4	Purpose and Need	p.2-1	<p>The growth of renewable energy in California is projected to be 50% by 2030 along with reduction of greenhouse gas emissions as required under SB 350. In addition, projections of natural gas use have not increased but have remained flat or decreased (CEC).</p> <p>Please explain how the proposed project would be needed with the increase in use of renewable energy.</p> <p>In addition, on December 16, 2015, the City of San Diego committed to 100% renewable energy by 2035. Describe how this project will be consistent with that goal.</p>	
1.2-5	Purpose and Need	p.2-1	<p>The Secretary of the Navy established renewable energy goals for the Navy and Marine Corp's shore-based installations to be met by 2020. In addition, the federal government has renewable energy policies contained in the following:</p> <ul style="list-style-type: none"> <li>• Executive Order (EO) 13514, Federal Leadership in Environmental, Energy, and Economic Performance (2009)</li> <li>• Energy Policy Act of 2005 (EPAc) (42 United States Code [U.S.C.] 15852</li> <li>• Title 10 U.S.C. 2911(e)</li> </ul> <p>In December 2013, President Obama signed a presidential memorandum that requires federal agencies to produce or procure from renewable sources 20 percent of electricity consumed by facilities by FY 2020 and each FY thereafter, an amount that represents a more aggressive goal than under the EPAc or 10 U.S.C. 2911(e). The memorandum also establishes interim goals of 10 percent by 2015, 15 percent by 2016, and 17.5 percent by 2018.</p> <p>In support of the EPAc and 10 U.S.C. 2911(e) renewable energy goals, the Secretary of the Navy created the 1 Gigawatt (GW) Initiative—named for the amount of renewable energy generation capacity to be deployed by 2020 (Navy 2012), either on or near Navy</p>	

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			<p>and/or Marine Corps installations.</p> <p>Please explain how the proposed project would be consistent with these renewable energy goals.</p>	
1.2-6	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	<p>The CPUC proposes the following revisions to clarify Objectives 1, 2, and 3 as unique project objectives. If SDG&amp;E/SoCalGas objects to any of the following revisions, provide a reasoned explanation. See also Deficiency Items 1.2-7 and 1.2-8 regarding redundancy and operational flexibility/capacity.</p> <p><del>Implement Pipeline Safety Requirements for Existing Line 1600 and Modernize the System with State-of-the-Art Materials: Enable the Applicants to comply with the CPUC approved PSEP by replacing Line 1600 with a new gas transmission pipeline as soon as is practicable by either hydrotesting and repairing Line 1600, replacing Line 1600 without hydrotesting, abandoning Line 1600 in place, or permanently lowering the pressure of Line 1600 for use as a distribution line instead of a transmission line. Construction of the new line will enable the use of Line 1600 for distribution while operating at a lower pressure. This replacement will not only comply with the PSEP, but it will also add a greater margin of safety by replacing Line 1600's transmission function with a new pipeline by using modern, state-of-the-art materials. In addition, replacement would avoid any potential customer impacts associated with pressure testing Line 1600.</del></p> <p><del>Improve System Reliability and Resiliency by Minimizing Reducing Dependence on a Single Pipeline: Simultaneously Improve the reliability and resiliency of the integrated SDG&amp;E and SoCalGas natural gas transmission system (Gas System) by replacing Line 1600 with a 36-inch diameter gas transmission pipeline so that core and noncore customers will continue to receive gas service in San Diego in the event of a planned or unplanned service reduction or outage of the existing 30-inch-diameter Line 3010 or the Moreno Compressor Station. San Diego County is essentially completely reliant relies on the compressor station in the City of Moreno Valley and Line 3010 to, which together provide approximately 90 percent of SDG&amp;E's capacity. The Applicants are not aware of any other major metropolitan area that is so dependent on a single pipeline. A system outage on Line 3010 or the Moreno Compressor Station would constrain available capacity in San Diego, which may lead to gas curtailments. This would be alleviated with the new 36-inch diameter line providing resiliency for both Line 3010 and the Moreno Compressor Station.</del></p> <p><del>Enhance Operational Flexibility to Manage Stress Conditions by Increasing System Capacity: Simultaneously Increase the transmission capacity of the Gas System in San Diego County by approximately 200 million cubic feet per day (MMcfd) as a result of the PSEP compliance replacement line being 36 inches in diameter so that to enable the management of the Applicants can reliably manage the fluctuating peak demand of core and noncore customers, including electric generation and clean transportation. The new line would provide incremental increased pipeline capacity that would give flexibility to operate the SDG&amp;E system by expanding the options available to handle stress conditions</del></p>	<p>The CPUC must independently evaluate the applicant-proposed objectives in order to ensure that the EIR reflects the lead agency's independent judgment and analysis, and must select objectives that allow for analysis of a reasonable range of alternatives. Waiting for the regulatory proceeding's determination of purpose and need to guide the definition of project objectives will likely make the Applicants' proposed November 2016 DEIR circulation unrealistic.</p>

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			<del>on a daily and hourly basis that put system integrity and customer service at risk.</del>	
1.2-7	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	Redundancy: If providing system redundancy is an objective of the proposed project, please state this as an objective separate from the reliability objective. Reliability and redundancy as objectives have very different implied costs, and there are alternatives to the proposed project that would likely meet the reliability objective but would not meet a redundancy objective.	See 1.2-6 notes, above
1.2-8	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	Operational Flexibility/Capacity: Discuss the potential for separating the Operational Flexibility objective from the Capacity Increase objective. To what extent and in what ways can the proposed project provide operational flexibility separate from the provision for increased capacity?	See 1.2-6 notes, above
1.2-9	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	Cost of Gas to Ratepayers: To what extent would the project, as proposed, reduce the cost of natural gas to ratepayers in SDG&E's service area? If the project would increase access to inexpensive natural gas, provide a discussion that considers this as an objective to the proposed project.	See 1.2-6 notes, above
1.2-10	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	Underlying Project Purpose/Objectives: To what extent does any one of the three objectives presented in the PEA reflect the underlying purpose of the proposed project? The CPUC understands, for example, that the project would not have been proposed but for the need for Line 1600 to comply with <i>PSEP</i> —Pipeline Safety Enhancement Plan (A.11-11-002, D.14-06-007)—as required by the CPUC.	See 1.2-6 notes, above
1.2-11	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5 / Response from Neil Navin on 9.29/15 (proposed 200 MMcf/d capacity increase)	<p>System Capacity:</p> <p>a. With regard to the response on 9/29/15 (see attached image in the notes column), explain whether the capacities shown on the table assume that the North-South pipeline project, including increased compression, is operating. If the table capacities are calculated assuming that no North-South project would exist, including added compression, please provide revised capacity numbers including the North-South project and associated compression.</p> <p>b. With regard to the “hard limit” of the pipeline capacities shown on the table, please explain in more detail why this hard limit exists.</p> <p>c. Please also explain whether increased compression capacity at Rainbow (or elsewhere on the SoCalGas/SDG&amp;E system) would increase the pipeline capacities shown on the table.</p> <p>d. Please explain in greater detail why additional capacity would not be available from Line 1600 even though it is de-rated. Assuming some capacity would be provided, regardless of how small the additional capacity may be, provide an estimate for the additional capacity for (1) de-rated Line 1600; and (2) distribution Line 1026. In prior presentations to the CPUC, for example, SDG&amp;E/SoCalGas indicated that less than 1% of the gas supply to SDG&amp;D's service area comes from Line 1026. What is this amount in MMcf/d?</p>	See 1.2-6 notes, above

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			e. Your response indicates that each pipeline individually has a larger capacity alone than when operating as part of the system. There is no "lost" capacity on Line 3010 if Line 3602 is installed. Provide the maximum design delivery capacities individually of Lines 1026, 1600, 3010, and the proposed 3602.	
1.2-12	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	Recorded and Forecast Peak Gas Demand. Complete the attached Table 2-1, which was originally sent to SDG&E/SoCalGas for completion and inclusion in the PEA on 8/10/15.	See 1.2-6 notes, above
1.2-14	Purpose and Need (Project Objectives) / Alternatives	Ch. 2, 5	<p>Address the following points based on the latest Gas Capacity Forecast (October 2015) filing to the CPUC:</p> <p>The filing states that "despite predicted declines in natural gas demand on an annual basis," SDG&amp;E/SoCalGas is not forecasting declines on a peak-day design standard as shown in Table 1. Table 1 identifies Peak Daily Demand forecasts pursuant to the adopted Peak Day design standard.</p> <p>However, Table 1 indicates that daily peak gas demand will decline from the forecast for 2015/16 of 607 MMcfd to 589 MMcfd in 2024/2025. The table does not forecast that any day in the next 10 years will experience total gas demand exceeding 590 MMcfd. Total demand is then shown to increase after 10 years, starting in 2025/26 (591 MMcfd).</p> <p>Explain why the forecast shows an increase that begins 10 years from 2015 and reaches 617 MMcfd in 2035/36. Note that natural gas demand for Electrical Generation (EG) is expected to consistently decrease from 199 MMcfd in 2015/16 to 174 MMcfd in 2035/36. The only increase through the planning period is in Core demand, which jumps from 354 MMcfd to 382 MMcfd in the 10-year period after 2025 that leads to 2035/36. Please explain and include supporting data.</p> <p>The filing states that sudden changes in an operating day are not typically considered in the development of a formal demand forecast but that this consideration is anticipated to become more common. Who anticipates this? When would this become more common? Discuss when and how SDG&amp;E/SoCalGas plans to file requests with the CPUC for such additional considerations in formal forecasts. If a proceeding(s) is already underway, identify the proceeding(s).</p>	See 1.2-6 notes, above
1.5-1	Alternatives	Ch. 5	Provide a discussion of issues associated with the proposed route along Pomerado Road and the Sycamore Penasquitos Project's Environmentally Superior Alternatives alignment identified by the CPUC. In addition, Verify whether it would be feasible to construct both projects along Pomerado Road.	If the transmission line is the environmentally preferred alternative going forward, CPUC will prepare a data request for a quantitative assessment of cumulative impacts.
1.5-2	Alternatives Initially Considered But Not Carried Forward	p. 5-6	Provide a map or maps of suitable scale that include all of the alternative alignments and sites initially considered but not carried forward as well as the proposed route. In addition, provide applicable GIS data layers for these routes and sites.	The Applicants' response to Item 1.5-2 is not sufficient. For the alternatives that were not developed to a point of identifying specific location, illustrate the general alignment.

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1.5-3	Offshore Alternative	p. 5-6	Provide a discussion of the Offshore Alternative that identifies the following: 1) the beginning and end points; 2) the total length of the alternative; 3) the length of each onshore portion of the alternative - at both the north and south ends; 4) the length of offshore portion of the alternative; and, 5) any sensitive environmental features crossed by the onshore portion of the alternative. Provide a table similar to Table 5-1 that presents the quantitative estimate of impacts on the environmental features crossed by this alternative.	The Applicants' response to Item 1.5-3 is not sufficient. The information requested is necessary to support the Applicants' determination to not carry this alternative forward.
1.5-6.1	Existing Line 1600 Alignment, Safety, and Integrity Management	p. 5-8, Section 4.8	<p>a. Energy Division management requests a discussion about whether sections of Line 1600 would be rerouted after being de-rated to a distribution-line pressure to reduce potential safety concerns or to be in compliance with distribution-line ROW requirements. Identify applicable distribution-line ROW-width and ROW-maintenance requirements in the discussion.</p> <p>b. If the proposed project is not approved and Line 1600 remains in operation at a transmission pressure, discuss sections of Line 1600 that would be rerouted to reduce potential safety concerns or to be in compliance with transmission-line ROW requirements. Identify applicable transmission-line ROW-width and ROW-maintenance requirements in the discussion.</p> <p>c. Discuss other applicable safety programs, e.g., Gas Transmission and Distribution Integrity Management programs, that would ensure the safe operation of Line 1600 at any approved operating pressure. Discuss the status and implementation schedule for programs that are still in development.</p>	
1.5-8	LNG Alternative	p. 5-13	Describe the viability of an LNG alternative that would consist of a LNG peak-shaving facility that would include LNG storage tanks supplied by truck from existing LNG plants. See also Def. Item 1-5.9.	The Applicants refer to the regulatory proceeding for the North-South Project where this alternative was considered. They also refer to the response at Item 1.2-1, stating that this is more appropriately addressed in the CPUC's regulatory proceeding.
1.5-9	LNG Alternative / Storage Facilities Near Load	p. 5-13	<p>a. Provide a thorough discussion of an alternative that would site aboveground (LNG) natural gas storage at or near one or more major natural gas generation facilities or peaker facilities. Discuss other high-demand facilities/load centers (if any) for which aboveground storage may be appropriate to address sudden changes in gas demand.</p> <p>b. Provide the name and location of all major natural gas generation and peaker facilities in SDG&amp;E's service area on a map of suitable scale (e.g., Pio Pico, Carlsbad, Encina, Otay Mesa, Palomar, Escondido-Pala area, Miramar area, South Bay area, El Cajon area, Kearny Mesa area, others). Also provide the status of these facilities (e.g., operational, scheduled to close in 20XX, total MW, proposed, etc.). Identify the cutoff for the term "major" (e.g., facility groups by area above 90 MW). Include proposed facilities (if publically known) and those under construction.</p> <p>c. Identify all Natural Gas Generators and their capacity in MW that are seen by SDG&amp;E/SoCalGas as high-demand users (or potential high-demand users) that are expected to put the system at risk of curtailment during peak periods. If the facilities are only proposed, already have a firm construction schedule, or already have an online date scheduled, provide this information.</p> <p>d. Identify natural gas generation facilities that could best accommodate aboveground</p>	The Applicants refer to the regulatory proceeding for the North-South Project where this alternative was considered. They also refer to the response at Item 1.2-1, stating that this is more appropriately addressed in the CPUC's regulatory proceeding.

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			natural gas storage based on available land, their overall location, and other relevant siting criteria. Address the CPUC's assumption that a few large gas containment facilities would be more desirable than many small facilities.	
1.5-11	Northern Baja Alternative	p. 5-15	The PEA states that, currently, SoCalGas/SDG&E only receive natural gas at the existing Otay Mesa receipt point from the North Baja and Baja Norte/Gasoducto Rosarito/TGN pipelines when required by a maintenance outage or in support of maintenance activities due to higher delivery costs. Explain if these high delivery costs would be reduced if SDG&E entered into a long-term agreement for firm capacity on those pipelines.	
1.5-11.1	Northern Baja Alternative Feasibility	p. 5-15	For SDG&E's "Core" Customers, explain if the high-delivery costs identified by the PEA could be reduced if SDG&E entered into a long-term agreement for firm capacity on the pipelines. Although this might increase costs to core customers, it would avoid the cost of an expensive new 36-inch pipeline and avoid the environmental and social impacts of the Proposed Project identified in the PEA. PEA p. 5-15 indicates that this alternative would not be feasible unless, "capacity on all three pipeline systems could be contracted on a long-term basis by SDG&E OR its customers." The response should address long-term contracts entered into by SDG&E.	
1.5-12	Northern Baja Alternative	p. 5-15	The PEA states that the Northern Baja Alternative would not meet the project objectives of system reliability and resiliency or operational flexibility unless SDG&E or its customers were able to enter in to a long-term contract for the necessary capacity with all four pipeline systems (North Baja, Baja Norte, Gasoducto Rosarito, and TGN). Discuss the potential for such a long-term contract with these for pipelines.	
1.5-13	Northern Baja Alternative	p. 5-15	Are there any additional permits required to move gas across the international border using the Northern Baja Alternative?	
1.5-14	Northern Baja Alternative	Ch. 5, p. 5-15	<p>Provide substantial evidence that supports SDG&amp;E's claim that pipeline capacity is not available on the pipelines in Mexico that are operated by Sempra or its subsidiaries to supply sufficient natural gas to the Otay Mesa receipt point and serve as a feasible alternative to the proposed project.</p> <p>If SDG&amp;E and SoCalGas do not have access to the required data, provide a contact at the parent company, Sempra, who could assist with this deficiency item.</p>	
1.5-14.1	Northern Baja Alternative Feasibility	p. 5-15	<p>For the following deficiency item, if SDG&amp;E and SoCalGas do not have access to the required information or expertise due to affiliate rules, provide a contact at the parent company, Sempra/Sempra International, or at Sempra LNG/IEnova LNG or the appropriate Sempra affiliate who can respond.</p> <p>It is the CPUC's understanding that the regulations in Mexico regarding the release of subscribed capacity to the secondary market changed in 2015 per COMISION REGULADORA DE ENERGIA RESOLUCIÓN Núm. RES/684/2015. The change allows available capacity to be assigned to other users on a temporary basis or on a permanent basis through an open-season process. Please discuss the accuracy of this finding and to what extent this change in regulation would make the Northern Baja Alternative feasible.</p>	

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1.5-15	Northern Baja Alternative	Ch. 5, p. 5-15	Provide evidence that supports SDG&E/SoCalGas's claim that "existing capacity on the Gasoducto Rosarito pipeline "appears" to be under contract until at least 2022."	
1.5-15.1	Northern Baja Alternative Feasibility	p. 5-15	<p>In the attached Gasoducto Rosarito (GR) pipeline example for 11/29/2015 (11/30/15), how much of the available capacity (268,836 MMBtu per day / Dth per day) was under contract to Sempra Energy LNG Marketing Mexico?</p> <p>If SDG&amp;E and SoCalGas do not have access to the required data due to affiliate rules, provide a contact at the parent company, Sempra, or at Sempra LNG/IEnova LNG or the appropriate Sempra affiliate who could assist with this deficiency item.</p> <p>In addition, identify the specific affiliate rules by number and provide the regulatory document or documents that establish the affiliate rules that prevent SDG&amp;E and SoCalGas access to the data needed to respond. In this response, make note of all exceptions to the affiliate rules that allow for CPUC access to this data given the nature and cost of the Proposed Project and the critical relevance of Sempra's capacity data with respect to the feasibility of the PEA's Northern Baja Alternative.</p>	Attachment 2015-1129 Available Capacity GRO Secondary Market ( <a href="http://www.gasoductorosarito.com/english/information.aspx">http://www.gasoductorosarito.com/english/information.aspx</a> )
1.5-15.2	Northern Baja Alternative Feasibility	p. 5-15	<p>Background: The data available from IEnova's GR pipeline website indicate that Sempra LNG/IEnova LNG acquired an additional 190,000 Decatherms (Dth) in April/May 2014 of capacity on the GR pipeline. The acquisition occurred just two quarters prior to its subsidiaries (SDG&amp;E/SoCalGas) began pre-filing discussions with Energy Division for the Proposed Project. This acquisition brought Sempra's capacity holdings to 400,000 Dth through 2022. As shown in Deficiency Item, 1.5-15.1, as of 11/29/15, 268,836 Dth of capacity remained unused on the GR pipeline.</p> <p>Sempra (IEnova LNG) already owned 540,000 Dth of capacity on the TGN line through 2022 according to data available from IEnova's TGN pipeline website at the time of the April/May 2014 GR pipeline capacity acquisition. On 11/29/15, 462,596 Dth of capacity remained unused on the TGN pipeline.</p> <p>Data retrieved from TransCanada's North Baja Pipeline website on 12/10/15 show that 185,200 Dth of unsubscribed firm capacity is available. Hence, the only limitation to the capacity required for the Northern Baja Alternative to be feasible appears to be on the GR pipeline and that limitation appears to be in place because a Sempra affiliate company is holding the required capacity.</p> <p>Question: To what extent and in what way could the additional 190,000 Dth of capacity Sempra acquired in April/May 2014 help ensure supply is available to SDG&amp;E via Otay Mesa should SDG&amp;E/SoCalGas obtain access to this capacity? Provide a detailed discussion that includes the process or processes that SDG&amp;E/SoCalGas could follow to propose to acquire this capacity from an affiliate of their parent company if ordered by the CPUC.</p>	See <a href="http://www.gasoductorosarito.com/english/information.aspx">http://www.gasoductorosarito.com/english/information.aspx</a> and <a href="http://www.tgndebajacalifornia.com/english/information.aspx">http://www.tgndebajacalifornia.com/english/information.aspx</a> and <a href="http://www.tcplus.com/North%20Baja/UnsubscribedCapacity">http://www.tcplus.com/North%20Baja/UnsubscribedCapacity</a>

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1.5-15.3	Northern Baja Alternative Feasibility	p. 5-15	Provide a detailed discussion of changes to valves (e.g., upgrade from manual to automatic valve systems) or other facilities that would be necessary (if any) to allow supply to flow north from the Otay Mesa receipt point north into SDG&E's service area.	
1.5-16	No Project/No Action Alternative	p. 5-35	Provide an expanded description of the No Project/ No Action Alternative that includes the following: 1) a discussion of the hazards of a hydrostatic pressure test; 2) the potential for a high pressure release of test water and the effects of such a release; 3) a typical plan that pipeline companies implement when hydrostatically testing an existing pipeline near residences (e.g., are temporary evacuations or relocations necessary); and 4) a typical plan that pipeline companies implement when hydrostatically testing an existing pipeline that is in the roadway in an urban area.	A Hydrostatic Test Failure Mitigation Plan for Line 1600 will be developed by the Applicants and submitted to the CPUC in the event that the proposed project is not approved.
1.5-16.1	No Project/No Action Alternative	p. 5-35	Provide further discussion about the extent or range of a potential high-pressure release during hydrostatic testing of (a) water; and (b) pipeline components or other materials. Within what distance would the evacuation of nearby residences and businesses typically be required? What minimum distance must typically be maintained between facilities being tested and personnel conducting the test?	
1.5-18	Alternative Energy Sources	p. 5-29	Provide a description of how the predicted energy demand in the project service area could be met by alternative fuels or energy sources.	The Applicants refer to the regulatory proceeding for the North-South Project where this alternative was considered. They also refer to the response at Item 1.2-1, stating that this is more appropriately addressed in the CPUC's regulatory proceeding.
1.5-21	CEC 2008 Alternatives	Ch. 5	<p>Provide the alignments on maps of suitable scale, brief project descriptions, and brief discussions of the merits of the following two potential alternatives to the proposed project in the attached CEC report on pg. 36: (1) a new 25-mile line (36 inch) identified by SDG&amp;E; and (2) a new line from Moreno Station to Rainbow Station.</p> <p><i>"In R.04-01-025, SoCalGas and SDG&amp;E identified that the capacity of the SDG&amp;E system could be expanded by 50 MMcfd year-round by installing 25 miles of 36-inch-diameter pipe between Rainbow Station and Escondido. A preliminary estimate of the cost of this upgrade was \$115 million. In addition, it may also be possible to construct an additional pipeline between Moreno Station and Rainbow Station. This option, however, will require additional rights-of-way and would likely be more expensive than a pipeline from Rainbow Station to Escondido."</i></p>	
1.5-23	Energy Conservation (CEQA Appendix F, Section 15126.4, Section 21100(b)(3)) / Growth Inducement	Ch. 5	<p>Growth Inducement: The potential for a substantial increase in natural gas supply must be discussed with respect to the potential for inducing future growth in residential, industrial, and other sectors.</p> <p>SDG&amp;E staff and the PEA indicate that the need for additional capacity, on its own, is not sufficient justification for the proposed 36-inch diameter pipeline. Indeed, the CEC's final July 2014 gas demand outlooks report does not indicate gas demand will increase on an annual basis in the next 10 years. The demand shown is relatively flat. CEC data since the 1990s indicates that gas demand has dropped considerably through 2013 in SDG&amp;E's service area. See Attachment 3. See also SDG&amp;E's Gas Capacity Planning filings to the CPUC in 2014 and 2015 (attached).</p>	

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			<p>Because of the CEC data, which were provided to SDG&amp;E/SoCalGas by the CPUC, the respective project objective was adjusted between the draft and final PEA submittals to indicate that the increase of 200 MMcfd would be a product of a new 36-inch pipeline's installation and that the specific increase of 200 MMcfd is not in itself a project objective.</p> <p>The draft objective was stated as, "Increase the capacity of SDG&amp;E's natural gas transmission system by approximately 200 MMcfd. The final objective now reads, "Simultaneously increase the transmission capacity of the Gas System in San Diego County by approximately 200 million cubic feet per day (MMcfd) as a result of the PSEP replacement line being 36 inches in diameter."</p> <p>One justification for such a large, new gas pipeline in terms of increased capacity explained by SDG&amp;E staff is the ability to pack the line and store natural gas. This explanation, however, fails to take into account possible future adjustments to the compression system to make full use of the additional pipeline capacity rather than for simply packing the line.</p>	