

Decision 16-12-015 December 1, 2016

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

Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Curtailment Procedures.

Application 15-06-020  
(Filed June 26, 2015)

**DECISION APPROVING SECOND DAILY BALANCING  
PROPOSAL SETTLEMENT AGREEMENT**

Table of Contents

Title	Page
DECISION APPROVING SECOND DAILY BALANCING PROPOSAL SETTLEMENT AGREEMENT .....	1
Summary .....	2
1. Factual Background .....	3
2. Terms of the Settlement .....	6
3. Standard of Review for Evaluating the Settlement.....	11
4. The Settlement Is Reasonable in Light of the Whole Record .....	11
4.1. Continuing the Use of OFOs as a Balancing Tool for Noncore Customers .....	12
4.2. Core Balancing .....	12
4.3. Continuation of Cost Mitigation Measures Incorporated in Original Settlement.....	14
4.4. Imbalance Trading.....	14
5. The Settlement Is Consistent with Law .....	15
6. The Settlement Is in the Public Interest .....	15
7. Reduction of Comment Period .....	16
8. Assignment of Proceeding.....	17
Findings of Fact .....	17
Conclusions of Law.....	19
ORDER .....	19

Attachment 1 – List of Parties Identified as “Indicated Parties”

Attachment 2 – Settlement Agreement

## **DECISION APPROVING SECOND DAILY BALANCING PROPOSAL SETTLEMENT AGREEMENT**

### **Summary**

By this decision, we approve and order implementation of the terms of the “Second Daily Balancing Proposal Settlement Agreement” (Settlement), included as Attachment 2 to this decision. In approving the Settlement, we grant the Joint Motion, dated October 20, 2016, of Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and the “Indicated Parties,”<sup>1</sup> for adoption of the Settlement. The Settlement resolves all issues in this proceeding related to SoCalGas and SDG&E’s winter season reliability measures.

The Settlement approved herein follows an earlier settlement in this proceeding adopted in Decision (D.)16-06-021. That earlier settlement addressed summer reliability and modified Operational Flow Order (OFO) procedures to require end-use customers, on a temporary basis, to balance their daily supply and demand within a narrow tolerance on OFO days to avert gas curtailment and potential electric grid outages pending the return of the Aliso Canyon storage field to full operation.<sup>2</sup>

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<sup>1</sup> The specific sponsoring parties comprising the “Indicated Parties” are identified on page 1 of the Joint Motion and appear in Attachment 1 of this decision.

<sup>2</sup> In view of mandated actions to curtail gas leakage at the Aliso Canyon storage field, delivery of supplies to meet customer needs could be adversely impacted. Aliso Canyon gas is used to meet peak electric generation demands in the summer when, on high electric generation days, electric generation tends to peak in the late afternoon and early evening. On peak demand days, the utility system will be strained. Aliso Canyon is currently only available for limited withdrawals of the remaining working inventory to stave off curtailments.

The Settlement that we approve herein offers appropriate tools to manage system reliability during the winter season pending the return of the Aliso Canyon storage field to full operation. The Settlement continues a balancing process that was successful in maintaining summer reliability and should be helpful in managing winter reliability. During the term of the Settlement, SoCalGas and SDG&E will deal with supply shortages and surpluses using OFO tariff procedures rather than daily balancing procedures. To facilitate this approach, SoCalGas and SDG&E will continue a number of temporary changes to their existing low and high OFO tariff provisions implemented by D.16-06-021.

We decline to modify the Settlement as proposed by Southern California Edison Company (SCE). SCE proposed that SoCalGas be required to balance its delivered supply and *actual* core usage, rather than compare delivered supply and *forecast* core usage. For reasons discussed below, we conclude that these proposed modifications are not appropriate for adoption at this time.

As discussed below, we find that the Settlement conforms with Commission rules and criteria relating to dispute resolution through settlements. Accordingly, we approve the Settlement in its entirety and without modification.

## **1. Factual Background**

The Settlement was brought before the Commission in Application (A.) 15-06-020, a proceeding to consider revisions to Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) curtailment procedures for natural gas service. A prehearing conference (PHC) was held on October 27, 2015, to discuss the scope of issues, and other procedural matters. An Assigned Commissioner's Scoping Memo and Ruling was issued on November 6, 2015.

On March 1, 2016, SoCalGas and SDG&E filed a Motion for Interim Order to Establish Daily Balancing requirements. Numerous parties filed comments on the Motion on March 16, 2016. On April 12, 2016, a group of parties calling themselves the “Customer Coalition” filed a Motion Requesting Approval of System Reliability Measures.

A PHC was set for April 20, 2016, to address the SoCalGas and SDG&E daily balancing proposal. Parties were directed to hold clarification sessions to attempt to reach a compromise solution. On April 14, 2016, an Assigned Commissioner’s Amended Scoping Memo and Ruling was issued, which added the following to the scope of this proceeding:

The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily balancing on the SoCalGas and SDG&E systems to address operational constraints at the Aliso Canyon storage field.”<sup>3</sup>

On April 20, 2016, SoCalGas and SDG&E served a Notice of Settlement Conference. That Settlement Conference was held telephonically on April 28, 2016. SoCalGas, SDG&E, and other parties filed a Joint Motion for Adoption of Daily Balancing Proposal Settlement on April 29, 2016. Tariff changes adopted by the April 29<sup>th</sup> Settlement were approved by D.16-06-021, implemented on June 1, 2016, and were to remain effective through November 30, 2016.

As directed in D.16-06-021, a subsequent phase in this proceeding was initiated to consider reliability measures needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of

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<sup>3</sup> Assigned Commissioner’s Scoping Memo at 2.

withdrawal capacity, consistent with the service levels set forth in Section 2 of the Settlement, or (2) working inventory at Aliso Canyon is not at least 45 Billion Cubic Feet (Bcf). D.16-06-021 directed parties to meet in good faith to address reliability measures that may be needed beyond November 30, 2016 – through clarification sessions, informal meetings, and/or Rule 12 settlement discussions – and to file and serve a joint status report on the results of those meetings. The aforementioned joint status report was submitted on September 8, 2016.

On August 17, 2016, Southern California Edison Company (SCE), on behalf of itself and several other SoCalGas and/or SDG&E noncore natural gas customers collectively designated as the “Customer Coalition,”<sup>4</sup> filed a Motion for Consideration of Winter Reliability Measures. SoCalGas and SDG&E filed a response on September 2, 2016. On September 15, 2016, SoCalGas and SDG&E filed a motion for order changing the timing of the daily core demand forecast, temporarily continuing certain customer mitigation measures, and shortening the response period. The “Customer Coalition”<sup>5</sup> responded to that motion on September 30, 2016. On October 12, 2016, SoCalGas and SDG&E served notice of a Settlement Conference that was held at 11 a.m. on October 19, 2016.

On October 20, 2016, SoCalGas and other settling parties filed a joint motion for approval of the Settlement Agreement that is the subject of this

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<sup>4</sup> The “Customer Coalition” for the August 17, 2016, motion includes, in addition to SCE, the California Manufacturers and Technology Association, the California League of Food Processors, Indicated Shippers, Independent Energy Producers Association, Shell Energy North America (US), L.P., The Alliance for Retail Energy Markets (AReM), Southern California Generation Marketing, and GenOn Energy Management LLC.

<sup>5</sup> The “Customer Coalition” for the September 30, 2016 response includes SCE, the Indicated Shippers, Shell Energy North America (US), L.P., AReM, and Southern California Generation Coalition.

decision. A response in support of the Settlement was filed on October 25, 2016, by the Office of Ratepayer Advocates (ORA). A response in opposition to the Settlement was filed on October 26, 2016, by SCE. No other responses to the Settlement were filed.

## **2. Terms of the Settlement**

As presented by the Joint Parties, the Settlement incorporates the following terms and provisions:

1. The Settlement is not precedent for any future proceeding or any issues not included in the Settlement.
2. The Settlement becomes effective upon Commission adoption and concludes upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) March 31, 2017.
3. SoCalGas and SDG&E will implement the new high Operational Flow Order (OFO) procedures approved in D.16-06-039 on the later of: December 1, 2016, or (2) the first calendar day of the month that follows the month in which the Aliso Canyon Turbine Replacement Project is placed into service and used for injection purposes.
4. During the Settlement term, SoCalGas and SDG&E will deal with supply shortages and surpluses using OFO tariff procedures rather than daily balancing procedures, subject to paragraph 15 of the Settlement. To do this, SoCalGas and SDG&E may be required to call both low and high OFOs for the same gas day, as permitted under current tariffs.
5. During the Settlement term, SoCalGas and SDG&E will maintain the following temporary changes to their existing low and high OFO tariff provisions that were part of the initial Daily Balancing Settlement Agreement approved by D.16-06-021. At the end of the Settlement term, unless ordered to do otherwise by the Commission, SoCalGas and

SDG&E will remove each of these temporary changes from their tariffs, as follows:

- a. Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled Backbone Transportation Service (BTS) nominations during any of the Intraday 1-3 Cycles (Cycles 3-5).
  - b. SoCalGas and SDG&E will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to:
    - a) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or
    - b) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code. Low OFO noncompliance charges received from noncore customers will be credited to the Noncore Fixed Cost Account, and low OFO noncompliance charges received from core customers will be credited to the Core Fixed Cost Account.
6. During the Settlement term, SoCalGas and SDG&E will continue to take the following additional actions that were part of the initial Daily Balancing Settlement Agreement approved by D.16-06-021:
- a. Injection nominations will be held to the injection capacity in every flowing cycle regardless of OFO status.

- b. SoCalGas will provide a cycle-by-cycle low OFO calculation on Envoy.
7. The following terms from the Daily Balancing Settlement Agreement approved by D.16-06-021 will continue until the earlier of implementation of the revised high OFO procedures approved by D.16-06-039 or the end of the Settlement term.
  - a. The existing 110% high OFO tolerance (specified in G-IMB) will be changed to 105% or 110%. The default will be 105%, but SoCalGas and SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow.
  - b. The existing exemption from low OFO noncompliance charges for daily imbalances of 10,000 therms or less will be extended to high OFO buyback rate charges.
8. During the Settlement term, the deadline for calling a low OFO (and a high OFO upon implementation of the revised high OFO procedures) is extended from 6:00 p.m. Pacific Time to 8:00 p.m. Pacific Time the day prior to the start of the Low OFO event.
9. During the Settlement term, SoCalGas and SDG&E will offer the following service to facilitate the trading of scheduled quantities:
  - a. Customers may arrange to trade scheduled quantities. The trades are to be arranged outside of Envoy and communicated to SoCalGas via a newly created Scheduled Quantity Trade form.
  - b. Customers may trade scheduled quantities between End Use contracts only by adjusting scheduled quantities after Cycle 6 has been processed.
  - c. Trades will only be available for OFO days.
  - d. Trades must be submitted to SoCalGas Gas Scheduling via email or fax by 9:00 p.m. Pacific Time one business day following the Gas Day for which the OFO was declared.

- e. Incremental costs associated with providing this service will be charged to the Backbone Transmission Balancing Account (BTBA).
  - f. SoCalGas and SDG&E may file an expedited Tier 2 Advice Letter to suspend the daily imbalance trading service if curtailments are more severe or more frequent due to the offering of this service. Protests and responses to any such Advice Letter would be due within five business days, and SoCalGas and SDG&E's reply would be due within two business days from the end of the protest period.
10. During the Settlement term, SoCalGas and SDG&E will offer the following service to facilitate the trading of imbalances among in-state producers:
- a. Producer cash-outs on OFO days will be delayed until 9:00 p.m. Pacific Time one business day following the Gas Day pending submittal of the imbalance trade. If the imbalance is not traded, it will be cashed out.
  - b. Producers may arrange to trade daily OFO imbalances with other producers. The trades are to be arranged outside of Envoy and communicated to SoCalGas via a newly created trade form after Cycle 6 has been processed.
  - c. Trades will only be available for OFO days.
  - d. Trades must be submitted to SoCalGas Gas Scheduling via email or fax by 9:00 p.m. Pacific Time one business day following the Gas Day for which the OFO was declared
  - e. Incremental costs associated with providing this service will be charged to the BTBA.
  - f. SoCalGas and SDG&E may file an expedited Tier 2 Advice Letter to suspend the daily imbalance trading service if curtailments are more severe or more frequent due to the offering of this service. Protests and responses to any such Advice Letter would be due within five business days, and SoCalGas and SDG&E's reply would be due within two business days from the end of the protest period.
11. Subject to the outcome of the proceeding referenced in paragraph 15, below, SoCalGas' Demand Forecasting

- Group will continue to provide the Utility Gas Procurement Group with an initial daily demand forecast for the Measurement Day (midnight to midnight Pacific Standard Time) based on the most current weather forecast available as of 5:00 a.m. that day. The Demand Forecasting Group will also provide an updated forecast based on the most current weather forecast available as of 7:00 a.m. that day. Utility Gas Procurement will be required to balance Gas Day (7:00 a.m. to 7:00 a.m. Pacific Time) supply to the 7:00 a.m. forecast.
12. Subject to the outcome of the proceeding referenced in paragraph 15, below, the core load forecasts provided by the Demand Forecasting Group will be informed by and modified to incorporate historical Advanced Meter Infrastructure (AMI) data to the extent reasonable.
  13. During the Settlement Term, SoCalGas and SDG&E shall provide a monthly report to the Commission's Energy Division that compares, for each Measurement Day covered by the report, the 7:00 a.m. Demand Forecasting Group core load forecast to estimated actual core usage for the Measurement Day and calculates a percent deviation of each of the demand forecasts relative to estimated actual core usage.
  14. By September 30, 2017, SoCalGas and SDG&E shall file an application to address the feasibility of incorporating AMI data into the core balancing process and will provide testimony supporting their proposal, including details of the potential costs and technical issues, if any, that are associated with such an approach.
  15. SoCalGas and SDG&E reserve the right to resubmit their daily balancing proposal during and after the Settlement term if low and high OFO procedures do not provide the necessary supply-related responses, and the other Settling Parties reserve the right to oppose any future daily balancing proposal.

### **3. Standard of Review for Evaluating the Settlement**

The Commission has long favored the settlement of disputes. This policy supports many worthwhile goals, including reducing litigation costs, conserving scarce resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.<sup>6</sup> In this instance, as a result of entering into the proposed Settlement Agreement, the parties as well as Commission staff were able to avoid the expenditure of time and resources that would otherwise be required to fully litigate the merits of parties' disputes. Although we favor the settlement of disputes, we have specific rules regarding the approval of settlements as set forth in the Commission's Rules of Practice and Procedure (Rule 12).

### **4. The Settlement Is Reasonable in Light of the Whole Record**

In reference to Rule 12.1(d), we conclude that the Settlement is reasonable in light of the record for the proceeding. In assessing the merits of settlements, the Commission evaluates the entire agreement, not just its individual parts, as explained in D.10-04-033:

In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.

The major issues that are resolved by the Settlement are noted as follows.

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<sup>6</sup> D.88-12-083, mimeo., at 54. *See also* D.11-05-018, mimeo., at 16.

#### **4.1. Continuing the Use of OFOs as a Balancing Tool for Noncore Customers**

The instant Settlement would continue existing use of OFOs (approved for use under the previous settlement in D.16-06-021) until the new high OFO procedures approved in D.16-06-039 are put in place or the end of the Settlement term. There is agreement among the parties that use of the existing OFOs was effective in avoiding curtailments during the summer season (i.e., April – October). The settling parties expect that new OFO procedures will be available the later of December 1, 2016, or the first calendar day of the month following the placement in service of the Aliso Canyon Turbine Replacement Project. Although winter gas use differs significantly from summer, there remains a strong reliability benefit to maintaining this tool.

#### **4.2. Core Balancing**

The Settlement provides a reasonable core balancing treatment, consistent with the record. SoCalGas currently must balance to a forecast that is released at 5:00 a.m. but has agreed to balance to a later forecast, released at 7:00 a.m., which makes use of updated weather information. Since weather is a primary driver of demand, this modification should move the core's deliveries closer to actual burn. SoCalGas has also agreed to incorporate historical AMI data into its forecasts and to provide a monthly report to Energy Division comparing forecast to actual usage. SoCalGas has also agreed to file an application addressing the feasibility of incorporating AMI data into the core balancing process by September 30, 2017.

We are not persuaded to modify the Settlement on the treatment of core balancing as advocated by SCE and other members of the "Customer Coalition." By motion filed August 17, 2016, these parties proposed that the core balance against actual burn versus the current practice of balancing only against a

forecast. SCE presented data suggesting that core is frequently out of balance, in some cases by significant amounts. SCE argued that requiring core balancing against actual burn, particularly in winter, would enhance reliability. SCE argued that greater accuracy in core balancing would ease the strain on SoCalGas' system this winter, mitigating curtailment risk if Aliso Canyon remains subject to injection restrictions. SCE posited that the smart meters installed as part of the Advanced Metering Initiative (AMI) could provide data to allow for balancing against actual.

SoCalGas countered that: (1) smart meter implementation is not complete; (2) the smart meters were intended to reduce the need for meter reads not to provide the real time data necessary for balancing; (3) the magnitude of the customer base creates multi-hour delays in the transmission and consolidation of data; (4) implementation of core balancing would be expensive and time consuming; (5) that SCE's motion is procedurally inappropriate; and (6) that SCE oversells the threat to reliability because core demand variation is more spread out in time and space and therefore does not strain the system as intensely as a large, quick-start electric generator starting up on an unforecasted basis in the Los Angeles basin.

SoCalGas further argued that new balancing requirements should not be imposed on core customers without carefully examining whether other aspects of the core/noncore relationship need to be changed. Moreover, the Commission should be careful not to create unintended consequences for bundled core customers.

In D. 07-12-019, we determined that core customers should balance to a forecast rather than actual usage because it was not physically possible to obtain real-time usage information from each core customer at that time. Although SCE

claims that conditions have changed since D.07-12-019 was issued, we don't think the potential unintended consequences and core/noncore equity issues involved with requiring core balancing have been fully explored in the record.

We recognize that the goal of core balancing to actual usage makes sense for the overall efficiency of the system and system reliability. However, it is unrealistic to attempt to impose it immediately. We believe that the more gradual process proposed by the Settlement is reasonable and, if pursued, should tighten core balancing and potentially bring it much closer to the balancing that noncore can achieve.

#### **4.3. Continuation of Cost Mitigation Measures Incorporated in Original Settlement**

The Settlement will continue the temporary changes to the existing low and high OFO tariff provisions that were part of the previous settlement approved in D. 16-06-021, as well as the existing exemption from OFO noncompliance charges for daily imbalances of 10,000 therms or less. These changes mitigate the effect of penalties on the noncore, especially for electric generators that might be forced to run on OFO days by the California Independent System Operator. The waiver of penalties for imbalances of 10,000 therms or less recognizes the difficulty of balancing to an exact number.

#### **4.4. Imbalance Trading**

The Settlement agrees to imbalance trading that would allow customers to mitigate the risk of penalties by trading, at the end of the day, amounts over or under their burn with other customers needing to offset a countervailing over or under position.

Previously, SoCalGas posited that the ability to trade away some of the risk of penalties would lessen the incentive for customers to balance and increase the risk of curtailment. Customers argued that there remains significant risk that

there will not be a favorable trading market, and therefore they will not take that risk as a matter of practice. There is no readily available data/methodology to evaluate the relative risks.

The Settlement bridges the dispute by enabling SoCalGas to monitor the frequency and severity of curtailments with imbalance trading relative to historical events and to file an advice letter seeking to discontinue imbalance trading if it undermines compliance with OFOs. This proposed process is a reasonable check on abuse of the system and allows a way forward absent testimony.

#### **5. The Settlement Is Consistent with Law**

In reference to Rule 12.1(d), we conclude that the Settlement is consistent with the law. The settling parties are represented by experienced counsel and assert that the Settlement complies with applicable statutes and prior Commission decisions and reasonable interpretations thereof. In agreeing to the terms of the Settlement, the settling parties considered relevant statutes and Commission decisions and believe that the Settlement is fully consistent with those statutes and prior Commission decisions. We do not detect, and it has not been alleged, that any element of the Settlement is inconsistent in any way with Public Utilities Code Sections, Commission decisions, or the law in general.

#### **6. The Settlement Is in the Public Interest**

In reference to Rule 12.1(d), we conclude that the Settlement is in the public interest. The Commission has determined that a settlement that “commands broad support among participants fairly reflective of the affected interests” and “does not contain terms which contravene statutory provisions or prior Commission decisions” meets the “public interest” criterion.

All active parties, other than SCE, who took positions on the issues covered by the Settlement, joined the motion as signatories, indicating their belief that the Settlement represents a reasonable compromise of their respective positions. The settling parties include a range of interests, including those of the applicant utilities and of well-known representatives of impacted customer groups. Although a few parties did not sign on to the Settlement, no party, other than SCE, affirmatively expressed opposition. The sheer number of interested parties involved in negotiations helps to ensure that the Settlement represents all parties' interests.

Although settlements are compromises of parties' preferred outcomes, the fact that multiple parties, with diverse interests and recommendations, reached a compromise that was acceptable from various viewpoints provides assurance that the overall result is reasonable. Where specific issues were identified and resolved in the Settlement Agreement, we find the results are reasonable and consistent with the record.

We have considered the basis for SCE's objections, as discussed above, but we are not persuaded that good cause exists to reject the Settlement. SCE disputes the Settlement with respect to the limited issue of the treatment of core balancing. We separately disposed of the limited opposition posed by SCE in our previous discussion.

Given the broad support for the Settlement among the parties in all other respects, we find that it is in the public interest.

## **7. Reduction of Comment Period**

Southern California Gas Company and other settling parties, in the October 20, 2016 motion, requested that the Commission waive comments on any proposed decision approving the Settlement as presented. On Monday,

October 24, 2016, SCE objected to a full waiver of comments on any proposed decision and requested a reduction in the comment period to three days. By e-mail ruling issued on October 25, 2016, the ALJ ruled that parties be allowed one day to comment on the proposed decision once it is issued.

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 16, 2016 by SCE and Commercial Energy. We have reviewed and considered the comments.

## **8. Assignment of Proceeding**

Michel P. Florio is the assigned Commissioner and Gerald F. Kelly is the assigned Administrative Law Judge (ALJ) in this proceeding.<sup>7</sup>

### **Findings of Fact**

1. On October 20, 2016, a Joint Motion for adoption of the "Second Daily Balancing Proposal" Settlement Agreement was filed by SoCalGas, SDG&E, and others identified as identified in the Joint Motion.

2. The terms of the Settlement (as set forth in Attachment 2) resolve all issues in this proceeding related to SoCalGas' and SDG&E's winter season reliability measures.

3. Parties to the Settlement represent most of the parties that actively participated in this proceeding. Although a few parties did not sign on to the Settlement, the only party to file comments in opposition to the Settlement was SCE.

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<sup>7</sup> Effective October 20, 2016, the proceeding was reassigned from ALJ Maribeth Bushey to ALJ Gerald F. Kelly.

4. The parties to the Settlement are fairly reflective of the affected interests.
5. The Settlement is reasonable in light of the record.
6. The Settlement is consistent with the law. No term of the Settlement Agreement contravenes statutory provisions or prior Commission decisions.
7. The Settlement is in the public interest.
8. The Settlement would continue use of existing OFOs for noncore customers until the new high OFO procedures approved in D.16-06-039 are put in place or the end of the Settlement term. Use of OFOs under the settlement approved in D.16-06-021 was effective in avoiding curtailments during the summer season.
9. The Settlement agrees to imbalance trading that would allow customers to mitigate the risk of penalties by trading, at the end of the day, amounts over or under their burn with other customers needing to offset a countervailing over or under position.
10. SCE's opposition to the Settlement was limited to the issue of whether core should be balanced against actual burn or be balanced against a forecast.
11. SCE provided data suggesting that core is frequently out of balance, in some cases by significant amounts.
12. Although SCE posited that the smart meters installed as part of the AMI could provide data for balancing against actual, smart meter implementation is not complete.
13. Smart meters were intended to reduce the need for meter reads, not to provide the real time data necessary for balancing, and the magnitude of the customer base creates multi-hour delays in transmission and consolidation of the data.

### **Conclusions of Law**

1. The “Second Daily Balancing Proposal” Settlement meets the Commission’s criteria for approval, as prescribed in Rule 12 in that it is (a) reasonable in light of the whole record, (b) consistent with law, and (c) in the public interest. Accordingly, the Settlement should be approved in its entirety and without modification.

2. The “Second Daily Balancing Proposal” Settlement adopted in this decision does not constitute precedent for any future proceeding or issues not included in the Settlement. Except as expressly provided in the Settlement, each of the settling parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments, and methodologies that may be different than those underlying the Settlement.

3. This decision should be effective today so that SoCalGas and SDG&E can take prompt action to implement the Settlement Agreement

4. Since the adoption of the “Second Daily Balancing Proposal” Settlement resolves all outstanding issues in this proceeding, the proceeding should be closed.

### **O R D E R**

**IT IS ORDERED** that:

1. The “Second Daily Balancing Proposal Settlement Agreement” (Settlement), set forth as Attachment 2 to this decision, is approved for implementation. Accordingly, the Joint Motion, dated October 20, 2016, for approval of the Settlement, filed by Southern California Gas Company, San Diego Gas & Electric Company, and the “Indicated Parties,” (identified in Attachment 1 of this decision) is granted.

2. Pursuant to the “Second Daily Balancing Proposal Settlement Agreement” Southern California Gas Company and San Diego Gas & Electric Company, shall implement the high Operational Flow Order procedures approved in Decision 16-06-039 on the later of: (1) December 1, 2016, or (2) the first calendar day of the month that follows the month in which the Aliso Canyon Turbine Replacement Project is placed into service and used for injection purposes.

3. During the term of the “Second Daily Balancing Proposal Settlement Agreement” Southern California Gas Company (SoCal Gas) and San Diego Gas & Electric Company (SDG&E) shall (1) deal with supply shortages and surpluses using Operational Flow Order (OFO) tariff procedures rather than daily balancing procedures, subject to paragraph 15 of the October 20, 2016, Settlement; and (2) maintain the temporary changes to their existing low and high OFO tariff provisions, as enumerated in the October 20, 2016, Settlement that were part of the initial Daily Balancing Settlement Agreement approved by Decision 16-06-021. At the end of the Settlement term, unless ordered to do otherwise by the Commission, SoCalGas and SDG&E will remove each of these temporary changes from their tariffs. These enumerated changes are:

- a. Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled Backbone Transportation Service nominations during any of the Intraday 1-3 Cycles (Cycles 3-5).
- b. SoCalGas and SDG&E will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to:
  - (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or

(2) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code. Low OFO noncompliance charges received from noncore customers will be credited to the Noncore Fixed Cost Account, and low OFO noncompliance charges received from core customers will be credited to the Core Fixed Cost Account.

4. During the Settlement term covered in this decision, Southern California Gas Company (SoCal Gas) and San Diego Gas & Electric Company (SDG&E) will continue to take the following additional actions that were part of the initial Daily Balancing Settlement Agreement approved by D.16-06-021:

- a. Injection nominations will be held to the injection capacity in every flowing cycle regardless of Operational Flow Order (OFO) status.
- b. SoCalGas will provide a cycle-by-cycle low OFO calculation on Envoy.

5. The following terms approved by D.16-06-021 will continue until the earlier of implementation of the revised high Operational Flow Order (OFO) procedures approved by D.16-06-039 or the end of the Settlement term covered in this decision:

- a. The existing 110% high OFO tolerance (specified in G-IMB) will be changed to 105% or 110%. The default will be 105%, but Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow.

- b. The existing exemption from low OFO noncompliance charges for daily imbalances of 10,000 therms or less will be extended to high OFO buyback rate charges.

6. During the Settlement term covered in this decision, the deadline for calling a low Operational Flow Order (OFO) and a high OFO upon implementation of the revised high OFO procedures is extended from 6:00 p.m. Pacific Time to 8:00 p.m. Pacific Time the day prior to the start of the Low OFO event.

7. During the Settlement term covered in this decision, Southern California Gas Company (SoCal Gas) and San Diego Gas & Electric Company (SDG&E) will offer the following service to facilitate the trading of scheduled quantities:

- a. Customers may arrange to trade scheduled quantities. The trades are to be arranged outside of Envoy and communicated to SoCalGas via a newly created Scheduled Quantity Trade form.
- b. Customers may trade scheduled quantities between End Use contracts only by adjusting scheduled quantities after Cycle 6 has been processed.
- c. Trades will only be available for Operational Flow Order (OFO) days.
- d. Trades must be submitted to SoCalGas Gas Scheduling via email or fax by 9:00 p.m. Pacific Time one business day following the Gas Day for which the OFO was declared.
- e. Incremental costs associated with providing this service will be charged to the Backbone Transmission Balancing Account (BTBA).
- f. SoCalGas' and SDG&E may file an expedited Tier 2 Advice Letter to suspend the daily imbalance trading service if curtailments are more severe or more frequent due to the offering of this service. Protests and responses to any such Advice Letter would be due within five business days, and SoCalGas and SDG&E's reply would be due within two business days from the end of the protest period.

8. During the Settlement term covered in this decision, Southern California Gas Company (SoCal Gas) and San Diego Gas & Electric Company (SDG&E) will offer the following service to facilitate the trading of imbalances among in-state producers:

- a. Producer cash-outs on Operational Flow Order (OFO) days will be delayed until 9:00 p.m. Pacific Time one business day following the Gas Day pending submittal of the imbalance trade. If the imbalance is not traded, it will be cashed out.
- b. Producers may arrange to trade daily OFO imbalances with other producers. The trades are to be arranged outside of Envoy and communicated to SoCalGas via a newly created trade form after Cycle 6 has been processed.
- c. Trades will only be available for OFO days.
- d. Trades must be submitted to SoCalGas Gas Scheduling via email or fax by 9:00 p.m. Pacific Time one business day following the Gas Day for which the OFO was declared.
- e. Incremental costs associated with providing this service will be charged to the Backbone Transmission Balancing Account (BTBA).
- f. SoCalGas and SDG&E may file an expedited Tier 2 Advice Letter to suspend the daily imbalance trading service if curtailments are more severe or more frequent due to the offering of this service. Protests and responses to any such Advice Letter would be due within five business days, and SoCalGas' and SDG&E's reply would be due within two business days from the end of the protest period.

9. Subject to the outcome of the proceeding referenced in Ordering Paragraph 12, below, Southern California Gas Company's Demand Forecasting Group will continue to provide the Utility Gas Procurement Group with an

initial daily demand forecast for the Measurement Day (midnight to midnight Pacific Standard Time) based on the most current weather forecast available as of 5:00 a.m. that day. The Demand Forecasting Group will also provide an updated forecast based on the most current weather forecast available as of 7:00 a.m. that day. Utility Gas Procurement will be required to balance Gas Day (7:00 a.m. to 7:00 a.m. Pacific Time) supply to the 7:00 a.m. forecast.

10. Subject to the outcome of the proceeding referenced in Ordering Paragraph 12, below, the core load forecasts provided by the Demand Forecasting Group will be informed by and modified to incorporate historical Advanced Meter Infrastructure AMI data to the extent reasonable.

11. During the Settlement Term covered in this decision, Southern California Gas Company and San Diego Gas & Electric Company shall provide a monthly report to the Commission's Energy Division which compares, for each Measurement Day covered by the report, the 7:00 a.m. Demand Forecasting Group core load forecast to estimated actual core usage for the Measurement Day and calculates a percent deviation of each of the demand forecasts relative to estimated actual core usage.

12. By September 30, 2017, Southern California Gas Company and San Diego Gas & Electric Company shall file an application to address the feasibility of incorporating Advanced Meter Infrastructure data into the core balancing process and will provide testimony supporting their proposal, including details of the potential costs and technical issues, if any, that are associated with such an approach.

13. Southern California Gas Company and San Diego Gas & Electric Company shall be permitted to resubmit their daily balancing proposal during and after the Settlement term covered in this decision, if low and high Operation Flow

Order procedures do not provide the necessary supply-related responses. Any other parties to the “Second Daily Balancing Proposal” Settlement Agreement retain the right to oppose any future daily balancing proposal.

14. In order to implement the authority granted herein, Southern California Gas Company and San Diego Gas & Electric Company must file a Tier 1 Advice Letter within 30 days of the date of this decision.

15. Southern California Gas Company and San Diego Gas & Electric Company shall file a Tier 1 Advice Letter after March 31, 2017 to remove the temporary provisions that were granted by this decision from their tariffs.

16. Any outstanding motions not otherwise expressly ruled upon in this decision shall be deemed denied.

17. Application 15-06-020 shall remain open for 12 months.

18. In the event that Aliso Canyon storage field does not return to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity by March 31, 2017, which is the date the terms of the Settlement Agreement is set to expire, Southern California Gas Company and San Diego Gas & Electric Company shall take all reasonable efforts to seek

along-term solution to the system reliability issues which are present at Aliso Canyon storage field.

This order is effective today.

Dated December 1, 2016, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners

## **ATTACHMENT 1**

### **List of Parties (identified as the “Indicated Parties”) Sponsoring the Second Settlement Agreement in conjunction with Southern California Gas Company and San Diego Gas and Electric Company:**

The Alliance for Retail Energy Markets (AREM), California State University (CSU), California Cogeneration Council (CCC), California League of Food Processors (CLFP), City of Long Beach Gas & Oil Department, City of Vernon, Clean Energy Fuels Corp. Commerce Energy, Commercial Energy, Indicated Shippers, Interstate Gas Supply, Inc. (IGS), NRG Energy, Inc., Pacific Summit Energy LLC, Shell Energy North America (US), L.P., Southern California Generation Coalition (SCGC), Tiger Natural Gas, University of California (UC), and Western Power Trading Forum (WPTF).

## **ATTACHMENT 2**

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

Application of Southern California Gas Company  
(U 904 G) and San Diego Gas & Electric Company  
(U 902 G) for Authority to Revise their Curtailment  
Procedures

A.15-06-020  
(Filed June 26, 2015)

**SOUTHERN CALIFORNIA GAS COMPANY (U 904 G),  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G), AND THE INDICATED  
PARTIES SETTLEMENT AGREEMENT REGARDING DAILY BALANCING ISSUES**

Pursuant to Article 12 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and the Indicated Parties comprised of The Alliance for Retail Energy Markets (ARem), California State University (CSU), California Cogeneration Council (CCC), California League of Food Processors (CLFP), City of Long Beach Gas & Oil Department,<sup>1</sup> City of Vernon, Clean Energy Fuels Corp., Commerce Energy, Commercial Energy, Indicated Shippers, Interstate Gas Supply, Inc. (IGS), NRG Energy, Inc., Pacific Summit Energy LLC, Shell Energy North America (US), L.P., Southern California Generation Coalition (SCGC), Tiger Natural Gas, University of California (UC), and Western Power Trading Forum (WPTF) (collectively referred to hereafter as the Settling Parties) respectfully submit to the Commission this Settlement Agreement (Settlement).

In this Settlement, the Settling Parties provide a recommended resolution of the following item identified in the April 14, 2016 Assigned Commissioner's Amended Scoping Memo and Ruling, as expanded by Ordering Paragraph 4 of Decision (D.) 16-06-021:

The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily

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<sup>1</sup> The City of Long Beach Gas & Oil Department's inclusion as a Settling Party is contingent on the approval of the Settlement by the Long Beach city council.

balancing on the SoCalGas and SDG&E systems to address operational constraints at the Aliso Canyon storage field.”<sup>2</sup>

. . .

A subsequent phase of this proceeding is hereby established to consider reliability measures that may be needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity, consistent with the service levels set forth in Section 2 of the Settlement, or (2) working inventory at Aliso Canyon is not at least 45 Billion Cubic Feet.”<sup>3</sup>

## **I. REASONABLENESS OF THE SETTLEMENT**

The Settling Parties submit that this Settlement complies with the Commission’s requirements that settlements be reasonable, consistent with law, and in the public interest. The Settling Parties have recognized that there is risk involved in litigation, and that a party’s filed position might not prevail, in whole or in part, in the Commission’s final determination. The Settling Parties have reached compromise positions that they believe are appropriate in light of the litigation risks. This Settlement reflects the Settling Parties’ best judgments as to the totality of their positions and risks, and their agreement herein is explicitly based on the overall results achieved.

## **II. SETTLEMENT TERMS AND CONDITIONS**

### **A. Effective Date**

1. The Effective Date of this Settlement is the date upon which the Commission approves the Settlement.

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<sup>2</sup> Assigned Commissioner’s Amended Scoping Memo and Ruling at 2.

<sup>3</sup> D.16-06-021, mimeo., at 14.

## **B. Settlement Terms**

1. This Settlement is not intended by the Settling Parties to be precedent for any future proceeding or any issues not included in the Settlement. Except as expressly provided in this Settlement, each of the Settling Parties expressly reserves its right to advocate in current and future proceedings positions, principles, assumptions, arguments, and methodologies which may be different than those underlying this Settlement. The Settling Parties recommend that the California Public Utilities Commission (Commission) close A.15-06-020 upon adoption of this Settlement.
2. For provisions that refer to the Settlement term, the term of this Settlement is defined to begin upon adoption by the Commission and to conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) the return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) March 31, 2017.
3. SoCalGas and SDG&E will implement the new high Operational Flow Order (OFO) procedures approved in D.16-06-039 on the later of: (1) December 1, 2016, or (2) the first calendar day of the month that follows the month in which the Aliso Canyon Turbine Replacement Project is placed into service and used for injection purposes.
4. During the Settlement term, SoCalGas and SDG&E will deal with supply shortages and surpluses using OFO tariff procedures rather than daily balancing procedures, subject to paragraph 15 of this Settlement. To do this, SoCalGas and SDG&E may be required to call both low and high OFOs for the same gas day, as is permitted under current tariffs.
5. During the Settlement term, SoCalGas and SDG&E will maintain the following temporary changes to their existing low and high OFO tariff provisions that were part of the initial Daily Balancing Settlement Agreement approved by D.16-06-021. At the end of the Settlement term, unless ordered to do otherwise by the Commission, SoCalGas and SDG&E will remove each of these temporary changes from their tariffs.
  - a. Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled BTS nominations during any of the Intraday 1-3 Cycles (Cycles 3-5).
  - b. SoCalGas and SDG&E will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request

to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.

- c. Low OFO noncompliance charges received from noncore customers will be credited to the Noncore Fixed Cost Account, and low OFO noncompliance charges received from core customers will be credited to the Core Fixed Cost Account.
6. During the Settlement term, SoCalGas and SDG&E will continue to take the following additional actions that were part of the initial Daily Balancing Settlement Agreement approved by D.16-06-021:
  - a. Injection nominations will be held to the injection capacity in every flowing cycle regardless of OFO status.
  - b. SoCalGas will provide a cycle-by-cycle low OFO calculation on Envoy.
7. The following term from the initial Daily Balancing Settlement Agreement approved by D.16-06-021 will continue until the earlier of implementation of the revised high OFO procedures approved by D.16-06-039 or the end of the Settlement term.
  - a. The existing 110% high OFO tolerance (specified in G-IMB) will be changed to 105% or 110%. The default will be 105%, but SoCalGas and SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow.
  - b. The existing exemption from low OFO noncompliance charges for daily imbalances of 10,000 therms or less will be extended to high OFO buyback rate charges.
8. During the Settlement term, the deadline for calling a low OFO (and a high OFO upon implementation of the revised high OFO procedures) is extended from 6:00 p.m. Pacific Clock Time to 8:00 p.m. Pacific Clock Time the day prior to the start of the Low OFO event.
9. During the Settlement term, SoCalGas and SDG&E will offer the following service to facilitate the trading of scheduled quantities:

- a. Customers may arrange to trade scheduled quantities. The trades are to be arranged outside of Envoy and communicated to SoCalGas via a newly created Scheduled Quantity Trade form.
  - b. Customers may trade scheduled quantities between End Use contracts only by adjusting scheduled quantities after Cycle 6 has been processed.
  - c. Trades will only be available for OFO days.
  - d. Trades must be submitted to SoCalGas Gas Scheduling via email or fax by 9 PM Pacific Time one business day following the Gas Day for which the OFO was declared.
  - e. Incremental costs associated with providing this service will be charged to the Backbone Transmission Balancing Account (BTBA).
  - f. SoCalGas and SDG&E may file an expedited Tier 2 Advice Letter to suspend the daily imbalance trading service if curtailments are more severe or more frequent due to the offering of this service. Protests and responses to any such Advice Letter would be due within 5 business days, and SoCalGas and SDG&E's reply would be due within 2 business days from the end of the protest period.
10. During the Settlement term, SoCalGas and SDG&E will offer the following service to facilitate the trading of imbalances among in-state producers:
- a. Producer cash-outs on OFO days will be delayed until 9:00 p.m. Pacific Clock Time one business day following the Gas Day pending submittal of the imbalance trade. If the imbalance is not traded, it will be cashed out.
  - b. Producers may arrange to trade daily OFO imbalances with other producers. The trades are to be arranged outside of Envoy and communicated to SoCalGas via a newly created trade form after Cycle 6 has been processed.
  - c. Trades will only be available for OFO days.
  - d. Trades must be submitted to SoCalGas Gas Scheduling via email or fax by 9 PM Pacific Time one business day following the Gas Day for which the OFO was declared.
  - e. Incremental costs associated with providing this service will be charged to the Backbone Transmission Balancing Account (BTBA).
  - f. SoCalGas and SDG&E may file an expedited Tier 2 Advice Letter to suspend the daily imbalance trading service if curtailments are more severe or more frequent due to the offering of this service. Protests and

responses to any such Advice Letter would be due within 5 business days, and SoCalGas and SDG&E's reply would be due within 2 business days from the end of the protest period.

11. Subject to the outcome of the proceeding referenced in paragraph 14, SoCalGas' Demand Forecasting Group will continue to provide the Utility Gas Procurement Group with an initial daily demand forecast for the Measurement Day (midnight to midnight Pacific Standard Time) based on the most current weather forecast available as of 5:00 a.m. that day. The Demand Forecasting Group will also provide an updated forecast based on the most current weather forecast available as of 7:00 a.m. that day. Utility Gas Procurement will be required to balance Gas Day (7:00 a.m. to 7:00 a.m. Pacific Clock Time) supply to the 7:00 a.m. forecast.
12. Subject to the outcome of the proceeding referenced in paragraph 14, the core load forecasts provided by the Demand Forecasting Group will be informed by and modified to incorporate historical Advanced Meter Infrastructure (AMI) data to the extent reasonable.
13. During the Settlement Term, SoCalGas and SDG&E shall provide a monthly report to the Commission's Energy Division which compares, for each Measurement Day covered by the report, the 7:00 a.m. Demand Forecasting Group core load forecast to estimated actual core usage for the Measurement Day and calculates a percent deviation of each of the demand forecasts relative to estimated actual core usage.
14. By September 30, 2017, SoCalGas and SDG&E shall file an application to address the feasibility of incorporating AMI data into the core balancing process and will provide testimony supporting their proposal, including details of the potential costs and technical issues, if any, that are associated with such an approach.
15. SoCalGas and SDG&E reserve the right to resubmit their daily balancing proposal during and after the Settlement term if low and high OFO procedures do not provide the necessary supply-related responses, and the other Settling Parties reserve the right to oppose any future daily balancing proposal.

### **III.**

#### **ADDITIONAL TERMS AND CONDITIONS**

##### **A. The Public Interest**

The Settling Parties agree jointly by executing and submitting this Settlement that the relief requested herein is just, fair and reasonable, and in the public interest.

**B. Non-Precedential Effect**

This Settlement is not intended by the Settling Parties to be precedent for any future proceeding or any issues not included in the Settlement. The Settling Parties have assented to the terms of this Settlement only for the purpose of arriving at the settlement embodied in this Settlement. Except as expressly precluded in this Settlement, each of the Settling Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement, and the Settling Parties expressly declare that, as provided in Rule 12.5 of the Commission's Rules, this Settlement should not be considered as a precedent for or against them.

**C. Indivisibility**

This Settlement embodies compromises of the Settling Parties' positions. No individual term of this Settlement is assented to by any of the Settling Parties, except in consideration of the other Settling Parties' assents to all other terms. Thus, the Settlement is indivisible and each part is interdependent on each and all other parts. Any party may withdraw from this Settlement if the Commission modifies, deletes from, or adds to the disposition of the matters stipulated herein. The Settling Parties agree, however, to negotiate in good faith with regard to any Commission-ordered changes to the Settlement in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if such negotiations are unsuccessful.

The Settling Parties acknowledge that the positions expressed in the Settlement were reached after consideration of all positions advanced in the August 17, 2016 motion of Southern California Edison Company on behalf of the Customer Coalition for Consideration of

Winter Reliability Measures,<sup>4</sup> SoCalGas and SDG&E's September 2, 2016 response to that motion, the September 8, 2016 Joint Status Report submitted in this proceeding, SoCalGas and SDG&E's September 15 motion for order changing the timing of the daily core demand forecast, temporarily continuing certain existing customer mitigation measures and shortening response period, and the Customer Coalition September 30 response to that motion,<sup>5</sup> as well as proposals offered during the settlement negotiations. This document sets forth the entire agreement of the Settling Parties on all of those issues, except as specifically described within the Settlement. The terms and conditions of this Settlement may only be modified in writing subscribed by all Settling Parties.

Dated this 20<sup>th</sup> day of October, 2016.

**SOUTHERN CALIFORNIA GAS COMPANY and  
SAN DIEGO GAS & ELECTRIC COMPANY**

By: /s/ Michael R. Thorp  
**MICHAEL R. THORP**

Title: Chief Regulatory Counsel

**THE ALLIANCE FOR RETAIL ENERGY MARKETS  
and SHELL ENERGY NORTH AMERICA (US), L.P.**

By: /s/ John Leslie  
**JOHN LESLIE**

Title: Counsel

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<sup>4</sup> The Customer Coalition for the August 17, 2016 motion includes, in addition to Southern California Edison Company, the California Manufacturers and Technology Association, the California League of Food Processors, Indicated Shippers, Independent Energy Producers Association, Shell Energy North America (US), L.P., The Alliance for Retail Energy Markets (AREM), Southern California Generation Coalition, Commercial Energy, Western Power Trading Forum, Clean Energy Fuels, NRG Power Marketing, and GenOn Energy Management LLC.

<sup>5</sup> The Customer Coalition for the September 30, 2016 response includes Southern California Edison, the Indicated Shippers, Shell Energy North America (US), L.P., The Alliance for Retail Energy Markets (AREM), and Southern California Generation Coalition.

**CALIFORNIA STATE UNIVERSITY**

By: /s/ Aaron Klemm  
**AARON KLEMM**

Title: Chief, Energy and Sustainability

**CALIFORNIA COGENERATION COUNCIL**

By: /s/ Beth Vaughan  
**BETH VAUGHAN**

Title: Executive Director

**CALIFORNIA LEAGUE OF FOOD PROCESSORS**

By: /s/ John Larrea  
**JOHN LARREA**

Title: Director of Government Affairs

**CITY OF LONG BEACH GAS & OIL DEPARTMENT**

By: \_\_\_\_\_  
**PATRICK WEST**

Title: City Manager

**CITY OF VERNON**

By: /s/ Kelly Nguyen  
**KELLY NGUYEN**

Title: Director of Gas and Electric

**CLEAN ENERGY FUELS CORP.**

By: J. Nathan Jensesn  
**J. NATHAN JENSEN**

Title: Vice President & General Counsel

**COMMERCE ENERGY**

By: Inger Goodman  
**INGER GOODMAN**

Title: Regulatory Affairs Specialist

**COMMERCIAL ENERGY**

By: /s/ Michael B. Day  
**MICHAEL B. DAY**

Title: Counsel

**INDICATED SHIPPERS**

By: /s/ Evelyn Kahl  
**EVELYN KAHL**

Title: Counsel

**INTERSTATE GAS SUPPLY, INC.**

By: /s/ Joseph Oliker  
**JOSEPH OLIKER**

Title: Senior Regulatory Counsel

**NRG ENERGY, INC.**

By: /s/ Abraham Silverman  
**ABRAHAM SILVERMAN**

Title: Assistant General Counsel, Regulatory

**PACIFIC SUMMIT ENERGY LLC**

By: /s/ Jikja Chung  
**JIKJA CHUNG**

Title: General Counsel

**SOUTHERN CALIFORNIA GENERATION  
COALITION**

By: /s/ Norman Pedersen  
**NORMAN PEDERSEN**

Title: Counsel

**TIGER NATURAL GAS**

By: /s/ Gregory Klatt  
**GREGORY KLATT**

Title: Counsel

**UNIVERSITY OF CALIFORNIA**

By: /s/ Eric Eberhardt  
**ERIC EBERHARDT**

Title: Associate Director, Energy Services

**WESTERN POWER TRADING FORUM**

By: /s/ Daniel Douglass  
**DANIEL DOUGLASS**

Title: Counsel

(END OF ATTACHMENT 2)