



## *Information on Gas Services and Programs*

### **Introduction**

San Diego Gas & Electric Company (SDG&E®) is providing you with this Annual Notice pursuant to California Public Utilities Commission (CPUC) Decision 86-12-010. This Annual Notice is intended to provide you with summary information about the programs, services, and rates available to you as a large non-residential core and/or noncore gas service customer.<sup>1</sup>

Should you have any questions about your service options or if you would like additional details regarding any of the information provided in this notice, please contact your SDG&E Account Executive or call SDG&E's Business Contact Center at 1-800-336-7343. You can also visit SDG&E's website at [www.sdge.com](http://www.sdge.com). SDG&E values your privacy. For more information, please refer to our [Privacy Notice](#) and [Privacy Policies](#) on our website at [SDG&E Customer Privacy Center](#).

SDG&E gas customers receive service under an applicable rate schedule that is based on the type of facility and the conditions under which SDG&E provides gas service. Based upon information provided by the customer at the time of application for service, SDG&E places the customer on the applicable rate schedule approved by the CPUC. For your reference, current authorized tariff rules and rate schedules can be found on SDG&E website at <https://www.sdge.com/rates-and-regulations/current-and-effective-tariffs>.

Residential services, rates, and programs are outside the intended scope of this Annual Notice. For information on residential services, please refer to <https://www.sdge.com/residential/customer-service/contact-us> or call the Customer Contact Center at 1-800-411-7343.

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<sup>1</sup> The information provided in this Annual Notice is for informational purposes only. SDG&E makes no representation that this Annual Notice is free from error or suitable for any particular use or purpose. To the extent there is a conflict between this Annual Notice and SDG&E tariff rules, the latter shall control. Please consult SDG&E tariff rules and rate schedules for the most up-to-date and complete information.



## **Service Classifications and Service Options**

SDG&E delivers gas to both residential and non-residential customers. All residential customers are classified as core customers and receive the highest priority of service. Gas deliveries to single-family, multi-family, and master-metered domestic dwellings are generally considered residential service. Customers with separately metered common area use service to residential, multi-family accommodations may be eligible for a non-residential gas rate.<sup>2</sup>

Non-residential customers include commercial and industrial (C&I), electric generation (EG<sup>3</sup>), and natural gas vehicle (NGV) customers. Nonresidential customers are classified as either core or noncore.

The priority of service<sup>4</sup>, rates, and service options applicable to non-residential core and noncore classes vary considerably and are determined by the customer's industry type, gas end-use, and the rules and tariffs approved by the CPUC.

### **Core Service Classification**

Gas service to non-residential core customers is divided into three general classifications: small core C&I/NGV, large core C&I/NGV, and core EG.

1. Small core C&I/NGV customers are customers whose consumption through a single meter does not exceed an annual monthly average of 20,800 therms<sup>5</sup> per month. Small core C&I/NGV customers receive Priority P-1 service.
2. Large core C&I/NGV customers are customers whose consumption through a single meter is greater than an annual monthly average of 20,800 therms per month. Large core C&I/NGV customers receive Priority 2-A service, the second-highest priority. Large core C&I customers are eligible to elect core or noncore gas transportation service. NGV customers are not eligible for noncore service.
3. Core EG customers are customers whose annual gas consumption (actual or projected, with verifiable documentation) through a single meter for electric generation does not exceed 250,000 therms or whose generators rated capacity is equal to or less than one megawatt (MW), regardless of usage, is eligible to elect to remain on core service. EG customers electing core service will be assigned the customer classification of the applicable core rate schedule they have selected. EG customers with usage in excess of 250,000 therms per year or whose generators capacity exceeds one MW are not eligible for core service and must take noncore service, as described below.

### **Core Rate Schedules and Service Options**

Core C&I and core EG customers are subject to a monthly customer charge and a declining block rate structure. See [SDG&E Schedule GN-3](#) for details.

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<sup>2</sup> Gas Service for Core Non-Residential Customers is optionally available under rate [Schedule GN-3](#) to customers with separately metered, common area use service to residential, multi-family accommodations, as defined in [SDG&E Gas Rule 1](#).

<sup>3</sup> EG is the use of gas to generate electricity, either directly or indirectly, including gas used for cogeneration. Small electric generation customers have the option to take service under the core classification.

<sup>4</sup> See [SDG&E Gas Rule 14](#) – Shortage of Gas Supply, Interruption of Supply, and Priority of Service. End-Use Priority Classification

<sup>5</sup> Therm is a unit of measurement for billing purposes, nominally 100,000



### ***Bundled Core Service Option***

Under bundled service SDG&E performs all of the functions (procurement, scheduling, transportation, and balancing) necessary to deliver gas to a customer's facility. With the exception of certain EG customers that are not eligible for core service, all customers not electing otherwise will automatically receive bundled core service on [Schedule GN-3](#).

### ***Core Aggregation Transportation Service Option***

Customers can choose to participate in SDG&E's Core Aggregation Transportation (CAT) program. To participate in the CAT program, customers are required to select a Core Transport Agent (CTA) to manage gas procurement, scheduling, balancing, and certain transportation needs. The CTA is responsible for delivering the customer's gas supplies into the SoCalGas/SDG&E system. SDG&E will accept gas delivered on the customer's behalf and transport it to the customer's facility. A list of participating CTAs is located on the [SDG&E Gas Customer Choice website](#) or you may call SDG&E's Business Contact Center at 1-800-336-7343.

### ***Core Transportation-Only Service Option***

Under this service option, core customers with annual usage in excess of 120,000 therms or average monthly usage of 10,000 therms can elect to make independent arrangements to procure gas supplies and to transport those supplies over the interstate pipeline systems for delivery into the SDG&E system.

SDG&E will transport the customer's gas supplies to the customer's facility. Customers requesting service under this option are required to complete a [Request for Core Transportation-Only Services](#) (Form 142- 1859).

### ***Natural Gas Vehicle Service Options***

Customers who operate gas-fueled motor vehicles will be served under a separate core rate schedule, which requires separate metering from other gas uses the customer may have<sup>6</sup>. See [SDG&E Schedule G-NGV](#). NGV customers are not eligible for noncore service.

## **Noncore Transportation Service Classification**

### ***Noncore Service Eligibility and Requirements***

Noncore customers are C&I customers that have (actual or projected with verifiable documentation) consumption through a single meter that is equal to or greater than an annual monthly average of 20,800 therms per month and that elect noncore gas transportation service.

Customers not meeting the eligibility criteria for noncore service may qualify conditionally for noncore service by submitting a written request to SDG&E with verifiable information documenting the circumstances that will result in an expected load increase that would meet the minimum noncore eligibility requirements on a permanent basis. The customer's written request must acknowledge that if actual usage following the conditional classification is less than the required minimum, all bills previously rendered under the noncore rate will be re-calculated and billed in accordance with the otherwise applicable rate schedule. SDG&E reserves the right to accept or reject any such request.

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<sup>6</sup> Individually metered residences are excluded from this requirement. Residential customers may choose to install a separate meter and take service under [SDG&E Schedule G-NGV](#), use the existing residential meter and take service under the applicable residential rate schedule, or elect to receive service under the terms and conditions of [SDG&E Schedule G-NGVR](#).



All EG customers are eligible to elect noncore gas transportation service, regardless of usage. EG customers whose annual gas usage is equal to or less than 250,000 therms are eligible to elect core service under [SDG&E Schedule GN-3](#). EG customers with electric generation capacity less than or equal to one megawatt are eligible for core service, regardless of usage. Core EG customers must continue to meet the core eligibility criteria at all times or they will be placed on an appropriate noncore service rate schedule. Core EG customers are not required to separately meter EG gas usage. Under conditions when existing EG equipment is already separately metered, such metering will be kept in place unless the customer receives authorization from SDG&E to alter the metering configuration. Customers are generally responsible for all metering alteration costs.

All customers electing noncore gas transportation service are required to submit a completed [Noncore Gas Transportation Service Contract](#) (Form 142-1259).

Noncore customers must either accept responsibility for managing their own gas procurement, scheduling, balancing, and certain transportation needs independently or through an assigned agent or arrange to have these needs fully managed by a Contracted Marketer ("CM"). In either case, subject to the applicable conditions set forth in its CPUC-approved tariffs, SDG&E will accept the gas delivered into its system by the customer or on the customer's behalf and transport it to the customer's facility. If a customer contracts with a CM, the CM is responsible for all imbalance charges. See [SDG&E Gas Rule 30](#) and [SDG&E Gas Rule 35](#). A list of participating gas suppliers is located on the [SDG&E website](#) or you may call SDG&E's Business Contact Center at 1-800-336-7343.

### ***Metering & Billing Options***

Based upon a customer's noncore service election, SDG&E is required to install, at the customer's expense, an automated meter reading (AMR) device which enables SDG&E/SoCalGas to remotely read the customer's noncore meter. See [SDG&E Gas Rule 14](#) and [SDG&E Gas Rule 27](#).

For customers who have both electric generation and non-electric generation end-use volumes measured through a single meter, the amount of gas billed under the EG rate will be as specified in Special Condition 10 of [SDG&E Schedule EG](#) or Special Conditions 15-18 of [SDG&E Schedule TLS](#). EG customers receiving service under Schedule EG or Schedule TLS shall be separately metered unless it can be demonstrated that a separate meter is not economically feasible.

SDG&E bills its customers based on the rates and conditions of service approved by the CPUC. For non-residential customers, the rate is applied and billed by facility<sup>7</sup> or on a customer's premises<sup>8</sup>. Requests for services that deviate from SDG&E's authorized tariffs require approval from the CPUC.

## **Noncore Rate Schedules and Service Options**

### ***Noncore Transmission Level Service***

This service is applicable to noncore customers served directly from the Utilities' transmission system or who otherwise qualify for Transmission Level Service, as defined in [SDG&E Schedule TLS](#). Schedule TLS offers two general rate options: a) Class Average All-Volumetric Rate Option; and b) Reservation Rate Option which provides for a fixed monthly charge plus a volumetric charge that varies based on usage level. See [SDG&E Schedule TLS](#) for more details.

Transmission Level Service customers requesting service under Schedule TLS are required to submit a completed [Noncore Gas Transportation Service Contract](#) (Form 142-1259), a completed [Transmission Level Rate Selection Form](#) (Form 142-1265) and meet all of the applicable conditions of service as specified in the applicable tariffs.

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<sup>7</sup> Excludes service to EG and NGV customers. A facility is defined as the individual gas meter on the customer's single premises.

<sup>8</sup> A customer's premises is all the property employed in a single enterprise on an integral parcel of land undivided by a dedicated street, highway or other public thoroughfare, or a railway. See SDG&E Gas Rules [1](#), [15](#), and [16](#).



### ***Noncore Distribution Level Service***

Distribution Level Service is provided to noncore customers that are not eligible for service under Schedule TLS. See [SDG&E Schedule GTNC](#) and [SDG&E Schedule EG](#) for more details.

### ***Noncore-to-Core transfers***

Eligible noncore customers can transfer to core service. Noncore customers electing to transfer to core transportation-only service or to bundled core service are required to make a five-year commitment to core service. Noncore customers electing to transfer to bundled core service under [SDG&E Schedule GN-3](#) will be charged the “cross-over” gas procurement rate contained in [SDG&E Schedule GN-3](#) for the first year of the required five-year commitment.

### ***Noncore Service Priority Level and Gas Curtailment Information***

Noncore service priorities are described in [SDG&E Gas Rule 14](#) and are based on the end-use customer with differentiations made between CAISO<sup>9</sup>-dispatched electric generators and non-CAISO-dispatched noncore customers (Cogeneration, non-CAISO-dispatched EG, Noncore C&I).

In the event of a curtailment of gas service, CAISO-dispatched electric generators are curtailed first in coordination with the grid operator(s), up to a summer/winter limit of 40%/60%.

Non-CAISO-dispatched noncore customers are curtailed next. The volume of gas that Non-CAISO-dispatched noncore customers will be allowed to be burn during a gas curtailment will be based on their Curtailment Baseline Quantities (CBQ). Non-CAISO-dispatched noncore customers will receive a Summer CBQ and a Winter CBQ based on historic, peak-day usage. Customers with CBQs can be curtailed up to 100% on a pro rata basis and can be curtailed.

The next step could be to curtail up to 100% of the remaining CAISO-dispatched electric generators. To the extent operationally feasible, Utility will work with the affected grid operators on a best-efforts basis to reallocate the aggregate maximum allowed usage for any remaining CAISO-Dispatched Electric Generation load among all of the CAISO-Dispatched Electric Generation facilities to maintain grid reliability and prevent firm electric load shedding. Any such reallocation shall be at the sole discretion of the Utility, and the default in the absence of reallocation shall be pro rata.

Noncore customers may make arrangements to transfer/trade all or a portion of its maximum allowed usage capacity to another Noncore Customer within SDG&E territory. Trades are limited to Non-CAISO-dispatched noncore customers. See [SDG&E Gas Rule 14](#) and [Curtailment Trading Agreement \(Form 142-2010\)](#).

### ***Calculation of Curtailment Violation Charges***

SDG&E gas customers will be curtailed in accordance with the provisions of [SDG&E Gas Rule 14](#). In order to determine if a Customer is subject to violation charges for not complying with the Curtailment Order, SDG&E will determine the hourly gas usage volumes that exceed the Customer’s authorized Curtailment Baseline Quantity (CBQ) beginning the first hour of the Curtailment. Curtailment charges for non-compliance shall apply hourly at \$5 per therm for such hourly volumes that exceed the Customer’s authorized curtailment quantities [SDG&E Gas Rule 14](#). Customer is also subject to the charges under the customer's applicable rate schedule.

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<sup>9</sup> CAISO=California Independent System Operator



## **Additional Services and Information for Gas Transportation Customers**

### ***Transportation Balancing Services***

If a customer receives intrastate transportation service, SDG&E will provide the noncore customer or its' Contracted Marketer (CM) with balancing services. Under the balancing service rules, gas usage and gas deliveries into SDG&E's system must be balanced within a prescribed tolerance band or the customer or CM will be subjected to imbalance charges. Violations of the balancing rules are subject to balancing violation charges. See [SDG&E Schedule G-IMB](#), [SDG&E Gas Rule 1](#) and [SDG&E Gas Rule 30](#).

Customers or their CM's may trade gas when their monthly gas balance is outside of the 8% monthly tolerance limit. Imbalance quantities outside the tolerance band at the end of the imbalance trading period will be subject to a Standby Procurement Charge or Buy-Back Rate as described in [SDG&E Schedule GIMB](#). Additionally, SDG&E/SoCalGas under certain situations can impose daily balancing requirements through the institution of an Operational Flow Order (either high or low). See [SDG&E Gas Rule 30](#) Sections F and G and [SoCalGas Rule 41](#).

If, as a result of a billing error, metering error, or transportation adjustments, a customer, a customer's Agent or CM makes a trade based on what turns out to be incorrect imbalance quantities based on notification by SDG&E, SDG&E will not be liable for any financial losses or damages incurred by the customer, Agent, or CM or their imbalance trading partners.

### ***State Regulatory Fee Exemption***

An electric generator that sells all or a portion of its electricity production wholesale to an electric, gas, or steam public utility or the California Independent System Operator can apply for an exemption from all or a portion of the applicable charges under [SDG&E Schedule G-PUC- Surcharge To Fund Public Utilities Commission Reimbursement Fee](#). See [SDG&E Schedule G-PUC Form 142-1270](#) for more details.

## **Other Services and Programs for Gas Transportation Customers**

### ***Access to the SDG&E Pipeline System (Rule No. 39)***

SDG&E provides nondiscriminatory open access to its system to any party for the purpose of physically interconnecting with SDG&E and effectuating the delivery of gas, subject to gas quality, requirements and other terms and conditions set forth in [SDG&E Gas Rule 30](#), [SDG&E Gas Rule 39](#) and [SDG&E Gas Rule 45](#).

### ***Backbone Transportation Service Rights (BTS)***

BTS enables customers and gas suppliers (including California gas producers) to hold firm and/or interruptible BTS rights at receipt points into the SDG&E/SoCalGas integrated gas transmission system and to transport gas to end-users, pooling contracts, SoCalGas' storage fields, and off-system. For more information, visit the [SoCalGas Backbone Transportation](#) website or see [SoCalGas Schedule G- BTS](#).

### ***Electronic Bulletin Board***

SDG&E's customers may sign up for SoCalGas' electronic information and gas management system, [SoCalGas Envoy®](#), which is designed specifically for transportation customers, their Agents and CMs to manage gas supplies and imbalances. With this software, a customer can submit its gas nominations and obtain allocated gas quantities, post its imbalance advertisements and submit its imbalance trades, obtain gas usage information for its facility, and view its storage inventory balances. Customers must meet all of the Utility's requirements for authorization to access the EBB, including the execution of an Electronic Bulletin Board Agreement. See [SoCalGas Rule 33](#).





### ***Energy Efficiency Programs***

SDG&E may be able to assist a customer in reducing its operating costs by helping the customer invest in certain high efficiency gas technologies and/or process improvements that save gas. All core and noncore C&I customers are eligible for our Energy Efficiency programs. Some of the Energy Efficiency rebates and incentives require the customer to pre-qualify their project and execute an agreement prior to purchasing their equipment. Please verify the specific program requirements at the [SDG&E Rebates & Incentives for your Business](#) website or check with your account executive before proceeding with your project.

### ***Hub Services***

SDG&E's customers may subscribe to park and loan services through [SoCalGas Schedule G-PAL](#). Gas parking is the temporary storage of gas on the SoCalGas system and gas loaning is the temporary lending of gas from the SoCalGas system. This tariff is closed to new subscription until further notice.

### ***Off-System Gas Delivery Service***

SDG&E's customers may elect to participate in SoCalGas' Off-System Gas Delivery service. Off-system delivery service is the capability, on an interruptible basis, to deliver to the interconnection points within the Pacific Gas & Electric Company (PG&E) system and with all interstate and international pipelines ("Upstream Pipelines") but excluding California-produced gas supply lines. Such deliveries can be made from a BTS Contract, a city-gate pool agreement, or a SoCalGas unbundled storage account. For more information and requirements, see [SoCalGas Schedule G-OSD](#).

### ***Self-Generation Incentive Program (SGIP)***

The Self-Generation Incentive Program (SGIP) is a ratepayer-funded rebate program overseen by the California Public Utilities Commission and is available to qualified SDG&E customers. The SGIP plays a critical role in the deployment of distributed generation projects and the reduction of on-site electric demand and greenhouse gas emissions. The Center for Sustainable Energy (CSE) is the SGIP program administrator for SDG&E territory.

CSE provides technical and financial assistance to prospective and current program participants interested in energy storage, wind, waste energy recovery, pressure reduction turbines, fuel cells and combined heat and power technologies. Visit [CSE website](#) for more SGIP information.

### ***Unbundled Storage***

On March 2, 2016, SoCalGas suspended Unbundled Storage sales. The suspension of Unbundled Storage sales will continue until further notice. For more information, visit [SoCalGas Storage](#) website.

## **Customer Responsibilities**

### ***Change in Operations Impacting Gas Usage***

Customers are responsible for notifying SDG&E of any anticipated material change in gas usage. In the event there are changes in the conditions of a customer's operations resulting in permanent changes in gas usage, it is the customer's responsibility to apply for service under a different rate schedule for which the customer may qualify. See [SDG&E Gas Rule 12](#). When there is a material change, either in the amount or character of the energy-related appliances or equipment installed at the customer's facility, the customer must immediately notify SDG&E, in writing, of the change. See [SDG&E Gas Rule 3](#).

### ***Customer Equipment for Receiving and Utilizing Gas***



Customers are responsible for furnishing, installing and keeping in good and safe condition all equipment, e.g., regulators, gas pipes, appliances, fixtures and apparatus, which may be required for receiving and utilizing gas from SDG&E.

Customers' gas piping must meet all applicable codes and standards. Customers should be aware of the potential hazards resulting from corrosion leakage of buried gas pipes and are reminded to maintain their gas pipes by having them periodically inspected for corrosion and leaks and by having any unsafe conditions repaired immediately. Qualified professionals such as plumber and heating contractors can assist in finding, inspecting and repairing buried pipes. See [SDG&E Gas Rule 26](#).

### ***Updating SDG&E in the event of changes to Customer Information***

Customers are responsible for notifying SDG&E, in writing, of any changes in customer name, ownership or business structure. A customer's name shall be recognized by the signature on the application, contract, or agreement for gas service. A customer may also be recognized by the payment of bills issued regularly in the customer's name. In the event there is a change in a customer's business structure, the customer must provide SDG&E immediate notice, in writing, of such change.

## **Safety Information**

### ***Contact 811 Before You Dig!***

Pipelines can be located anywhere, including under streets, sidewalks, and private property – **sometimes just inches below the surface**. Hitting one of these pipelines while digging, planting, or doing demolition work can cause serious injury, property damage, and loss of utility service. That is why it is important to know where they are before digging.

Whether you are planning to build a major development or just landscaping your yard, make sure to call the **Underground Service Alert** at 811 at least two working days before excavating. Underground Service Alert will coordinate with SDG&E and other utility owners in the area to mark the locations of buried utility-owned lines - absolutely FREE. You can also request a ticket online through <http://call811.com/>. The Underground Service Alert is available **between 6 a.m. and 7 p.m., Monday through Friday** (excluding holidays).

SDG&E does not mark customer-owned gas lines, which typically run from the meter to the customer's gas equipment. To have customer-owned lines located and marked before a project, contact a qualified pipe-locating professional. Even if you have hired a contractor, make sure the contractor contacts 811 to have the gas lines marked.

### ***Gas Odorant and Odorant Fade:***

SDG&E adheres to the Department of Transportation (DOT) and CPUC rules and regulations regarding the odorizing of gas. SoCalGas adds an odorant to give gas a distinctive odor so that leaks can be more readily detected. However, one should not rely on the sense of smell alone to be alerted to a gas leak for several reasons. For example, some persons may not be able to detect the odor due to a diminished sense of smell or olfactory fatigue (temporary, normal inability to distinguish odor after prolonged exposure to it). Some physical conditions, including common colds, sinus conditions, allergies, eating certain foods, and inattentiveness, as well as the use of tobacco, alcohol, drugs, and certain medications, may also lessen the ability to smell the odor. In addition, the odor may be masked or hidden by other odors that are present, such as cooking, damp, musty or chemical odors, and certain pipe and soil conditions may cause "odorant fade," the loss of odorant in gas through physical and/or chemical processes such that its distinctive odor can no longer be detectable by smell. The processes that cause odorant fade include adsorption, absorption, oxidation, or any combination thereof. If a gas leak occurs in underground piping, the surrounding soil or fresh concrete can adsorb or oxidize the odorant, and as a result, gas leaking from the underground pipe may no longer have an odor or be detectable by smell. **For any suspected gas emergency or**





questions regarding a gas odor or carbon monoxide, please call us immediately at 1-800-411-7343.

*Purges and Other Planned Releases of Gas*

Purging of gas lines, blow-downs and other planned releases of gas should ONLY be performed by qualified gas professionals. Such gas release operations should only be performed in well-ventilated areas or by safely venting the contents of gas lines and equipment to the outside atmosphere away from people, animals, structures, and sources of ignition. All possible ignition sources should be identified and extinguished before and during such operations. Consider using gas detection equipment during all gas release operations to prevent gas from accumulating and creating a combustible or hazardous atmosphere. **DO NOT RELEASE THE CONTENTS OF A GAS LINE INTO A CONFINED SPACE.** For more safety information, visit [SDG&E Safety](#).