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May 19, 2017

Advice No. 5139
(U 904 G)

Public Utilities Commission of the State of California

Subject: Expedited Advice Letter Requesting Approval of the Proposed Injection Enhancement Plan and Injection Enhancement Memorandum between the System Operator and the Gas Acquisition Department for Services to Maintain Summer Reliability Pursuant to the May 8, 2017 “SoCalGas Summer Reliability and Storage Inventories” Letter from CPUC Executive Director Timothy Sullivan

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) a proposed Injection Enhancement Plan to support system reliability; temporary revisions to its tariffs, applicable throughout its service territory, as shown in Attachment A; and an Injection Enhancement Memorandum (IEM) to document the activities and direct the manner in which employees of SoCalGas shall conduct the relationship between the SoCalGas System Operator and the SoCalGas Gas Acquisition Department (Gas Acquisition) with respect to efforts to increase storage injections to support system reliability, as shown in Attachment B.

Purpose

This filing is intended to put into effect the directives contained in the May 8, 2017 letter from Timothy Sullivan, Executive Director of the CPUC (Executive Director), to Bret Lane, President and Chief Operating Officer of SoCalGas. In that letter, Executive Director Sullivan directs SoCalGas’ Gas Acquisition Department to purchase natural gas to support system reliability.

Background

On May 8, 2017, the Executive Director sent a letter to Bret Lane, President and Chief Operating Officer of SoCalGas, under the Subject “SoCalGas Summer Reliability and Storage Inventories.” The letter notes that “[a]dequate natural gas inventory levels are necessary in order to maintain reliable delivery to customers during peak demand periods for both core and non-core customers” and that “[w]ith the continued unavailability of Aliso

Canyon, overall storage inventory remaining in the available storage fields is substantially lower than historical figures. . . .” To support energy reliability for Southern California, the May 8 Letter directs SoCalGas to “take immediate actions to increase storage injection at the remaining available storage facilities” and “to immediately begin maximizing storage injections using the procurement capabilities of the SoCalGas Acquisition Department to support SoCalGas’ storage requirement for system reliability.” (System Reliability Directive).

To accomplish this, SoCalGas was directed to file a Tier 2 Advice Letter “proposing an agreement between the SoCalGas System Operator and the SoCalGas Gas Acquisition Department to support SoCalGas’ storage requirements for system reliability similar to the Memorandum in Lieu of Contract approved by Resolution G-3485.”

In addition, the System Reliability Directive states that SoCalGas should include the following:

- Minimum month-end storage targets for the remaining months of 2017 beginning with June 2017;
- Forecasted monthly natural gas storage quantities procured by the Gas Acquisition Department solely for the purpose of ensuring system reliability outside of its normal business as usual procurement for core customers; and
- An estimated cost for the Gas Acquisition Department to provide these support services.

Additionally, SoCalGas is directed to request expedited treatment by proposing a shortened protest period and time to reply to the protest,¹ and to file a separate Advice Letter (AL) seeking the establishment of a memorandum account to track costs resulting from the Injection Enhancement Plan.²

Plan to Enhance Injections to Support Summer System Reliability (Injection Enhancement Plan)³

Maximum Physical Injection Capacity Available

SoCalGas has projected storage injection capacities (in millions of cubic feet per day) at each of the SoCalGas storage fields in the following table. Outages or projects that cannot be deferred may result in short-term injection capacity impacts and will be posted to the

¹ As detailed in the “Protest” section below, SoCalGas is proposing that protests and responses be due by May 26, or within five business days from filing this AL, and that its reply be allowed by June 1, or within three business days from the recommended due date for the submission of protests and responses.

² See Advice No. 5140, Expedited Advice Letter Requesting to Establish the Injection Enhancement Cost Memorandum Account (IECMA) Pursuant to the May 8, 2017 “SoCalGas Summer Reliability and Storage Inventories” Letter from CPUC Executive Director Timothy Sullivan.

³ If necessary, SoCalGas will provide an updated plan to support winter system reliability.

SoCalGas ENVOY® (Envoy) website.

Although these capacities are based on the physical capabilities of the injection facilities, optimal system conditions may result in higher injection capabilities. Conversely, as storage inventories increase, injection capacity will diminish based on higher reservoir pressures.

Projected Maximum Storage Injection Capacities (MMcfd)

Storage Field	6/1/2017	7/1/2017	8/1/2017	9/1/2017	10/1/2017
La Goleta	40	40	40	40	40
Playa Del Rey	0	0	0	0	0
Honor Rancho	200	200	200	200	200
Aliso Canyon	0	0	0	0	0
Total System	240	240	240	240	240

SoCalGas strives to maintain the Playa Del Rey storage field at full inventory, and thus its injection capacity is projected to be zero. However, after any withdrawal from Playa Del Rey, some additional injection capacity will be available for customers to schedule injections. Injection into La Goleta is highly dependent on the reliability and operation of the Ventura Compressor Station, therefore any outages resulting from safety, compliance, or reliability at the Ventura Compressor Station may impact the injection capacity at La Goleta.

Target Inventories to Meet Withdrawal Capacity per CPUC Directive for the Summer Period

The following table projects the storage inventory (in billion cubic feet) at each of the SoCalGas storage fields that is required to achieve the withdrawal capacities pursuant to the March 16, 2017 letter from the Executive Director to Rodger Schwecke, Senior Vice President of Gas Transmission and Storage (SoCalGas).

Storage Inventories as Shown in March 30, 2017 Letter from SoCalGas to CPUC (Bcf)⁴

Storage Field	6/1/2017	7/1/2017	8/1/2017	9/1/2017	10/1/2017
La Goleta	13.55	15.05	16.6	17.53	18.43
Playa Del Rey	1.85	1.85	1.85	1.85	1.85
Honor Rancho	18.49	21.04	20.63	19.88	20.91
Aliso Canyon	14.80	14.80	14.80	14.80	14.80
Total System	48.69	52.74	53.88	54.06	55.99

⁴ Available at:

http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/SoCalGasResponse.pdf.

SoCalGas estimates that it can achieve physical injection of 140 MMcf per day. It's anticipated that this total injection will be distributed on a 70/30 percent ratio between Honor Rancho and La Goleta, respectively. The following table projects the storage field inventories based on the physical injection rate of 140 MMcf per day, and assumes no withdrawal takes place. Also, depicted in the table are the associated withdrawal rates that SoCalGas anticipates the fields can achieve at those inventories.

Targeted Minimum Storage Inventories with Corresponding Withdrawal Rates

Storage Field	6/1/2017		7/1/2017		8/1/2017		9/1/2017		10/1/2017	
	Target Inventory (Bcf)	Resulting WD Rate (Bcfd)	Target Inventory (Bcf)	Resulting WD Rate (Bcfd)	Target Inventory (Bcf)	Resulting WD Rate (Bcfd)	Target Inventory (Bcf)	Resulting WD Rate (Bcfd)	Target Inventory (Bcf)	Resulting WD Rate (Bcfd)
La Goleta	11.52	0.31	12.72	0.33	13.96	0.37	15.20	0.39	16.40	0.42
Playa Del Rey	1.85	0.40	1.85	0.40	1.85	0.40	1.85	0.40	1.85	0.40
Honor Rancho	17.10	0.79	20.08	0.83	22.56	0.94	23.05	0.94	23.05	0.94
Aliso Canyon	14.80	0.50	14.80	0.53	14.80	0.59	14.80	0.66	14.80	0.67
Total System	45.27	2.0	49.45	2.09	53.17	2.3	54.9	2.39	56.1	2.43

Although these inventories are based on the anticipated physical injection, optimal system conditions may result in higher injection volumes. Conversely, injection will diminish with higher ambient temperatures, and as field reservoir pressures increase.

SoCalGas has Implemented the Following Temporary Modifications to Increase Injection Operations

SoCalGas has made the following modifications to its system operations to prioritize injections into storage:

Release of Injection Capacity Reserved for Balancing:

SoCalGas' current rules allow for the storage injection capacity to be reserved and set aside for use in the balancing function. The current amount set aside for this function is 200,000 dekatherms (Dth). As of May, 4, 2017, in an effort to increase storage injections, SoCalGas began releasing 100,000 Dth of the injection capacity reserved for balancing on Cycle 1 for customers to use.

Deferral of Projects that Impact Injection Operations:

To the extent operationally feasible, shutdowns or operational deviations that impact injection capacity will be rescheduled or deferred until such time that SoCalGas' storage inventory targets have been met. Any shutdowns or work related to equipment reliability, safety or compliance may not be considered for deferral.

SoCalGas will Implement the Following Temporary Modifications to Increase Injection Capacity Available to Market

Every month before Bid Week,⁵ the System Operator will set a portion of the storage injection capacity allocated to the system balancing function for injection nominations for the following month in Cycle 1. This quantity will be made available on a best efforts basis considering operational limitations and will be posted on Envoy. Gas Acquisition will use reasonable best efforts to utilize the quantity made available.

The day before a gas flow day, the System Operator will determine whether additional injection capacity allocated to the system balancing function above what was made available for the month can be made available for injection nominations in Cycle 1. If additional capacity can be made available for Cycle 1, the additional capacity will be reflected in the Net Storage Injection Capacity value on the Capacity Utilization Page on Envoy. The System Operator will use its reasonable best efforts to make this additional quantity available for the remainder of the gas day. Gas Acquisition will use its reasonable best efforts to utilize the quantity made available.

Each flow day morning, the System Operator will determine whether additional injection capacity allocated to the system balancing function can be made available for injection nominations in Cycle 3. If additional capacity can be made available for Cycle 3, the additional capacity will be reflected in the Net Storage Injection Capacity value on the Capacity Utilization Page on Envoy. This additional quantity will be made available on a best efforts basis for the remainder of the gas day. Gas Acquisition will use reasonable best efforts to utilize the quantity made available.

Temporary Modifications to System Operator Injection Capacity Limits Requiring Commission Approval

SoCalGas asks for the authority to post injection capacity that may exceed the physical capacity of the storage fields for a prospective or current gas day. Presently, the System Operator is limited to make available and post on Envoy for customer nominations, only the physically available injection capacity of the storage fields, adjusted for any outages at the fields. On some days, injection capacity is available beyond the physical limits due to under scheduling of gas into the system, and/or when customers schedule withdrawal. Making that additional capacity available may increase the amount of gas delivered into the system and thereby increase injection capability.

SoCalGas does not propose to modify the physical injection capacity, as that is set based on actual operating conditions. Under this request for authority, SoCalGas would add an additional variable to the Forecasted System Capacity calculation to account for additional injection capacity, as described above. Currently, SoCalGas' Rule 41 describes the Forecasted System Capacity as the following:

⁵ Bid Week is the five business days preceding the first of the month.

Forecasted System Capacity = Forecasted Sendout + Physical Storage Injection Capacity + Off-System Scheduled Quantities⁶

The proposed formula would be:

Forecasted System Capacity = Forecasted Sendout + Physical Storage Injection Capacity + Off-System Scheduled Quantities + Incremental Injection Capacity

Where:

Incremental Injection Capacity = Prior Cycle Scheduled Withdrawal + Withdrawal Capacity Used for Balancing

This will effectively increase the overall system capacity to enable more flowing supplies to be scheduled on the system for injection. SoCalGas does not anticipate an increase in High Operational Flow Orders (OFOs), or late cycle system nomination reductions as a result of this requested modification, because the new Forecasted System Capacity value will be increased by the Incremental Injection Capacity. Commission authorization of this modification is proposed to be temporary and, unless an extension is sought, will end September 30, 2017.

Gas Acquisition Plans for Core Customer Reliability, As Mandated by The Commission

Gas Acquisition has been directed by the Commission to primarily purchase and plan for SoCalGas' core customers.⁷ Gas Acquisition does so by attempting to minimize commodity costs, while providing reliable supplies to core customers by optimizing the use of its authorized assets (firm injection, withdrawal, and parking and loaning) throughout the year. Although Gas Acquisition strives to fill core storage through the summer to help meet core customers' winter needs, its allocated storage inventory exceeds the capacity available in the non-Aliso Canyon storage fields plus the current Aliso Canyon inventory that is reserved for reliability purposes. Therefore, without the ability to inject at Aliso Canyon, Gas Acquisition cannot meet its November 1, 2017 storage inventory target.

⁶ SoCalGas Rule 41: <https://socalgas.com/regulatory/tariffs/tm2/pdf/41.pdf>.

⁷ See D.94-03-076 at 1: "SoCalGas currently procures gas on behalf of core [] customers, and transports and stores gas for core customers." See also D.07-12-019, mimeo., at 105 (Ordering Paragraph 19) ("Since Gas Acquisition will no longer be performing system reliability and balancing services, under Remedial Measure 16, as adopted in D.98-03-073, unrestricted communications between Gas Operations and Gas Acquisition are no longer permitted.") and at 116 (Ordering Paragraph 15) ("Applicants' proposal that responsibility for managing any minimum flow requirements for system reliability be transferred from the Gas Acquisition Department to the System Operator and paid for by all customers, is granted.")

Gas Acquisition Will Have to Alter Its Procurement and Injection Plan to Meet the New Commission Directive to Support Noncore Reliability

To effect the Commission's long standing directive to focus on core reliability, Gas Acquisition uses its allocated storage inventory primarily for winter reliability for retail core customers. After each winter season, Gas Acquisition re-builds depleted storage inventory throughout the spring/summer injection season to reach required inventory targets in preparation for the coming winter season. Without the ability to inject at Aliso Canyon, Gas Acquisition's method of providing for retail core winter reliability is constrained and more difficult. In response, Gas Acquisition's base procurement plan is to maximize use of its allocated firm injection rights and balancing tolerances including during system High OFOs in order to build inventory this summer.

In an Envoy posting made on May 3, 2017 at 9:38 AM, the SoCalGas System Operator stated it will post daily on scheduling Cycle 1 a portion of its system firm injection reserved for balancing to be available for nomination, and will not reduce this number through the remainder of the gas day. This posting provided additional reliability for Gas Acquisition to fill available storage inventory by the end of the injection season.

In order to reach the summer reliability minimum storage targets set forth in this letter, Gas Acquisition plans to accelerate injections to the extent additional system firm injection rights become available. Gas Acquisition estimates that it will need to accelerate procurement of up to 3 Bcf of natural gas to reach the projected target storage inventories identified above.

SoCalGas Requests a Memorandum Account Effective May 8, 2017 to Track the Incremental Costs Associated with the Commission's System Reliability Directive⁸

It is difficult to forecast the costs that may be incurred by Gas Acquisition associated with obtaining these accelerated supplies for injection to support system reliability. Gas Acquisition will likely use a variety of gas supply tools, some of which may only be sporadically available and/or subject to operational and market limitations, to increase system receipts during June and July. These tools may include negotiated services from upstream pipelines and late-cycle supply arrangements with suppliers, as well as other tools.⁹ Gas Acquisition will use its best efforts to use these additional tools to attempt to fill the incremental inventory needed at the lowest cost. These best efforts will be complicated by Gas Acquisition's lack of knowledge under the affiliate rules and remedial measures of noncore imbalances, LUAF, and other system operational information that cannot be shared with Gas Acquisition. Gas Acquisition's efforts will also be impacted by natural gas procurement protocols, such as, for example, weekend day-ahead trading on Friday for equal daily volumes on Saturday, Sunday, and Monday.

⁸ Pursuant to System Reliability Directive, the Injection Enhancement Cost Memorandum Account (IECMA) is presented for Commission approval in a separate advice filing, AL 5140.

⁹ Due to the market sensitive nature of these potential tools, Gas Acquisition does not provide specificity at this time in order to try to obtain or negotiate the use of these tools at the lowest possible cost.

Gas Acquisition estimates that accelerating procurement of up to 3 Bcf of natural gas to meet the inventory targets in support of system reliability will result in incremental costs of approximately \$1.5 to \$3 million.¹⁰

Gas Acquisition anticipates creating a separate storage account to account for incremental injections that result from the System Reliability Directive. The purpose of this account is to help track volumes and associated costs of Gas Acquisition gas supplies that have been accelerated. On a bi-weekly basis, Gas Acquisition proposes to review results from implementing these additional measures during ongoing conference calls with ORA, Energy Division, and TURN.

Injection Enhancement Memorandum (IEM) Between Gas Acquisition and the System Operator

The May 8 Letter directs SoCalGas to propose “an agreement between the SoCalGas Acquisitions System Operator and the SoCalGas Gas Acquisition Department to support SoCalGas’ storage requirements for system reliability similar to the Memorandum in Lieu of Contract approved by Resolution G-3485.”

SoCalGas proposes the Commission approve the attached IEM to document the activities and direct the manner in which SoCalGas System Operator and Gas Acquisition employees will interact to maximize storage injection and effectuate the Injection Enhancement Plan (Attachment B). The attached IEM addresses SoCalGas’ proposed actions, including the period of the IEM, identified support activities, and the tracking of costs. This IEM is in lieu of the execution of any contract between the operating and functional departments within SoCalGas to implement the directive.

Tariff Modifications

To implement the Enhanced System Operator Injection Capacity Limits included in the Injection Enhancement Plan described above, SoCalGas includes a revised Rule No. 41 as Attachment A. This modification is temporary, consistent with the Injection Enhancement Plan, and will be removed from the tariff after September 30, 2017.

Rule No. 41, Section 4 is revised to include an additional variable in the Forecasted System Capacity calculation called “Increment Injection Capacity” and to include a definition for that new variable. Modifications to Rule No. 41 are shown in redline as follows:

¹⁰ Calculated based on the assumption that the approximate cost would be \$0.50 to \$1 per dekatherm.

A High OFO is issued if Forecasted System Capacity < On-system Scheduled Quantities

Where,

Forecasted System Capacity = Forecasted Sendout + Physical Storage Injection Capacity + Off-System Scheduled Quantities + Incremental Injection Capacity (through Sept. 30, 2017)

And,

Incremental Injection Capacity = Prior Cycle Scheduled Withdrawal + Withdrawal Capacity Used for Balancing

Protest

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. At the direction of the Executive Director, this AL is requested to be expedited, and SoCalGas respectfully requests that the protest must be made in writing and received by May 26, 2017, which is five business days after the date this Expedited AL was filed with the Commission. SoCalGas will submit its response by June 1, which is three business days after the recommended due date for the submission protests and responses. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-Mail: ROrtiz@semprautilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition, and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved and made effective May 8, 2017, which is the date of the System Reliability Directive.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service lists for I.17-02-002, I.17-03-002, and A.15-07-014. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socialgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Ray B. Ortiz

Phone #: (213) 244-3837

E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5139

Subject of AL: Expedited Advice Letter Requesting Approval of the Proposed Injection Enhancement Plan and Injection Enhancement Memorandum between the System Operator and the Gas Acquisition

Department for Services to Maintain Summer Reliability Pursuant to the May 8, 2017 "SoCalGas Summer Reliability and Storage Inventories" Letter from CPUC Executive Director Timothy Sullivan

Keywords (choose from CPUC listing): Storage, Agreements, Procurement, Contracts, Reliability

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

None

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 5/8/17

No. of tariff sheets: 3

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Rule No. 41 and TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

EDTariffUnit@cpuc.ca.gov

Southern California Gas Company

Attention: Ray B. Ortiz

555 West 5th Street, GT14D6

Los Angeles, CA 90013-1011

ROrtiz@semprautilities.com

Tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A
Advice No. 5139

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 54000-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 2	Revised 51671-G
Revised 54001-G	TABLE OF CONTENTS	Revised 53842-G
Revised 54002-G	TABLE OF CONTENTS	Revised 53996-G

Rule No. 41

Sheet 2

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

4. (Continued)

<u>Cycle</u>	<u>Quantity Used for OFO Calculation</u>
1) Timely	Prior Flow Day - Evening Cycle Scheduled Quantity
2) Evening*	Current Flow Day - Timely Cycle Scheduled Quantity
3) Intraday 1	Current Flow Day - Evening Cycle Scheduled Quantity
4) Intraday 2	Current Flow Day - Intraday 1 Cycle Scheduled Quantity

A High OFO may be issued only if the level of quantities, from the table above, exceeds the forecasted system capacity. System linepack will not be part of the formula used to determine when a High OFO shall be issued. The conditions for issuing a High OFO are summarized below.

A High OFO is issued if Forecasted System Capacity < On-system Scheduled Quantities.

Where,

Forecasted System Capacity = Forecasted Sendout
 + Physical Storage Injection Capacity
 + Off-System Scheduled Quantities
 + Incremental Injection Capacity (through Sept. 30, 2017)

And,

Incremental Injection Capacity = Prior Cycle Scheduled Withdrawal
 + Withdrawal Capacity Used for Balancing

* The Utility will provide a minimum one-hour notice prior to the Evening Cycle nomination deadline when calling an Evening Cycle High OFO.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5139
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 19, 2017
 EFFECTIVE _____
 RESOLUTION NO. _____

N
N
N
N

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5139
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 19, 2017
 EFFECTIVE _____
 RESOLUTION NO. _____

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The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

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Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	52940-G,52941-G
Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) .	52942-G,52943-G
Research Development and Demonstration Surcharge Account (RDDGSA).....	40888-G
Demand Side Management Balancing Account (DSMBA).....	45194-G,41153-G
Direct Assistance Program Balancing Account (DAPBA)	52583-G,52584-G
Integrated Transmission Balancing Account (ITBA)	49313-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5139
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 19, 2017
 EFFECTIVE _____
 RESOLUTION NO. _____

SOCALGAS INJECTION ENHANCEMENT MEMORANDUM

Southern California Gas Company (SoCalGas), executes this Injection Enhancement Memorandum (IEM) to document the activities and direct the manner in which employees of SoCalGas, a public utility gas company regulated by the Public Utilities Commission of the State of California (CPUC), shall conduct the relationship between the SoCalGas System Operator¹ and the Gas Acquisition Department (Gas Acquisition) to maximize storage injection to support system reliability, as directed by the CPUC.² This IEM is in lieu of execution of a contract by SoCalGas (between the operating and functional departments within SoCalGas) to implement the CPUC's directive.

- 1. Background.** On May 8, 2017, the Executive Director of the CPUC sent a letter to SoCalGas directing SoCalGas to file a Tier 2 Advice Letter "proposing an agreement between the SoCalGas System Operator and the SoCalGas Gas Acquisition Department to support SoCalGas' storage requirements for system reliability similar to the Memorandum in Lieu of Contract approved by Resolution G-3485."
- 2. Proposed Injection Enhancement Plan Tools.** The CPUC directed SoCalGas' Gas Acquisition Department to purchase natural gas to support SoCalGas' storage requirement for system reliability. To facilitate increases to storage, the System Operator and Gas Acquisition will undertake actions as follows:

Period: The commencement date for the efforts addressed in this IEM is retroactive to May 8, 2017. The term of this IEM shall continue for each day from the commencement date through and including September 30, 2017.

Support Activities: Every month before Bid Week, the System Operator will set a portion of the storage injection capacity allocated to the system balancing function for injection nominations for the following month in Cycle 1. This quantity will be made available on a best efforts basis considering operational limitations and will be posted on Envoy. Gas Acquisition will use reasonable best efforts to utilize the quantity made available.

The day before a gas flow day, the System Operator will determine whether additional injection capacity allocated to the system balancing function above what was made available for the month can be made available for injection nominations in Cycle 1. If additional capacity can be made available for Cycle 1, the additional capacity will be reflected in the Net Storage Injection Capacity value on the Capacity Utilization Page on Envoy. The System Operator will use its reasonable best efforts to make this additional quantity available for the remainder of the gas day. Gas Acquisition will use its reasonable best efforts to utilize the quantity made available.

Each flow day morning, the System Operator will determine whether additional injection capacity allocated to the system balancing function can be made available for injection nominations in Cycle 3. If additional capacity can be made available for Cycle 3, the additional capacity will be reflected in the Net Storage Injection Capacity value on the Capacity Utilization Page on Envoy. This additional quantity will be made available on a best efforts basis for the remainder of the gas day. Gas Acquisition will use reasonable best efforts to utilize the quantity made available.

¹ The System Operator is defined in SoCalGas Rule No. 41.

² See May 8, 2017 letter from Timothy Sullivan, Executive Director of the CPUC to Bret Lane, President and Chief Operating Officer of SoCalGas ("By this letter, I am directing SoCal Gas to immediately begin maximizing storage injections using the procurement capabilities of the SoCalGas Acquisition Department to support SoCalGas' storage requirement for system reliability.")


Costs: Incremental costs associated with the IEM will be recorded in the Injection Enhancement Cost Memorandum Account.³

Regulatory approval: This IEM will be submitted to the CPUC by Advice Letter and will not become effective until approved by the CPUC. In the event the CPUC does not approve this IEM, or imposes terms unacceptable to SoCalGas, this IEM will be null and void.

Based upon the foregoing, this IEM sets forth the commitment and guidelines by which employees of SoCalGas will interact to maximize storage injections to support system reliability, as directed by the CPUC. All such activity will be conducted in accordance with the terms and conditions of SoCalGas' tariffs, and other applicable rules and regulations.

Executed by:

System Operator

By: 

Title: Director, Gas Control and System Planning

Date of execution: May 19, 2017

Gas Acquisition

By: 

Title: Vice President, Gas Acquisition

Date of execution: May 19, 2017

³ See Advice No. 5140, Expedited Advice Letter Requesting to Establish the Injection Enhancement Costs Memorandum Account (IECMA).