

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 13, 2016

Brian C. Prusnek
Director of Regulatory Affairs
Southern California Gas Co. and San Diego Gas and Electric
601 Van Ness Ave, Suite 2060
San Francisco, CA 94102

Subject: Winter Demand Response Programs for Southern California Gas Company

Dear Mr. Prusnek:

On October 25, 2015, the Southern California Gas Company (SoCalGas) notified the California Public Utilities Commission (Commission) of a natural gas leak at the Aliso Canyon gas storage facility. In response, on January 6, 2016, Governor Brown proclaimed a state of emergency for Los Angeles County. The proclamation directs all agencies of state government to "ensure a continuous and thorough response to this incident" and further directs the Commission to "take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months."

SoCalGas' storage facility at Aliso Canyon is the second largest natural gas storage facility in the western United States with a capacity of 86.2 billion cubic feet (Bcf) of natural gas. In addition to the size of the Aliso Canyon facility, the facility is also of critical importance because of its location near and ability to serve the Los Angeles County Basin.

Though the leak was sealed on February 17, 2016, reliability concerns remain as we transition to winter. The joint agency Aliso Canyon Gas and Electric Reliability Winter Action Plan (Winter Action Plan) determined that there is the possibility of gas curtailments this winter, particularly on peak winter days. The Winter Action Plan proposes ten measures to mitigate the risk and magnitude of natural gas curtailments and electricity service interruptions for the upcoming winter.¹ Among those measures is the development and implementation of gas demand response programs for core and non-core customers.

In accordance with the Winter Action Plan's effort to protect the state from reliability risks this winter, I am directing SoCalGas to develop and submit to the CPUC a proposal for demand response programs in its service territory for the winter of 2016. Accordingly, SoCalGas should submit a Tier 3 advice letter proposing gas demand response program(s) that will be in place for customer participation by December 1, 2016. SoCalGas' programs should be designed to incent reductions in gas consumption on peak days when its system reliability is anticipated to be stressed, and should leverage its smart meter system as much as possible to measure the load reductions.

SoCalGas' advice letter filing must include the following:

- For each program, detailed descriptions of the elements of the program, including eligibility criteria, trigger mechanisms, customer notification processes, event windows and incentive structures;
- For each program, estimated savings (in therms). Descriptions of the methodologies and assumptions for the savings should also be included;

¹ Aliso Canyon Gas and Electric Reliability Winter Action Plan, August 22, 2016. Available at: http://www.energy.ca.gov/2016_energypolicy/documents/index.html#08262016

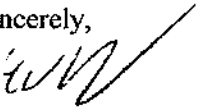
- For each program, proposed budgets;
- Comprehensive plan(s) for launching the demand response program(s) by December 1, 2016, including marketing efforts or program design strategies to support rapid uptake in the program(s);
- Proposed metrics to determine success of the program(s) and evaluation plans for future improvement;
- Tariffs that provide the terms and conditions of the demand response program(s), if applicable;
- A request for expedited treatment. Specifically SoCalGas should request that the protest period for the advice letter be shortened to 6 calendar days and its opportunity to reply reduced to 2 calendar days;
- The advice letter shall be served to all applicable recipients including those on the service lists for R.13-09-011, A.15-06-020, A.14-12-017, and A.15-07-014 (Demand Response, Curtailment Procedures, TCAP Phase One, and TCAP Phase Two, respectively).

SoCalGas is directed to file the Tier 3 advice letter no later than September 27, 2016, so that the Commission has enough time to process the information and render a resolution in advance of December 1, 2016.

SoCalGas may also file a separate advice letter seeking the establishment of a memorandum account to track the costs of its proposed gas demand response programs.

If you have any questions regarding this request, please contact Bruce Kaneshiro at (415) 703-1187.

Sincerely,



Edward Randolph
Director, Energy Division

cc: R.13-09-011
A.15-06-020
A.14-12-017
A.15-07-014