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Tim Carmichael
Agency Relations Manager
State Government Affairs
925 L Street, Suite 650
Sacramento, CA 95814
Tel: 916-492-4248
TCarmichael@semprautilities.com

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Subject: SoCalGas/SDG&E Comments on CEC's proposed gas forecast Forms for 2021 IEPR

The Southern California Gas Company (SoCalGas) appreciates the opportunity to provide feedback to the California Energy Commission (CEC) staff on the forms drafted by staff to inform the CEC's natural gas demand forecast for the 2021 Integrated Energy Policy Report (IEPR). SoCalGas appreciates the very constructive meetings with staff and the other natural gas utilities to better understand the input sought by staff for the demand forecast. As discussed at our meeting on January 12, 2021, there are a number of data inputs in the draft Forms that are not available or may be available for only a portion of the forecast period. In the following comments, SoCalGas will provide information on what data is available and utilized in development of demand forecasts performed by SoCalGas.

Forms 1.1 to 1.5 Column Headings

As discussed in the Webinar on January 12, 2021, the data in these forms would begin with year 2019 instead of 2018, with historical data used for 2019 and 2020. What kind of historical data for these two years – recorded or weather normalized? If both are requested, utilities will provide the data in separate forms.

As the CEC plans to summarize core and noncore consumptions for utilities, the SDG&E forecast will be provided as one column in SoCalGas' forecast data. SoCalGas' total throughput would include SDG&E because SDG&E is also a SoCalGas wholesale customer. SDG&E's detailed forecast will be provided in SDG&E's response to the data request separately.

To clarify, "Core Wholesale and International" will be the consumption of core end-use customers within SoCalGas' wholesales and international customers excluding SDG&E, for the reason described previously. Similarly, "Noncore Wholesale and International" will be the consumption of noncore end-use customers within SoCalGas' wholesale and international customers excluding SDG&E. SDG&E does not have wholesale and international customers.

For SoCalGas and SDG&E, the "Core Curtailment" forecast would be all zeros, as SoCalGas and SDG&E do not plan to curtail core customers' gas demand. SoCalGas and SDG&E recommend this column be removed from the data request.

To be consistent with the California Gas Report (CGR), "Noncore Electric Generation" includes commercial and industrial cogeneration, refinery related cogeneration, EOR-related cogeneration, and non-cogeneration electric generation.

For SoCalGas, as suggested by CEC staff in the Webinar on January 12, 2021, Vernon EG would replace "Noncore SMUD Electric Generation". However, historical and forecast data of Vernon EG are confidential data. SoCalGas recommends combining Vernon EG with SoCalGas' "Noncore Electric Generation".

SoCalGas and SDG&E do not have "Noncore Natural Gas Vehicle (NGV)" customers. SoCalGas and SDG&E consider all NGV customers as core. Therefore, the forecast for "Noncore Natural Gas Vehicle (NGV)" would be all zeros. SoCalGas and SDG&E recommend eliminating this column in the data request.

As discussed in Webinar on January 12, 2021, SoCalGas will combine Ecogas with "Wholesale and International".

Because of the above-mentioned items b), c), and f), some data categories would differ from those in CGR and are not readily available. Re-categorizing and recombining CGR data into categories as requested here would require significant additional time and effort--without likely adding much relevant new information.

Form 1.2: SoCalGas and SDG&E do not have their "1-in-10 Cold Year Demand" in the CGRs. SoCalGas and SDG&E recommend using "1-in-35 Cold Year and Dry Hydro" Demand, as shown in the CGR.

Form 1.3: Form 1.3 should be removed. The CGR only provides peak day demand. SoCalGas and SDG&E do not have peak day hourly forecast for each market segment. As mentioned in the January 12, 2021 Webinar, the CEC can use winter peak day hourly profiles utilized by SoCalGas' Transmission Planning group as provided every March 15 for Title 20 requirements. Title 20 responses include hydraulic models and 1-in-10 peak day data for the upcoming operating year. SoCalGas and SDG&E have no hourly information for years beyond that.

Form 1.4: For reasons explained regarding Form 1.3 above, Form 1.4 should also be removed. The CEC can use hourly profiles and 1-in-10 summer peak day data from information in annual Title 20 responses.

Form 1.5: Form 1.5 should be removed. In CGRs, SoCalGas and SDG&E do not have "1-in-10 Hot Year Natural Gas Demand" nor do they have a "1-in-10 Hot Year" EG demand. The CGR's EG demand only has two scenarios of base hydro and dry hydro.

Form 1.6: For electricity prices, SoCalGas and SDG&E use Mid Case price forecasts from the CEC's IEPR. (The 2020 CGR used the 2019 IEPR's Southern California Edison prices for SoCalGas' area, and SDG&E prices for SDG&E.) The natural gas "commodity" price will be what is used in the CGR including interstate pipeline transportation charges. The

utilities do not forecast separate price data for renewable, synthetic, or hydrogen gas fuels -- so those categories should be removed, as should the lower "Portion" table that starts in Row 27. Transportation rate data (starting in Column J) can be provided as requested.

Form 1.7: Eliminate all CDD columns. In their natural gas work, SoCalGas and SDG&E do not focus on or forecast CDDs. Eliminate the two Average and Hot "temperature summer peak day HDD" columns--since on all summer peak temperature days, HDDs will be zero. The four remaining columns will be D (Avg Temp HDD), F ([1-in-? year?] Winter peak day HDD), H (1-in-35 cold year HDD), and J (1-in-35 hot year HDD). Question: how does the CEC want the data for "Winter peak day HDD" to differ from "cold year HDD"? The utilities' Temperature Zone names, stations, and weightings can be provided as requested, though.

Form 1.8: Top-table macroeconomic indicators can be provided as used in the CGR--thus will not match all categories shown. (For SoCalGas and SDG&E, the indicators will be two deflators--LA area CPI, and GDP deflator; and service-area single- and multi-family housing starts.) For lower-table sectoral employment, SoCalGas and SDG&E can provide the detailed series used in the CGR end-use models (for SoCalGas, 14 commercial and 11 industrial sectors; for SDG&E, 14 commercial and one aggregated industrial sector).

Form 1.9: As discussed in the January 12, 2021 Webinar, the data will report the saturations by market segment, business type and end use for 2019 only. For example, for the residential sector, the business type would be single family, multi family, etc (not restaurant as is currently showing in proposed Form 1.9). And for both SoCalGas and SDG&E, the commercial and industrial markets should both be split into core and noncore segments. Providing data for the Form would require a substantial amount of additional work, without likely adding useful information--particularly since that the data would be only for one year.

Form 1.10: SoCalGas/SDG&E will provide the EE-programs cumulative savings separately from the EE Codes and Standards cumulative savings. Demand Response no longer applies (all zero) and should be removed from the Form.

Form 1.11:

A. Climate-change-related gas demand reduction is in weather-sensitive sectors. Heating-Degree Days are assumed to decline annually over the forecast period due to warming climate (-4 HDD/year for SoCalGas, -2 HDD/year for SDG&E gas). Assumed demand reduction is calculated by comparing the declining-HDD forecast with a hypothetical forecast of HDDs held constant at their recorded 20-year average.

B. SoCalGas and SDG&E currently do not forecast gas demand impacts of local ordinances encouraging electrification. To date, there are very few Reach Codes in southern California that would cause significant changes from current state building codes.

C. In the 2022 CGR, both utilities are likely to include forecasted impacts of electrification, probably at a system level (not by local jurisdiction or building code).

D. At this time, SoCalGas and SDG&E do not have a forecast for hydrogen blending. SoCalGas recently submitted an application with the California Public Utilities

Commission to initiate limited pilot programs on hydrogen blending to better inform future policy on hydrogen blending for California.

E. SoCalGas does not have a specific forecast of RNG supply. Further, RNG is interchangeable with natural gas and would not materially change the demand forecast.

Form 1.12: New business demand by customer class is available on a net basis (year-to-year net changes -- equivalent to annual changes in the data from Form 1.1).

Form 2.1:

A. Revenue Requirement of Customer Class by Asset Category: This part of Form 2.1 appears to be a burdensome request. For the period 2019-2021, SoCalGas and SDG&E have the data but not in the format that the CEC requests. In the two utilities' Cost Allocation and Rate Design Models, data are organized by Customer Class by CPUC Proceedings by Asset Category. For example, the Local Transmission revenue requirement by Customer Class is captured in multiple sections of our models: (i) General Rate Case (GRC) decision, (ii) three separate Pipeline Safety Enhancement Plan (PSEP) decisions, (iii) Transmission Integrity Management Plan Balancing Account, and (iv) multiple other PSEP regulatory accounts. This disaggregated information can be provided as it is readily available. Aggregating all these components of Local Transmission revenue requirement by customer class for each year, however, would be an extremely burdensome task for the utilities to undertake. For the forecast period 2022 and beyond, SoCalGas and SDG&E do not save these intermediate results in the derivation of forecasted retail rates. SoCalGas and SDG&E would need much additional time to re-run the Cost Allocation and Rate Design models to create and save these intermediate results, beyond the time required for the historical years mentioned above. Allocation factors for the categories would, of course, also depend on performing the burdensome amount of additional work as described above.

B. Revenue Requirement of Programs and Other Expenses by Asset Category: As discussed in the January 12, 2021 Webinar, the requested direct capital and O&M expenditures are not available by customer class. SoCalGas and SDG&E gas can provide the available data by line item in a similar format to what was authorized in the 2019 General Rate Case (GRC), with that data available only through year 2021.

Form 2.2: Forecast data are available at utility-system level, not by climate zone. SoCalGas/SDG&E will indicate "NA" for customer categories the two utilities do not track (such as curtailment customers and SMUD customers). SoCalGas Exchange customer count is unclear. Exchange occurs through Master Exchange Agreement and volumes are tracked by the location of the exchange tap. Only one column is needed for "Wholesale and International" customers (do not split to Core and Noncore). SoCalGas does not track the number of customers that our wholesale customers serve, so each Wholesale entity will count as one customer. The separate column for Ecogas should be removed; it will be included as one customer in "Wholesale and International. Remove Noncore NGV; NGVs

are Core customers only. Also remove Shrinkage, as it is not a customer category.

Form 2.3: The ratebase data requested by functional category and climate zone are not available. SoCalGas and SDG&E do not have the level of detail needed for each ratebase component (i.e. plant in service, deferred taxes, working cash, materials and supplies, depreciation) to compute such analysis.

Form 2.4: Data are not available by climate zone. SoCalGas and SDG&E may be able to provide some limited system-level data, for only the current year. SoCalGas has not identified a resource to provide a forecast of replacement miles. This data may be available at a system level in the General Rate Case filing. But, will require further time to evaluate the availability of the data.

SoCalGas looks forward to continued dialogue with staff on the data needed to support CEC's natural gas demand forecast for the IEPR.

Sincerely,

Tim Carmichael

Tim Carmichael
Agency Relations Manager
Southern California Gas
Company