ORA DATA REQUEST
ORA-SCG-138-CL8
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 26, 2018
DATE RESPONDED: MARCH 12, 2018

Exhibit Reference: SCG-38-WP-R
SCG Witness: Karen Chan
Subject: Working Cash

Please provide the following:

1. Please provide a definition for the amounts that are charged to each of the following accounts, as reconciled in response to Question 2 of SoCalGas's response to ORASCG-110-CL8:
   a. GHG Allowances – Current (SAP Account #1131109)
   b. GHG Allowances – Non-Current (SAP Account #1360085)
   c. GHG Emission Liabilities – Current (SAP Account #2197231)
   d. GHG Emission Liabilities – Non-Current (SAP Account #2540036)

SOCALGAS Response 01:

For a description of the activity captured in these accounts, see SoCalGas' response to Question 2a of ORA-SCG-024-CL8. In addition, the term "current" indicates account activity that is expected to turn over within 12 months, compared to the term "non-current," which indicates account activity that is not expected to turn over within 12 months.

2. Please provide the monthly balances of the accounts identified above in (1) over the period 2012-2017.

SOCALGAS Response 02:

Please see Excel file "ORA-SCG-138-CL8 Response 2 (Confidential)." This attachment is considered Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-D, and D.17-09-023. Confidential information has been shaded in gray

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3. Please explain the requirements that SoCalGas faces regarding the surrender of allowances to CARB, including surrender deadlines, compliance periods, and percentages of emissions liabilities that must be met each year. If any of these requirements provides for the discretion of the covered entity, please explain SoCalGas's strategy to meet the requirements.

SOCALGAS Response 03:

The table below summarizes compliance entities' surrender requirements as directed in ARB's Cap-and-Trade regulation, title 17, CCR, sections 95801-96022 (see section 95856). As an example, on 11/01/16 SoCalGas surrendered compliance instruments to cover at least 30% of its compliance obligation; allowances had to be vintage years 2015 or earlier. While SoCalGas has discretion regarding which allowances are surrendered, once allowances are purchased, other than vintage, they are completely fungible.

Surrender Obligations as a Percent of Annual Compliance Obligation									
Surrender Date	Compliance Period (CP) / Compliance Year								Vintage Years
	CP1: '13-14		CP2: '15-17			CP3: '18-'20			
	2013	2014	2015	2016	2017	2018	2019	2020	
11/01/14	30%								2013
11/01/15	70%	100%							2014 or earlier
11/01/16			30%						2015 or earlier
11/01/17				30%					2016 or earlier
11/01/18			70%	70%	100%				2017 or earlier
11/01/19						30%			2018 or earlier
11/01/20							30%		2019 or earlier
11/01/21						70%	70%	100%	2020 or earlier

4. Please explain SoCalGas's strategy for the consignment and bidding of allowances at auction.

SOCALGAS Response 04:

Per the Cap-and-Trade regulation, title 17, CCR, section 95914, compliance entities are limited in their disclosure of auction participation information. SoCalGas does, however, describe its general auction procurement strategies in Sections II, III and IV of the confidential SoCalGas 2018 Greenhouse Gas Annual Report filed with the CPUC Energy Division Director on March 1, 2018.

5. Please explain SoCalGas's strategy for the purchase of allowances and offsets outside of the quarterly CARB auctions.

SOCALGAS Response 05:

SoCalGas' procurement strategies are found in Sections II, III and IV of the confidential SoCalGas 2018 Greenhouse Gas Annual Report filed with the CPUC Energy Division Director on March 1, 2018.

6. SoCalGas's Response to Question 4 of ORA-SCG-110-CL8 indicates that the liabilities are incurred as GHGs are emitted. Please explain how these emissions are priced (denominated) into dollars by SoCalGas, to arrive at the dollar balance of the emissions liability accounts.

SOCALGAS Response 06:

D.15-10-032 ordering paragraph (OP) #4 states, "The calculations, methodologies, and procedures described in Appendix A to this decision for forecasting greenhouse gas compliance costs, expenses, and proceeds are adopted." Further, Appendix A, Table B Notes indicate, "Each month, a utility records its GHG costs to its respective balancing account. These costs are calculated as the weighted average cost (WAC) of compliance instruments held in inventory at the end of a month multiplied by the quantity of emissions generated in that month for which the utility has a compliance obligation. The recorded costs for the year are the sum of the monthly GHG expense entries for the year." Therefore, in compliance with D.15-10-032 OP #4 and Appendix A Table B Notes, emissions are priced at the WAC of compliance instruments held in inventory at the end of the reporting month.

7. Please explain how the value of surrendered allowances is determined. If the surrendered allowances are priced at the same nominal amount as their original cost, please explain how SoCalGas decides which allowances (i.e., which vintages) to surrender.

SOCALGAS Response 07:

The value of surrendered allowances is calculated in accordance with D.15-10-032 as described in the response to question 6. Compliance instruments are surrendered every November of each year using the compliance entities' surrender requirements as directed in ARB's Cap-and-Trade regulation. Please refer to the summarized table for question #3.

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8. Please explain if SoCalGas realizes any gains through the transfer (sale) of allowances to other covered entities.
a. If yes, please explain if and how these gains are recorded to the accounts identified above in (1), or any other applicable accounts.
b. If yes, please explain if and how these gains are shared by ratepayers and shareholders.

SOCALGAS Response 08:

Since the inception of CARB's Cap and Trade program, SoCalGas to-date has not sold compliance instruments bilaterally nor has SoCalGas sold exchange-traded CCA futures contracts. If compliance instrument sales to other covered entities were to occur, a realized gain / loss from sale would be recorded to SoCalGas' Greenhouse Gas Balancing Account (GHGBA). No gain or loss would be realized by shareholders. The gain / loss from sale of compliance instruments would be treated as a procurement-related cost / revenue and a straight pass-through to SoCalGas customers.