

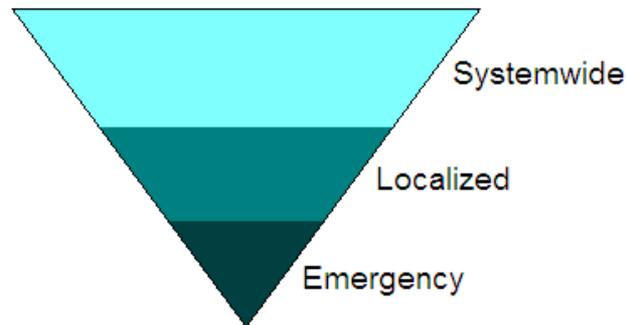


Curtailment

Prepared for State of California – Department
of General Services

Types of Curtailments

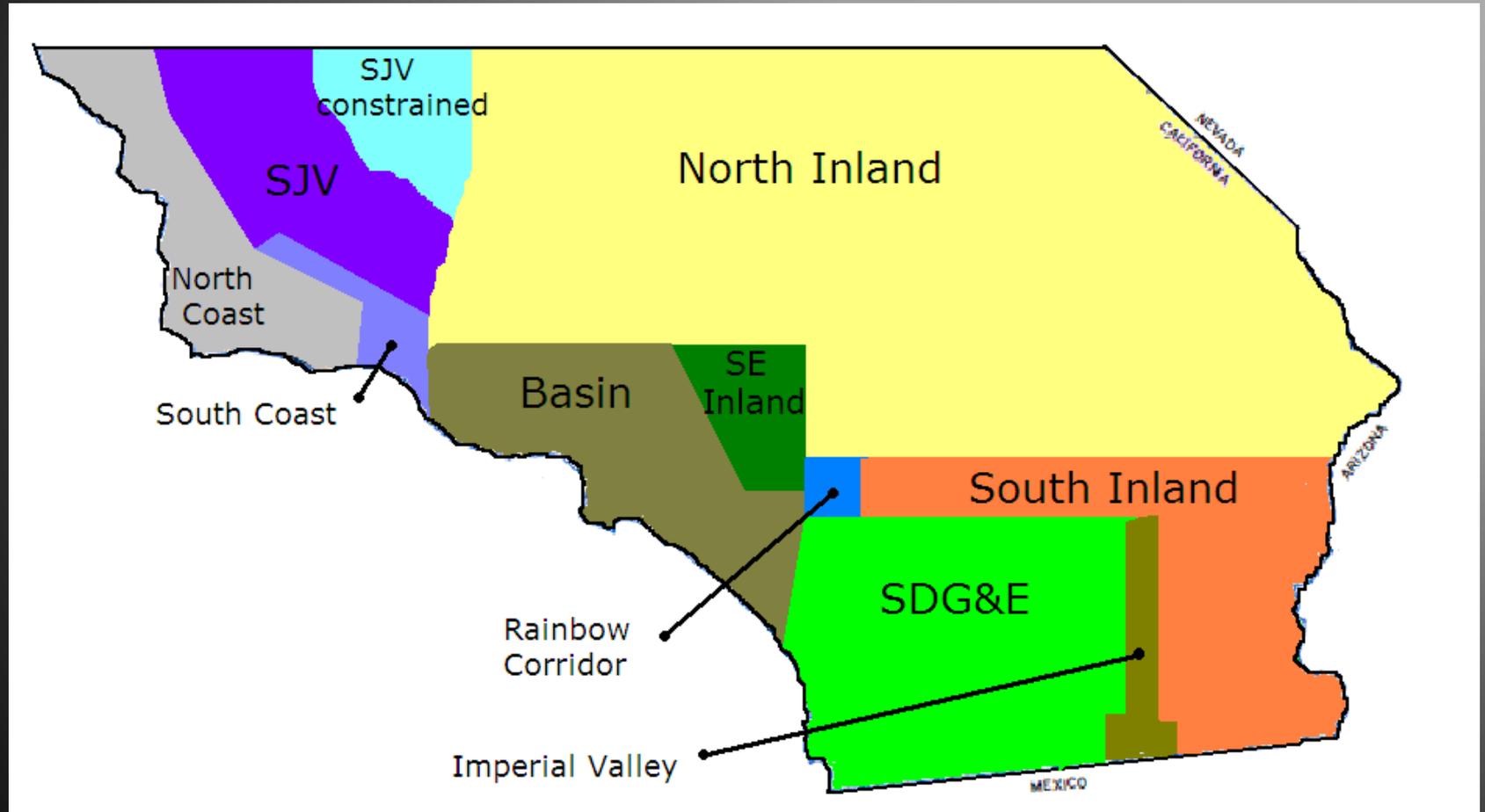
- **Systemwide Curtailment** – Occurs when large areas of our system can not maintain adequate pressure.
- **Localized Curtailment** – Affects only localized areas including:
 - The SJV which is capacity constrained on a cold winter day.
 - The Southern System connecting from Blythe to the Imperial Valley, including part of Riverside county and then through the Rainbow Corridor to SDG&E.
- **Emergency Curtailment** – Occurs as a result of an emergency condition risking the utility’s ability to meet core load.



SCG Gas Systems

- **10 Regions** have been defined by system. Every customer is defined to a region for curtailment purposes.
- **Southern Regions**: South Inland, Imperial Valley, Rainbow Corridor, SDG&E
- **LA Basin Regions**: Basin, South East Inland
- **North Coastal Regions**: South Coast, North Coast
- **North Inland Regions**: North Inland, San Joaquin Valley Constrained, San Joaquin Valley

SCG Gas Systems

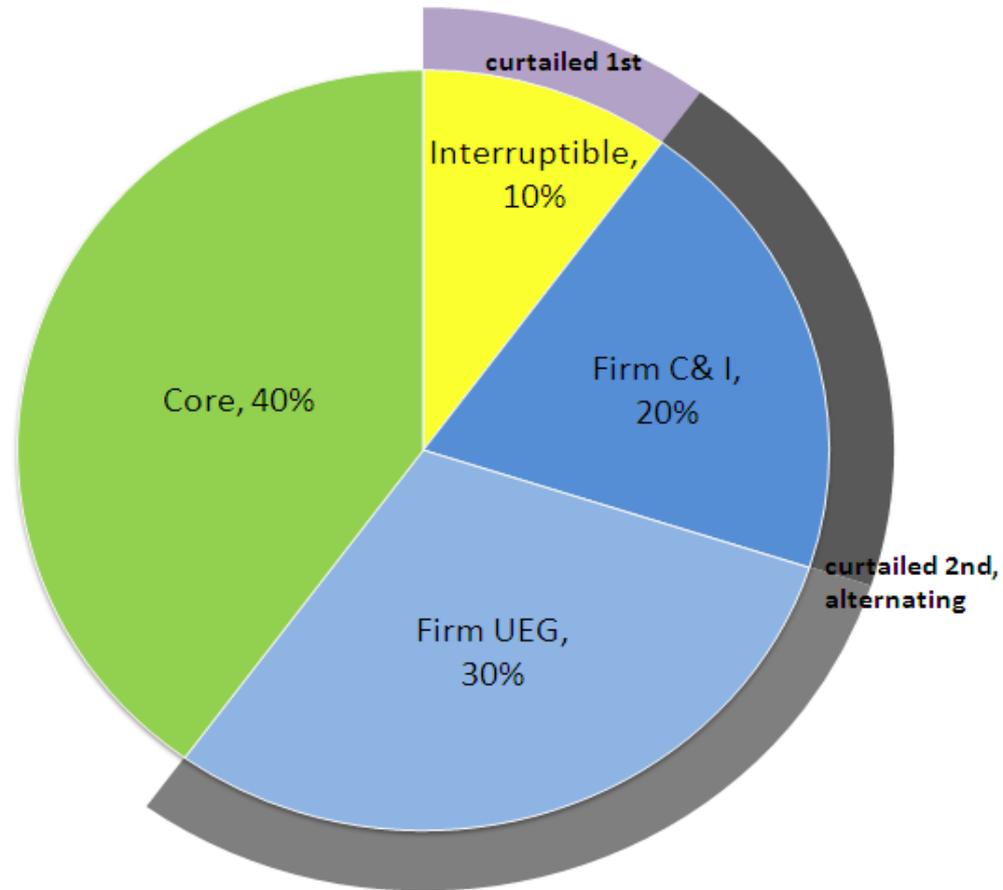


*Not to scale

Rule 23: Curtailment Order

- ▶ **Rule 23** defines the rules to protect core customers, who represent about 40% of our total system load, during major service interruptions.
- ▶ All Standby Procurement service is the first group to be curtailed. This is followed by the next order, Curtailment of Noncore Customers, allowing enough notice that potential gas issues that may directly impact them.
- ▶ Non-core: Interruptible customers curtailed before firm noncore customers.
 - Interruptible customers – approximately 10% of total load – curtailed in a pro-rata manner
 - Firm customers –50% of total load– arranged in two queues, each with usage quantity blocks with curtailments made between alternating queues
 - UEG/Cogen – 30% of total load
 - Firm C&I – 20% of total load
- ▶ All firm unbundled storage withdrawal
 - UEG service shall be curtailed before cogeneration service.
- ▶ Non-Residential Core customers
 - All Priority 2A service on a pro rata basis (accounts using more than 20,800 therms per active month)
 - All Priority 1 non-residential service on a pro rata basis (core accounts using less than 20,800 therms per active month)
- ▶ Residential Core customers (classified as Priority 1)

Customer Composition and Curtailment Order



Notifying Customers

When SCG deems it necessary to call a curtailment, these are the steps taken to reach out to the customer:

- ▶ Based on Contact Information indicated on the Schedule A contract, SCG is mandated to contact the affected customer. It is important to provide your AE with the latest contact information in case of an event. The AE will contact by phone, email, fax or all methods:
 1. Emergency Contact
 2. Operations Contact
 3. Contract Contact

- ▶ Affected customers will be mailed a copy of the advice letter via overnight mail with details of the curtailment event.

- ▶ Curtailment critical notifications and updates are posted on SCG's ENVOY website

ENVOY – Critical Notices

The screenshot displays the SoCalGas ENVOY website interface. At the top, the logo for Southern California Gas Company and Semptra Energy Utility is visible, along with the text "SoCalGas ENVOY®". A search bar is located in the top right corner. Below the header is a navigation menu with options: Home, Informational Postings, CA Energy Hub, Regulatory Releases, Envoy Forms, Register, and Help. The left sidebar contains a list of "Informational Postings" with "Critical" highlighted. Below this are several dropdown menus: Receipt Point Capacity, Storage Capacity, Imbalance Trading, Operations, and Wobbe Index. The main content area features a search bar with fields for "Date From", "To", "Keywords", and "Category" (set to "Critical Notices"). Below the search bar is a table of "Critical Notices". The table has columns for "Message Subject", "Date Posted", and a small icon. The "Curtailment Watch - Feb 25, 2014" row is highlighted. To the right of the table is a "Message" box containing details for the selected notice, including the subject, category, author, date posted, and attachment(s). The message text provides specific information about the G-BTS4 rate for March 7 through March 13, 2014, and includes contact information for North Baja Blythe, El Paso Ehrenberg, and TGN Otay Mesa.

Search

Date From : To : Keywords : Category :

Message Subject	Date Posted	
Interruptible Rate G-BTS4 Mar 7 thru Mar 13, 2014	03/05/2014 01:46 PM	
Winter Balancing Update	03/05/2014 10:42 AM	
C1 Extended Gas Day 3/4	03/03/2014 09:50 AM	
Interruptible Rate G-BTS4 Mar 1 thru Mar 6, 2014	02/26/2014 12:38 PM	
Market Conditions Advisory	02/25/2014 01:32 PM	
Storage Inventory Adjustment	02/25/2014 12:29 PM	
Curtailment Watch - Feb 25, 2014	02/25/2014 11:41 AM	
Range of G-BTS4 Rate for March 2014	02/21/2014 08:24 AM	
Interruptible Rate G-BTS4 Feb 21 thru Feb 28, 2014	02/19/2014 01:53 PM	
Off System Capacity Notice	02/14/2014 08:09 AM	
70% Daily Balancing Reminder	02/12/2014 09:15 AM	
Interruptible Rate G-BTS4 Feb 14 thru Feb 20, 2014	02/12/2014 09:01 AM	
70% Winter Daily Balancing begins 2/11/14	02/10/2014 03:27 PM	
End of Curtailment of Standby Procurement Service	02/10/2014 10:58 AM	
Curtailment of Standby Procurement Service Update	02/09/2014 11:48 AM	
Curtailment of Standby Procurement Service Update	02/08/2014 01:48 PM	
Notice of 70 Percent Daily Balancing Regime	02/07/2014 10:13 AM	
Curtailment of Standby Procurement Service - Stil	02/07/2014 09:40 AM	
OSD Capacity Notice	02/07/2014 05:29 AM	

Message

Subject: Interruptible Rate G-BTS4 Mar 7 thru Mar 13, 2014

Category: Critical Notices

Author: Edward A Vera

Date Posted: 03/05/2014 01:46:23 PM

Attachment(s):

The specific G-BTS4 rate for March 7 thru March 13, 2014 will be 14.233 cents/dth for the following receipt points:

North Baja Blythe
El Paso Ehrenberg
TGN Otay Mesa

The BTS4 rate range for Southern receipt points for the month of March 2014 is 9 cents/Dth to 14.233 cents/Dth.

The discount may vary on a weekly basis within that range. A week will be defined as Friday through Thursday. The rate for each week will be posted by 2 pm on the preceding Wednesday.

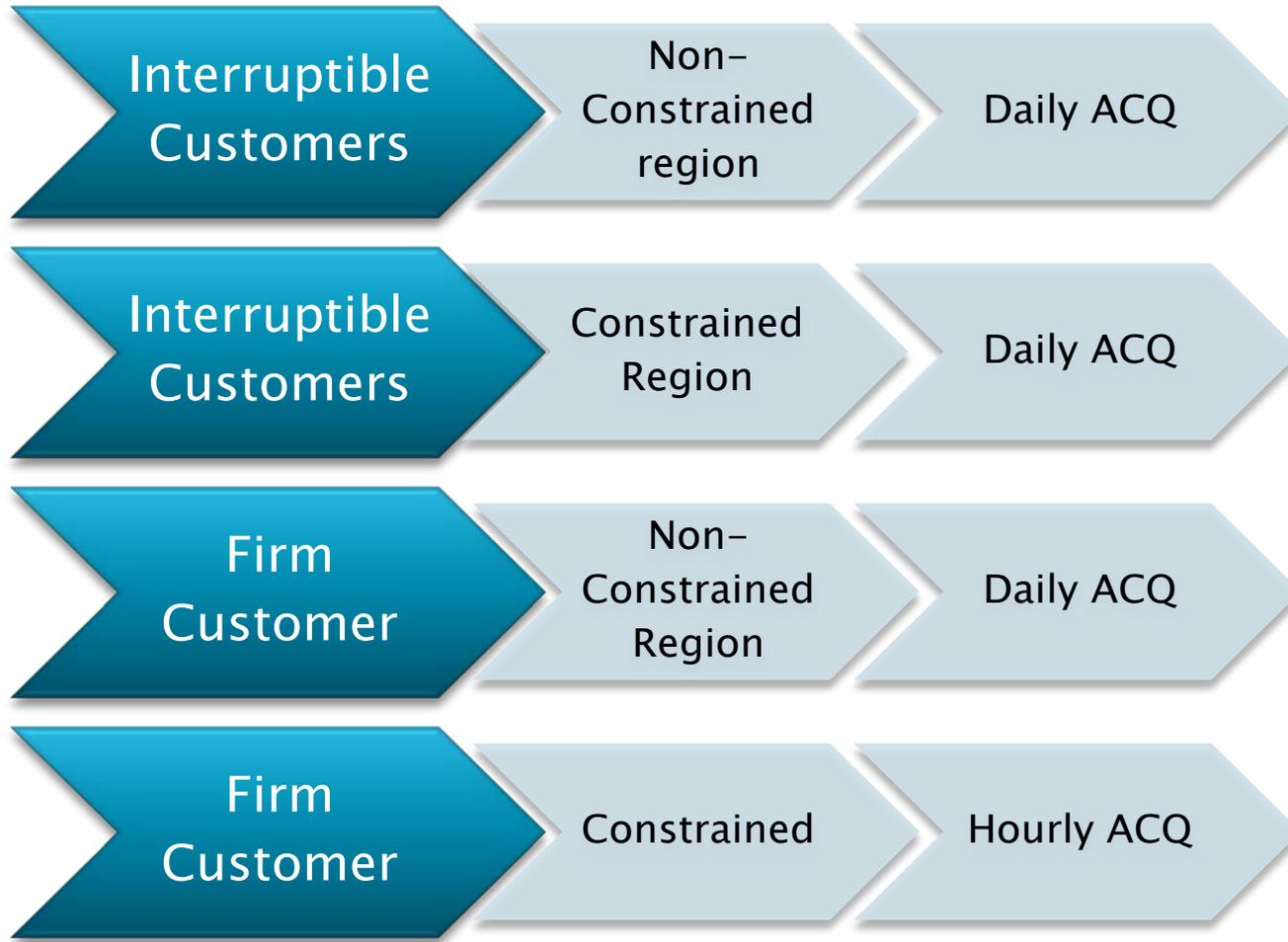
All G-BTS4 contracts nominated at receipt points other than the Southern System will be charged the applicable maximum G-BTS4 tariff rate.

Information on rates can be found at: <http://www.socialgasenvoy.com>

Authorized Curtailment Quantity ("ACQ")

- ▶ During a curtailment, customers required to stay within their *authorized curtailment quantity* ("ACQ") for their non-curtailed services.
- ▶ ACQ's are based upon Schedule A contract volumes and operating schedules.
- ▶ Allocation of a customer's ACQ will have an impact on how curtailment violation charges are assessed.
- ▶ ACQ based upon usage (rather than hourly).
- ▶ ACQ's are to be additive to Firm Storage Withdrawal and CA-source supplies during a curtailment.
- ▶ During the curtailment periods, the ACQ is to be based upon the customer's usage during the three curtailment periods (i.e., hours 1–5, 6–8 and after 8 hours through end of curtailment); and subject to curtailment violation charges only if his usage exceeds ACQ during these three periods.

ACQ: Rule of Thumb



ACQ Example

Q: If a curtailment was issued in February for a firm customer in a non-constrained region, what would be the customer's ACQ?

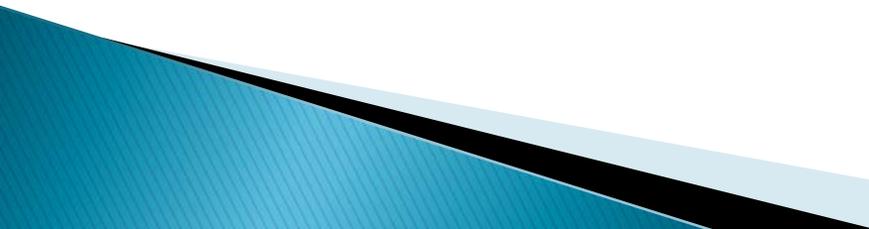
A: Based on the customer's Schedule A contract, the "Monthly Scheduled Quantity" for February's schedule quantity is needed to calculate their daily ACQ amount:

$$39,788 / 28 \text{ days} = \mathbf{1,421 \text{ therms/day}}$$

MONTHLY SCHEDULED QUANTITY (THERMS)

January	44,268	July	43,896
February	39,788	August	44,020
March	43,679	September	42,690
April	42,090	October	44,206
May	43,927	November	42,090
June	42,300	December	44,051

Curtailment Penalties

- Billing starts assessing penalties based on the time the customer was notified by the AE, not the time SCG initiated the event.
 - Per Rule 23, customers failing to curtail are assessed a penalty of
 - \$1 per therm for hours 1–5 of the customers operating day,
 - \$3 per therm for hours 6–8, and
 - \$10 per therm for the remaining hours.
- 

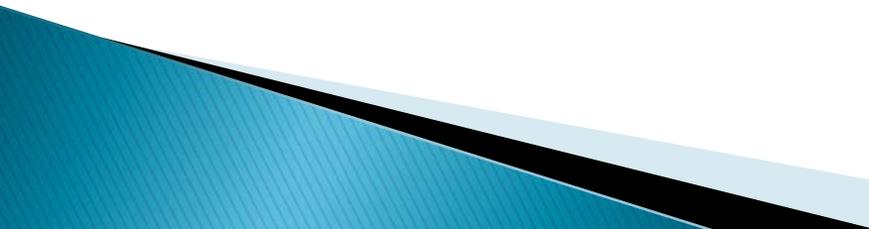
Factors Leading to Curtailment

- ▶ Winter curtailment season is defined as November 1 – March 31. The most likely times for winter curtailment are between December 1 – February 15.
- ▶ Drivers of curtailments:
 - **Weather:** Eastern cold weather can affect us since our gas supplies become diverted by other states before they reach delivery to us.
 - **Demand:** When demand is grossly higher than gas volumes being delivered into our system. Unless there are winter balancing rules in effect, which does not account for immediate/unexpected and sustained high demand.
 - **Constrained area limitations:** Localized areas such as Southern System and San Joaquin Valley are restrained by having limited delivery points that can receive gas, especially when extreme cold weather snaps.
 - **Electric Generation demand:** With SONGs down, as well as with the state being reliant on other renewable energy sources, more EG and peaker EGs are reliant on natural gas.
 - **Storage constraints:** SCG storage capacity are limited and only offer short term relief.

Curtailment of Standby Procurement Service

- ▶ Customers or their contracted marketers are required to schedule a gas quantity equal to or greater than 90% of applicable metered throughput for each day that the curtailment is in effect (Winter Balancing).
- ▶ Contracted Marketer would be held responsible for any violations associated with the curtailment. We are not privy to the contract that the CM has with the customers regarding violations, and are unsure if the CM passes those costs to the Customers.
- ▶ SCG sent notices to customers who already had Contracted Marketers because:
 - We wanted to inform customers of the curtailment in case their CMs contact them they are aware of situation, and
 - We wanted to give customers an opportunity to be proactive and work with their CM to ensure that the gas they intend to burn will be scheduled.

Winter Balancing Rules: November – March

- ▶ Customers to deliver 50% of burn/5-day
 - ▶ If storage inventories are dropping daily requirement is 70% of burn/daily
 - ▶ During a standby curtailment, it immediately changes the requirement from a 50% / 5-day → 90% / daily
- 

Resources

- ▶ Rules 23 & 30:

<http://socalgas.com/regulatory/tariffs/tariffs-rules.shtml>

- ▶ ENVOY: <https://scgenvoy.sempra.com>

SoCalGas ENVOY®

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Informational Postings

Notices

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- Archived Maintenance Schedules
- Affiliate Transactions
- Questions and Answers
- SDG&E Notices

Search

Date : 03/06/2014 Cycle : 2 Evening

Capacity Utilization - 03/06/2014 - Evening

Receipt Point	Latest Scheduled		Minimum F Requireme
	On-System	Off-System	
Total California Production	147,991		
Line 85	80,598		
North Coastal	46,329		
Other	21,064		



Laura Diaz

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