



Seventeenth Annual Report of System Reliability Issues

2026 Customer Forum

May 1, 2026

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Introduction

SoCalGas presents its Seventeenth Annual Report of System Reliability Issues (Report). This Report covers the time period from April 1, 2025, through March 31, 2026 (the Report Period). Pursuant to Section 22 of Rule No. 41, this Report includes information on the following subjects:

- A. Review of the timing, method, formulas, and all inputs to formulas by which Operational Flow Order (OFO) events are triggered;
- B. Review of requests for the System Operator to acquire additional supplies to meet minimum flow requirements;¹
- C. Review of System Operator purchases/actions to meet minimum flow requirements and plans for the coming year by providing information regarding the individual transactions, including transactions executed pursuant to the System Operator contractual arrangements. Transaction-specific information shall identify price, volume, date, delivery/receipt points, and any special terms;
- D. Review the need for any additional minimum flow requirements on the Utility system beyond then-current defined requirements; and
- E. Review potential additional tools to support system operations and potential system improvements to reduce or eliminate the need for any minimum flowing supply requirements.

This Report also includes information not required by Rule No. 41 that is relevant to discussion of OFO events and system reliability.

- F. Review of regulatory proceedings impacting system operations and OFO events.

A. Operational Flow Orders

Under SoCalGas Rule No. 41, an OFO may be issued if, on a day prior to this Gas Day, in the sole judgment of Gas Control, the system forecast of storage withdrawal or injection used for balancing exceeds the withdrawal or injection capacity allocated to the balancing function. SoCalGas may elect not to issue an OFO for a Gas Day if the system forecast for the following Gas Day indicates the use of storage withdrawal or injection used for system balancing will return to reasonable levels without the assistance of an OFO.

¹ Pursuant to Rule No. 41, the activities involved in meeting any physical flowing gas supply requirements as determined by the Gas Control Department, formerly conducted by the Operational Hub, are currently conducted by the System Operator.

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OFOs are declared only on the Evening and Intraday 1 cycles by 8PM on the day prior to the Gas Day.

<u>Cycle</u>	<u>Quantity Used for High and Low OFO Calculations</u>
2 (Evening)	Timely Cycle Scheduled Quantities
3 (Intraday 1)	Evening Cycle Scheduled Quantities

Gas Control develops the sendout forecast by using weather data for estimating core demand (wholesale and retail) and market information and historical data for noncore customer demand. Gas Control also makes use of demand forecast data provided directly from the grid operators, including, but not limited to the California Independent System Operator (CAISO), Los Angeles Department of Water & Power (LADWP), and Imperial Irrigation District (IID).

High OFOs are triggered when forecasted storage injection for balancing exceeds the injection capacity allocated for the balancing function.

185 High OFOs were declared during the Report Period which represents an 80% increase in comparison to the 103 High OFOs declared during the previous Report Period. Attachment 1 provides detailed calculations for each High OFO for the Report Period.

Number of High OFOs from April 1, 2025 through March 31, 2026											
<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Jan-26</u>	<u>Feb-26</u>	<u>Mar-26</u>
25	26	29	26	11	19	23	7	12	3	3	1

Low OFOs are triggered when forecasted storage withdrawal used for balancing exceeds the withdrawal capacity allocated for the balancing function.

16 Low OFOs were declared during the Report Period which represents a 50% decrease in comparison to the 32 Low OFOs declared during the previous Report Period. Attachment 1 provides detailed calculations for each Low OFO for the Report Period.

Number of Low OFOs from April 1, 2025 through March 31, 2026											
<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Jan-26</u>	<u>Feb-26</u>	<u>Mar-26</u>
0	0	0	0	0	0	0	3	2	3	4	4

Rule 30 Section G.1.h requires that Low OFO noncompliance charges for a Gas Day be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled Backbone Transportation Service (BTS) nominations during Intraday 1 Cycle, Intraday 2 Cycle, or Intraday 3 Cycle. There were no occurrences of this type during the Report Period.

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Should SoCalGas's declaration of a Low OFO prove to be inadequate to maintain system integrity, SoCalGas may implement other measures including an Emergency Flow Order (EFO). SoCalGas may invoke EFOs when a forecast or an actual supply and/or capacity shortage threatens deliveries to End-Use Customers. An EFO will normally be invoked following an OFO but SoCalGas may invoke an EFO without previously invoking an OFO if, in SoCalGas's judgment, emergency operating conditions exist. There shall be no minimum notice period for EFOs, however, SoCalGas will attempt to provide as much notification to customers as practicable under the circumstances. No EFOs were declared during the Report Period.

B. Requests for Additional Supplies to Meet Minimum Flow Requirements

A description of the requests from Gas Control to the Operational Hub to obtain additional supplies to meet Southern System minimum flow requirements from April 1, 2025, through March 31, 2026, can be found in Attachment 2. A total of 29 requests were made during the Report Period.

The Operational Hub may ask the Utility Gas Procurement Department per Section 13 of Rule 41 to act on a best-efforts basis to provide gas supplies as a provider of last resort. "Provider of last resort" relates to the circumstance in which the System Operator has attempted to use all other available tools, has entered the open market for gas commodity purchases, has been unsuccessful in meeting its need to receive a required volume of flowing supplies at a specific location, and system reliability is therefore jeopardized. Pursuant to Section E (4) of Rule 33, the terms of any resulting transactions are to be posted on Envoy within 72 hours after the conclusion of the transaction. No Provider of last resort requests were made during the Report Period.

C. Operational Hub and System Operator Transactions to Meet Minimum Flow Requirements and Plans for the Coming Year

SoCalGas, if required, will use spot purchases, baseload agreements,² and evaluate the possible use of discounted Backbone Transportation Service (BTS) capacity to meet its Southern System minimum flow requirements.

During the Report Period, SoCalGas purchased and sold approximately 2.56 MMDth of spot market supply at an approximate net cost of \$1.53 per Dth or a total approximate net cost of \$ 3.9 million. No baseload supply was purchased during the Report Period.

² SoCalGas Advice No. (AL) 6445 continued through March 31, 2028 the prequalification provisions for baseload contracts included in Rule No. 41, Section 19, which expired on March 31, 2025.

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Attachment 3 provides the summary of spot market supply transactions to meet Southern System minimum flow requirements during the Report Period.

During the Report Period, SoCalGas did not offer discounted interruptible backbone transportation rates for gas transported from the El Paso – Ehrenberg receipt point to increase customer delivery of gas into the Southern System.

The Seventh Memorandum In lieu of Contract (MILC) between SoCalGas' System Operator and Gas Acquisition for gas supply to support Southern System minimum flow requirements became effective on November 1, 2024. Its evergreen provision is limited to three one-year terms ending not later than October 31, 2027, unless cancelled in writing by SoCalGas at least 30 days prior to the second or third terms.

D. Additional Minimum Flow Requirements

There is no need for any additional minimum flow requirements outside of the Southern System at this time.

E. Potential Additional Tools to Support System Operations and Potential System Improvements to Reduce or Eliminate the Need for Minimum Flowing Supply Requirements

No additional tools have been identified at this time.

Tools previously identified by SoCalGas to meet this minimum flow requirement include spot purchases, baseload supply agreements, Requests for Offers (RFOs) to gas suppliers to help meet Southern System flowing supply needs, minimum flow obligations (see Decision (D.) 07-12-019, mimeo. at 58-64.), and MILCs between SoCalGas' System Operator and Gas Acquisition.

On July 14, 2022, the CPUC indicated in D.22-07-002 that its Staff may revisit the adequacy of the tools authorized to meet the Southern System minimum flow requirement when operation of the ECA LNG Project proceeds and more information becomes available on its impact to Southern System reliability.

The ECA Phase I LNG Project, when completed is expected to source approximately 0.5 BCFD from the El Paso Natural Gas (EPNG) South Mainline System that also serves as the primary source of supply for the SoCalGas Southern System. The current in-service date for the ECA LNG Project is Summer 2026. Regular operation of the ECA LNG facility is expected to increase the need and use of the authorized tools at times by SoCalGas to maintain Southern System reliability.

On April 28 Natural Gas Intelligence (NGI) reported the first volumes of feed gas have entered the ECA LNG Project.

Post-Forum Report

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Rule No. 41 requires SoCalGas and Forum participants to collaborate in good faith to develop a post-Forum report that includes identifying any tariff changes that are found to be necessary by Forum participants. Tariff changes proposed in the Forum will be submitted to the California Public Utilities Commission (CPUC) by Advice Letter no later than 60 days after the Forum.

F. Regulatory Updates

Cost Allocation Proceeding Decision

On July 11, 2024, the CPUC issued a decision (D.24-07-009) to adopt an all-party settlement in the 2024 SoCalGas and SDG&E Cost Allocation Proceeding (CAP) which modified storage capacity allocations and Backbone Transportation Service (BTS).

Modifications to BTS included:

- Creation of a firm volumetric rate option (G-BTS5) effective October 1, 2026
- Conversion of the G-BTS2 rate and existing BTS2 contracts to a fully volumetric rate within 5 months of Commission approval until the G-BTS5 rate option becomes available on October 1, 2026.
- Extension of the next open season term by one month to put the BTS term in line with gas industry seasonal practice.

On April 14, 2026, SoCalGas filed Advice No. 6626-G to implement the above modifications to Rate Schedule G-BTS.

Aliso Canyon Storage Field

On December 19, 2024, the CPUC authorized the continued operation of the Aliso Canyon Storage Field (Aliso Canyon) at a maximum inventory level of 68.6 Bcf and established a reliability threshold for considering the future of Aliso Canyon and a biennial process for considering reductions to the field's maximum inventory level, beginning in 2025. On October 1, 2025, Energy Division issued the first Biennial Assessment under D.24-12-076. The Biennial Assessment found that for the upcoming winter of 2025-2026, system demand could be met while maintaining reliability with continued reliance on Aliso Canyon, and that withdrawals of at least approximately 550 MMcf from Aliso Canyon are required on a 1-in-10 winter peak day to continuously serve demand. While the Biennial Assessment found that, for winter 2025-2026, the analyses support a recommendation to reduce the Aliso Canyon maximum inventory by 10 Bcf to a level of 58.6 Bcf. The Biennial Assessment also provides that, given current forecasts for higher gas commodity prices in winter 2026-2027, a smaller incremental or no reduction may be appropriate.

Consistent with D.24-12-076, SoCalGas filed an application on January 15, 2026 requesting CPUC review of the Energy Division's Aliso Canyon Biennial Assessment since it recommended a change to the maximum inventory level at Aliso Canyon. SoCalGas's application requests the CPUC review the Biennial Assessment, as well as the recommendations presented in this Application and accompanying testimony, and decline to adopt the Biennial Assessment's

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recommended inventory reduction, and authorize an increase to Aliso Canyon's maximum inventory level if necessary to maintain reliability and just and reasonable energy rates.