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Decision 98-03-057 March 26, 1998

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into natural gas procurement and system reliability issues.

R.88-08-018
(Filed August 10, 1988)

Order Instituting Rulemaking on the Commission's own motion to change the structure of gas utilities' procurement practices and to propose refinements to the regulatory framework for gas utilities.

R.90-02-008
(Filed February 7, 1990)

O P I N I O N

Summary

This decision denies the petition to modify Decision (D.) 97-11-070 filed by Southern California Edison Company (Edison) on December 19, 1997, seeking changes to the gas balancing rules of Southern California Gas Company (SoCalGas).

Discussion

Edison requests that the Commission modify D.97-11-070 by incorporating language the Commission adopted at its November 19, 1997 business meeting but inadvertently left out of the final published order. Edison also asks that the Commission modify that language so that SoCalGas' noncore customers may decrease as well as increase their delivered gas volumes in order to avoid imbalance penalties. Edison argues in favor of this flexibility so that customers are not penalized for circumstances over which they have no control. Specifically, Edison believes customers who purchase to generate electricity should not have to pay for imbalances which may occur because of scheduling requirements of the Power Exchange in the restructured electric industry.

SoCalGas opposes Edison's petition to modify, arguing that Edison's proposal is contrary to the Commission's findings in D.97-11-070 that previous liberal balancing rules were no longer required and in fact mainly served "to reduce customers' exposure

to market risk, potentially at the expense of core customers." SoCalGas observes that although the Commission may have omitted certain language from the final order which it intended to include, SoCalGas' relevant tariffs reflect that language, that is, the tariffs require SoCalGas to accept intra-day nominations from customers who wish to increase their delivered gas volumes.

D.97-11-070 found that SoCalGas' existing noncore gas customer balancing rules were creating liabilities for core customers and did not reflect the costs imposed on the storage system by noncore customers. We adopted new rules designed to accommodate noncore customers' balancing requirements and simultaneously protect core customers from assuming market risks associated with noncore customer gas purchasing. Edison's petition to modify seeks to liberalize the rules we adopted in D.97-11-070 and effectively transfer risk of the electric market to core gas customers. We reject Edison's proposal for that reason. We herein correct D.97-11-070 to include language we adopted but which was inadvertently omitted from the order.

Findings of Fact

1. Edison's petition to modify D.97-11-070 asks the Commission to change SoCalGas balancing rules in ways that would transfer risk from noncore gas customers to core customers.

2. D.97-11-070 inadvertently omitted language which the Commission adopted.

Conclusions of Law

1. The Commission should deny Edison's petition to modify D.97-11-070.

2. The Commission should correct D.97-11-070 to include language requiring SoCalGas to accept intra-day nominations from parties who wish to increase their delivered volumes, consistent with the Commission's intent.

O R D E R

IT IS ORDERED that:

1. The petition to modify Decision (D.) 97-11-070 filed by Southern California Edison Company on December 19, 1997 is denied.

2. The Ordering Paragraph of D.97-11-070 is corrected to state:

"IT IS ORDERED that the petition to modify the gas balancing rules adopted in Decision 90-09-089, filed by Southern California Gas Company (SoCalGas) on July 18, 1997, is granted as set forth herein and consistent with Appendix B of this order. The new gas balancing rules shall, among other things, require SoCalGas to accept intra-day nominations from parties who wish to increase their delivered volumes. Within ten days of the effective date of this order, SoCalGas shall file an advice letter with tariffs implementing the rule changes it proposes herein. The tariffs shall become effective after the Energy Division has reviewed them for compliance with this order."

3. Rulemaking (R.) 88-08-018 is closed.
4. R.90-02-008 is closed.

This order is effective today.

Dated March 26, 1998, at San Francisco, California.

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners