Exhibit No.:
Application: A.18-07-024
Witness: Jeff Huang
Chapter: 15a

PREPARED REBUTTAL TESTIMONY OF

JEFF HUANG

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

AND SAN DIEGO GAS & ELECTRIC COMPANY

(LARGE EG/COGEN FORECAST)

May 2019
(Errata dated June 3, 2019)

TABLE OF CONTENTS

CHAPTER 15a

PREPARED REBUTTAL TESTIMONY OF JEFF HUANG

(LARGE EG/COGEN FORECAST)

I. PURPOSE

The purpose of my rebuttal testimony is to address the direct testimony of Southern California Generation Coalition (SCGC).

My Chapter 4 direct testimony, annual EG and large cogeneration forecast – where Applicants recommend the annual gas throughput forecast for SDG&E and SoCalGas systems – was not contested by any party. However, the following two issues were contested: (1) SCGC proposes to reduce winter coincidental EG peak day demand by 65% to 302 MDTh per day, if Aliso Canyon continues to operate with limitations;[1] and (2) SCGC proposes to reduce EG peak month gas demand by 21%, if Aliso Canyon continues to operate with limitations.

My testimony recommends that the Commission not adopt the EG peak-day and peak month demand forecasts as proposed by SCGC. I will discuss the contested issues in the following section.

II. SCGC'S PROPOSALS ARE BASED ON PARTIAL INFORMATION AND UNSUPPORTED ASSUMPTIONS

A. Winter EG Peak Day Forecast

SCGC proposes to reduce the forecasted winter coincidental peak day demand from a 3-year average of 867 MDTh per day to 302 MDTh per day. The 302 MDTh per day is based on

[1] Aliso Canyon inventory is currently limited to 34 BCF and Aliso Canyon usage is limited by the Aliso Canyon Withdrawal Protocol.

the minimal gas requirement to maintain electric reliability in the Aliso Canyon Winter Risk Assessment Technical Report 2017-18 Supplement (the Supplement). SCGC's recommendation omits that this is a theoretical number, and it is not recommended. The Supplement states:

> To be clear, moving electric generators to minimum generation is not easy or desirable. The generators need notice to do it. It means shifting generation to less desirable sources and, depending on notice timing and available resources, places both the California ISO and LADWP into one or more levels of Energy Emergency Alerts. Moving to minimum generation also assumes that gas is available at the replacement plants and that transmission and energy are available at the quantity and duration necessary to replace the generation and that no other outages occur among electric facilities. It is an accommodation [that] should be limited to extreme circumstances on the gas system.[2]

Furthermore, the uneconomic dispatch of the power plants that would result from operating at this minimal gas requirements level would increase costs that would be passed onto the ratepayers. SCGC's advocacy to use this figure in cost allocation, despite the Supplement's expressed reservations regarding this figure, suggests that SoCalGas and SDG&E should require electric generators to reduce to this minimum level in the event of capacity constraints. It would otherwise be inequitable to other ratepayers to provide a level of service to the electric generator customer class greater than they are willing to pay for in rates. For this reason, Applicants do not recommend that the Commission adopt SCGC's proposed EG peak-day forecast.

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[2] *Aliso Canyon Winter Risk Assessment Technical Report 2017-18 Supplement*, Prepared by the Staff of the CPUC, CEC, California ISO, and LADWP, (November 28, 2017) at 5-6, *available at*: https://efiling.energy.ca.gov/URLRedirectPage.aspx?TN=TN221863_20171128T103411_Aliso_Canyon_Winter_Risk_Assesment_Technical_Report_201718_Supp.pdf

B. Winter EG Peak Month Forecast

SCGC also proposes to reduce system EG peak month gas demand[3] by 21%. For the SoCalGas system, this would reduce the forecasted 3-year average of 21,692 MDth per month to 17,137 MDth per month. For the SDG&E system, this would reduce the forecasted 3-year average of 4,142 MDth per month to 3,272 MDth per month. SCGC calculated the reduction factor based on the simple average of the number of curtailment days that occurred in February 2018 and February 2019. SCGC then multiplied this ratio by the 65% reduction calculated in its proposed peak day demand. SCGC, however, made an unsupported assumption that these February curtailment events will continue to occur repeatedly in December during the TCAP period from year 2020 through 2022. In the last two winters, Applicants' transmission system was operating at a reduced capacity due to pipeline outages at Line 235-2 and Line 4000. As of this writing, SoCalGas' Electronic Bulletin Board, SoCalGas ENVOY ®, is reporting that Applicants are expecting both Line 235-2 and Line 4000 to be in operation by November 2019 (i.e., the start of the next winter season), increasing system receipt capacity and reducing the potential for customer curtailment.

This concludes my prepared rebuttal testimony.

[3] Applicants assume SCGC is referring to electric generation in Tables 7 and 13 of the July 2018, Prepared Direct Testimony of Wei Bin Guo, Chapter 5.