

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**GAS (Corp ID 39)**  
**Status of Advice Letter 4271G**  
**As of July 29, 2020**

Subject: Advice Letter for Memorandum of Understanding (MOU) Between Pacific Gas and Electric Company (PG&E) Core Gas Supply (CGS) and the CPUC Public Advocates Office (Public Advocates Office)

Division Assigned: Energy

Date Filed: 07-03-2020

Date to Calendar: 07-08-2020

Authorizing Documents: D1909025

Authorizing Documents: D1606056

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>07-03-2020</b>



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505 Van Ness Avenue  
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Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Kimberly Loo

415-973-4587

[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**



**Erik Jacobson**  
Director  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-3582

July 3, 2020

**Advice 4271-G**  
(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Advice Letter for Memorandum of Understanding (MOU) Between Pacific Gas and Electric Company (PG&E) Core Gas Supply (CGS) and the CPUC Public Advocates Office (Public Advocates Office)**

**Purpose:**

PG&E's CGS requests California Public Utilities Commission (Commission) approval of the MOU between CGS and the Public Advocates Office. The MOU outlines modifications to the Core Procurement Incentive Mechanism (CPIM) which conform to the portfolio adopted in the 2019 GT&S Final Decision (D.19-09-025).

**Advice Letter Process:**

Pursuant to Ordering Paragraph (OP) 81 of D.19-09-025, PG&E submits this Tier 1 Advice Letter with proposed modifications to the CPIM authorized in Ordering Paragraph 32 of D.16-06-056. PG&E consulted with Public Advocates Office regarding such modifications and received Public Advocates Office's agreement. PG&E requests that the Commission approve this submittal by August 2, 2020.

**About the MOU:**

The proposed modifications are not confidential and are described in the MOU (Attachment A). This Advice Letter and accompanying Attachment A are also provided to the Energy Division, the Legal Division, Public Advocates Office, as well as the service lists for A.05-03-001 and A.13-12-012.

The proposed modifications include Pipeline Sequence, Storage Profile, Benchmark Load, and Storage Inventory Requirement.

This submittal will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

**Protests**

**\*\*\*Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com\*\*\***

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than July 23, 2020, which is twenty (20) days from the date of this submittal, in accordance with the protest period authorized in D.19-09-025. Protests should be mailed to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above. The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3852  
E-mail: PGETariffs@pge.com

**Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.1, and in accordance with the comment and evaluation period provided in D.19-09-025, PG&E submits this advice letter with a Tier 1 designation. PG&E requests that this Tier 1 advice submittal become effective upon date of submittal, which is July 3, 2020.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for A.05-03-001 and A.13-06-011. Address changes to the General Order 96-B service list should be directed to email PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at <http://www.pge.com/tariffs>.

\_\_\_\_\_/S/

Erik Jacobson  
Director, Regulatory Relations

## Attachment A

cc: Jean Spencer - Energy Division  
Eugene Cadenasso – Energy Division  
Beth LaCour – Energy Division  
Renee Guild - Energy Division  
Kevin Flaherty – Energy Division  
Jonathon Bromson - Legal Division  
R. Mark Pocta - Public Advocates Office  
Pearlie Sabino - Public Advocates Office  
Crystal Yeh - Public Advocates Office  
Michael Tan - Public Advocates Office  
Service list for A.05-03-001  
Service list for A.13-12-012  
Marcel Hawiger - The Utility Reform Network



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39G)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4271-E

Tier Designation: 1

Subject of AL: Advice Letter for Memorandum of Understanding (MOU) Between PG&E Core Gas Supply (CGS) and the Public Advocates Office (Cal PA)

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-09-025 and D.16-06-056

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 7/3/20

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Advice 4271-G  
July 3, 2020

## **Attachment A**

### **Memorandum of Understanding**

Memorandum of Understanding  
Between Pacific Gas and Electric's (PG&E) Core Gas Supply and the  
CPUC Public Advocates Office (Public Advocates Office)

June 30, 2020

***Modifications to the Core Procurement Incentive Mechanism (CPIM) Conforming to  
the 2019 GT&S Rate Case Final Decision (D.19-09-025)***

**Reasons for Modifications**

Pursuant to Ordering Paragraphs (OP) 18, 19, and 26 of D.19-09-025, the 2019 GT&S Rate Case Final Decision (D.19-09-025) adopted PG&E's Core Gas Supply's (CGS) portfolio which modifies gas storage and intrastate pipeline capacities.

Pursuant to OP 81 of D.19-09-025, PG&E must submit a Tier 1 Advice Letter with proposed revisions to the Core Procurement Incentive Mechanism authorized in Ordering Paragraph 32 of D.16-06-056.

The proposed MOU does not supersede or modify the MOUs between PG&E's CGS and the Public Advocates Office, executed April 2012 (regarding Ruby) and January 2019 (regarding RNG).

**Modifications Agreed to by PG&E and the Public Advocates Office**

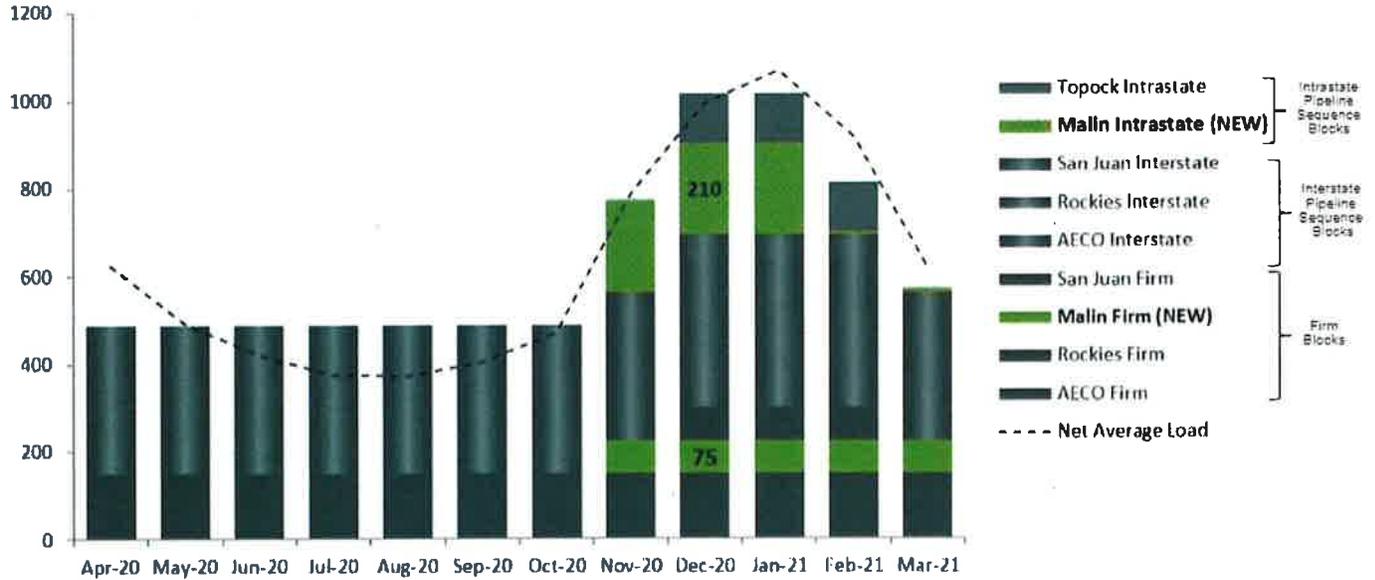
This Memorandum of Understanding (MOU) records an agreement between Public Advocates Office and PG&E regarding modifications to the CPIM. Such modifications include pipeline sequence, Storage Profile, Benchmark Load, and Storage Inventory Requirement. Volumes shown are subject to change based on volumes allocated to Core Transport Agents and applicable fuel rates.<sup>1</sup>

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<sup>1</sup> A.09-09-013, Core Transport Agent (CTA) Settlement Agreement, August 20, 2010

**Modification 1: Pipeline Sequence– CPIM Benchmark Sequence**

**Chart 1 (Illustrative as of May 2020)**



PG&E and Public Advocates Office agree to the following pipeline sequence modifications to the CPIM Benchmark Sequence as shown in Chart 1:

1. Add new 75 MDth Malin Firm Block using Natural Gas Intelligence (NGI) Malin Monthly Index to the Firm Block section located in the first section of the CPIM Benchmark pipeline sequence.
2. Move Kingsgate mismatch<sup>2</sup> volumes into the new Malin Intrastate Sequence Block section detailed in Item 3 below.
3. Add new Malin Intrastate Sequence Block section using Gas Daily’s Malin Daily Index (GDD).
  - a. The Intrastate Sequence Block section will be a two-block intrastate pipeline sequence located as the third section of the CPIM Benchmark pipeline sequence.
  - b. The order between Malin Intrastate Sequence Block and the existing PG&E Topock Intrastate Pipeline Sequence Block is determined by comparing the prior month’s NGI Monthly Index. CGS will use the lower of the previous month’s indices to determine which Intrastate Pipeline Sequence Block (Malin Intrastate Sequence Block or PG&E Topock Intrastate Sequence Block) will be sequenced

<sup>2</sup> Kingsgate mismatch until the early 2000’s was approximately 25,000 Dth representing excess GTN greater than the upstream pipelines’ (Nova/Foothills) delivery contract capacity. Foothills and Nova capacity was then acquired to reconcile the interconnection mismatch and the ensuing Kingsgate mismatch was significantly reduced and is now primarily driven GTN’s monthly fuel rate changes.

ahead of the other higher priced Intrastate Pipeline Sequence Block. The order of the Intrastate Pipeline Sequence Blocks may shift from month-to-month, depending on the Malin and PG&E Topock published index relationship.

- c. The Malin Intrastate Sequence Block and the existing PG&E Topock Intrastate Sequence Block section will be sequenced after the Interstate Pipeline Sequence Blocks.
- d. The Malin Intrastate Sequence Block will fill the remaining open Redwood Pipeline Capacity that does not have corresponding contracted upstream pipeline capacity.

**Modification 2: Storage Profile (% of inventory/month) and the Daily Benchmark Load**

**Table 1**

	<b>Cycling Storage Profile</b>	<b>Residual PG&amp;E Core Storage Profile</b>	<b>Peaking Storage</b>
	Inj (+) / WD (-) % of Inventory rounded to nearest Dth	Inj (+) / WD (-) % of Inventory rounded to nearest Dth	Inj (+) / WD (-) Incremental adjustments equal to actual volumes
<b>November</b>	+10%	0%	Incr WD (-)
<b>December</b>	-25%	-25%	Incr WD (-)
<b>January</b>	-25%	-25%	Incr WD (-)
<b>February</b>	-25%	-25%	Incr WD (-)
<b>March</b>	-25%	-25%	Incr WD (-)
<b>April</b>	+5%	+14.5%	Incr Inj (+)
<b>May</b>	+16%	+15%	Incr Inj (+)
<b>June</b>	+16%	+14.5%	Incr Inj (+)
<b>July</b>	+16%	+15%	Incr Inj (+)
<b>August</b>	+16%	+15%	Incr Inj (+)
<b>September</b>	+16%	+14.5%	Incr Inj (+)
<b>October</b>	+5%	+11.5%	Incr Inj (+)

**Note:** Cycling Storage contracts typically allow injections during winter months. Residual PG&E Core Storage and Peaking Storage contracts typically do not allow injections during winter months.

**Key:** Inj (+): injections  
 WD (-): withdrawals  
 Incr: incremental

PG&E and Public Advocates Office agree to the following modifications regarding the Storage Profile and the Daily Benchmark Load, as demonstrated in Table 1:

1. Cycling Storage and Residual PG&E Core Storage (Residual Storage) in the Benchmark Storage Profile are allocated per month by a percentage of the total storage contract Inventory Capacity (specified in the storage contract between CGS and PG&E CGT or the

ISP). Each month's Storage Profile volume then will be allocated equally per day and increase or decrease the Daily Benchmark Load:

- a. Storage withdrawals in December through March are allocated equally per month (i.e., 25% each month) and decrease the Daily Benchmark Load.
- b. April through October injections are allocated per Table 1 and increase the Daily Benchmark Load.
- c. Cycling Storage's November injection will be 10% of total Cycling Storage inventory and increase the November Daily Benchmark Load.

2. Peaking Storage in the Daily Benchmark Load:

- a. The Daily Benchmark Load will increase or decrease by the actual amount injected or withdrawn respectively on that day, if any.

**Modification 3: Storage Inventory Requirement Proposal**

PG&E and Public Advocates Office agree to the following modification to the October 18, 1996 Gas Accord Post-1997 CPIM Supplemental Report Storage Inventory Requirement to accommodate for PG&E CGS' November injections.

It is expected under this proposal that the collective Core Gas Supply (CGS) storage inventory (between CGS and both PG&E CGT storage and ISPs) will be at least 90% full of natural gas on November 1 of each year. Any CGS storage inventory shortfall greater than 10% will require CGS and Public Advocates Office to meet in November to agree on revisions to the injection and withdrawal distributions incorporated in the benchmark. The CGS storage inventory is established in the contracts with PG&E CGT and ISPs.

For example, if CGS has 10 MMDth of total contracted storage inventory capacity between CGS and both PG&E CGT storage and ISPs, on November 1st, CGS will have at least 9 MMDth of natural gas in storage or confer with Public Advocates Office.

**Effective Date of Modifications**

The CPIM modifications in this MOU will be implemented with gas deliveries as of April 1, 2020 to correspond with the D.19-09-025 effective date for CGS' Pipeline and Storage Portfolio.

**Agreed to by:**



**Pete Koszalka**  
**Director, Core Gas Supply – Pacific Gas & Electric**

June 30, 2020

**Date**



**Linda Serizawa**  
**Deputy Director – Public Advocates Office**

July 2, 2020

**Date**

## Appendix 1

### TERMS

The terms listed below are defined within the context of the proposed MOU.

- (a) Pipeline Sequence:** The interstate and intrastate pipeline purchasing order used for benchmark calculation purposes. The sequence methodology defines the order of gas supplies through contracted pipeline capacity for calculating the CPIM Benchmark gas costs required to meet demand at Citygate. The current pipeline sequence consists of:
- i. Firm Blocks: Rockies Firm Block, AECO Firm Block, San Juan Firm Block, [Proposed] Malin Firm Block,
  - ii. Interstate Pipeline Sequence Blocks: AECO Sequence Blocks, Rockies Sequence Blocks and San Juan Sequence Blocks, and
  - iii. Intrastate Pipeline Sequence Blocks: [Proposed] Malin Sequence Block and PG&E Topock Sequence Block.
- (b) Storage Profile:** The monthly storage injection and withdrawal percentage profile is applied to the total storage contract Inventory Capacity. The monthly storage injection and withdrawal volume is converted to daily storage injection and withdrawal volume.

Example: A Storage Profile assuming Maximum Storage Inventory Capacity (MSC) that is specified in the contract between CGS and the ISP of 1,000,000 Dth

	Number of Days	% of inventory	Monthly Injection / (Withdrawal) = MSC * percentage	Daily Injection / (Withdrawal) = Monthly Dth/# of days in month
November	30	-20%	1,000,000 * (-20%) = (200,000)	(200,000)/30 = (6,667)
December	31	-20%	(200,000)	(6,452)
January	31	-20%	(200,000)	(6,452)
February	28	-20%	(200,000)	(7,143)
March	31	-20%	(200,000)	(6,452)
April	30	0%	0	0
May	31	20%	200,000	6,452
June	30	20%	200,000	6,667
July	31	20%	200,000	6,452
August	31	20%	200,000	6,452
September	30	20%	200,000	6,667
October	31	0%	0	0

- (c) Benchmark Load:** The forecasted daily Determined Usage adjusted for the distribution shrinkage rate, the operating imbalance, and storage injection and withdrawal.
- (d) Firm Blocks:** The first section of the CPIM Benchmark pipeline sequence with fixed volumes of 75,000 decatherms of contracted pipeline capacity at receipt point. Currently,

there are three Firm Blocks (AECO Firm Block, Rockies Firm Block, and San Juan Firm Block) in the Benchmark pipeline sequence. CGS is proposing to add a fourth Firm Block for gas supply purchases at Malin to flow on the contracted Redwood Path that does not have corresponding, upstream AECO/GTN or Rockies/Ruby pipeline contracts.

- (e) **Interstate Pipeline Sequence Blocks:** The second section of the CPIM Benchmark pipeline sequence is the six-block Interstate pipeline sequence as described in the Ruby MOU (executed April 2012). The order of the Interstate Sequence Blocks may shift from month-to-month, depending on the published index price relationships between the supply areas as determined by published price indices used in constructing the CPIM Benchmark pipeline sequence. There are no changes proposed to the Interstate Pipeline Sequence Blocks.
- (f) **Intrastate Pipeline Sequence Blocks:** The third section of the CPIM Benchmark pipeline sequence is the Intrastate Pipeline Sequence Blocks. These Intrastate blocks do not have matching upstream Interstate capacity. The order of the Intrastate Sequence Blocks may shift from month-to-month, depending on the Malin and PG&E Topock published index relationship. CGS is proposing to add a Malin Intrastate Sequence Block along with the existing PG&E Topock Intrastate Sequence Block.
- (g) **Cycling Storage:** Storage contracts that typically allow injections during winter months.
- (h) **Residual PG&E Core Storage (Residual Storage):** Storage contract allocated to CGS from PG&E per the Core Firm Storage Tariff, G-CFS.

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Redwood Coast Energy Authority
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
Alta Power Group, LLC	Energy Management Service	SCD Energy Solutions
Anderson & Poole	Engineers and Scientists of California	
Atlas ReFuel	GenOn Energy, Inc.	SCE
BART	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Power Institute	SPURR
California Cotton Ginners & Growers Assn	Hanna & Morton	San Francisco Water Power and Sewer
California Energy Commission	ICF	Seattle City Light
California Public Utilities Commission	IGS Energy	Sempra Utilities
California State Association of Counties	International Power Technology	Southern California Edison Company
Calpine	Intestate Gas Services, Inc.	Southern California Gas Company
Cameron-Daniel, P.C.	Kelly Group	Spark Energy
Casner, Steve	Ken Bohn Consulting	Sun Light & Power
Cenergy Power	Keyes & Fox LLP	Sunshine Design
Center for Biological Diversity	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
Chevron Pipeline and Power	Los Angeles County Integrated	TerraVerde Renewable Partners
City of Palo Alto	Waste Management Task Force	Tiger Natural Gas, Inc.
City of San Jose	MRW & Associates	TransCanada
Clean Power Research	Manatt Phelps Phillips	Troutman Sanders LLP
Coast Economic Consulting	Marin Energy Authority	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Water and Energy Consulting Wellhead
Crown Road Energy, LLC	NLine Energy, Inc.	Electric Company
Davis Wright Tremaine LLP	NRG Solar	Western Manufactured Housing
Day Carter Murphy	Office of Ratepayer Advocates	Communities Association (WMA)
Dept of General Services	OnGrid Solar	Yep Energy
Don Pickett & Associates, Inc.	Pacific Gas and Electric Company	
Douglass & Liddell	Peninsula Clean Energy	