

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Low Operational Flow Order and Emergency Flow Order Requirements

Application 14-06-021

Triennial Cost Allocation Proceeding Phase I  
Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2016

Application 14-12-017

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION ON THE PROPOSED DECISION**

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The California Independent System Operator Corporation (CAISO) hereby provides comments on the *Proposed Decision Granting in Part and Denying in Part the Petition for Modification Filed by Southern California Edison Company and Southern California Generator Coalition of Commission Decisions (D.) 15-06-004 and D.16-06-039 as Modified by D.16-12-016 Adoption in Part and Rejection in Part of the Settlement Agreement Filed by Settling Parties* (Proposed Decision), issued in this proceeding on April 29, 2019.

**I. INTRODUCTION**

The CAISO appreciates the Commission's efforts to address high gas prices and related increases in electric market prices in this proceeding. The CAISO supports the Proposed Decision's modification of Southern California Gas Company's (SoCalGas) and San Diego Gas & Electric Company's (SDG&E) Operational Flow Order (OFO) noncompliance charges. The CAISO also recommends that the Commission closely monitor the effectiveness of the OFO modifications and supports the Commission's stated right to revisit the OFO penalties before summer 2020 using data collected during summer 2019.

## II. DISCUSSION

### A. Modifying OFO Noncompliance Penalties

The CAISO supports reducing the \$25/dekatherm (dth) Stage 4 OFO noncompliance charge to the Stage 3 level (\$5/dth) and to cap the Stage 5 OFO compliance charge at \$5/dth plus an additional G-IMB daily balancing standby rate for the period of June 1 through September 30.<sup>1</sup>

As previously stated, the CAISO believes that OFO noncompliance penalties should increase overall gas system reliability, but also notes that gas commodity prices have complex interactions with CAISO markets and can significantly impact resource dispatch and electric grid flow patterns.<sup>2</sup> The CAISO believes that the penalties established through this proceeding will assist in minimizing unintended consequences on the electric markets.

### B. Monitoring Effectiveness

The CAISO believes that OFO noncompliance penalties should work to increase overall gas system reliability. The Commission should monitor whether the changes to the OFO compliance penalties further that goal.

## III. CONCLUSION

The CAISO appreciates this opportunity to provide comments on the Proposed Decision and looks forward to working with the Commission to ensure the gas and electric systems work in coordination to the greatest extent possible.

Respectfully submitted  
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<sup>1</sup> Proposed Decision at p. 31.

<sup>2</sup> See CAISO Response to Joint Motion for Expedited Relief (September 4, 2018) at p. 4.

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