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May 25, 2022

The Honorable Henry Stern
1020 O Street, Suite 7710
Sacramento, CA 95814

RE: SB 1486 (Stern) — Natural Gas: Aliso Canyon Natural Gas Storage Facility — REMOVING OPPOSITION

Dear Senator Stern:

With the May 19 amendments, Southern California Gas Company (SoCalGas) removes its opposition to SB 1486. As amended, this bill codifies procedures and policies for the Public Utilities Commission (Commission) to continue considering how the State can reduce reliance on the Aliso Canyon natural gas storage facility (Aliso Canyon) while maintaining reliability and affordability for customers. Additionally, SB 1486 requires the Commission to undertake an analysis of potential alternatives to Aliso Canyon that includes using multiple planning horizons and determining if each potential alternative would satisfy specified objectives.

SoCalGas supports the State's efforts to analyze how we can reduce our reliance on Aliso Canyon while maintaining reliability and affordability, but these efforts must not sacrifice reliability and affordability. In fact, the Commission's own analysis had determined that the facility is needed through at least 2030 absent significant change to energy supply or demand which has not yet occurred. Specifically, Commission analyses and reports have found that "storage at Aliso Canyon between 41.2 Bcf and 68.6 Bcf levels is necessary to maintain reliability". As the Legislature continues to examine ways to help California reach our clean energy goals, SoCalGas urges you to support infrastructure flexibility by authorizing the Public Utilities Commission to enable gas corporations to build dedicated hydrogen infrastructure. Support for this measure allows the Commission the ability to examine additional decarbonization technologies while also responsibly considering how we can reduce our reliance on Aliso Canyon.

Recently both the Federal and State governments have realized the potential of hydrogen as a clean energy resource, with the potential to reduce GHG emissions. This has been reflected at the federal level through the bipartisan infrastructure bill which included over \$9 billion in hydrogen-related investments, and at the state level, Governor Newsom's most recent budget proposal included \$210 million to accelerate industrial sector decarbonization. Additionally, the federal bipartisan infrastructure bill provided a definition and standard for "clean hydrogen" as hydrogen produced from a range of sources with a carbon intensity equal to or less than 2 kilograms of carbon dioxide-equivalent produced at the site of production per kilogram of hydrogen produced (kg-CO₂/kg-H₂). In order for clean hydrogen to reach its potential as a decarbonization tool, regulators and utilities must be empowered to build out a system that can deliver this clean fuel.

SoCalGas has proposed to develop what would be the nation's largest green hydrogen energy infrastructure system, the Angeles Link, to deliver clean, reliable energy to the Los Angeles (LA) region solely sourced from renewable electricity. As proposed, the Angeles Link would support the integration of more renewable electricity resources like solar and wind and would significantly reduce greenhouse gas emissions from electric generation, industrial processes, heavy-duty trucks, and other hard-to-electrify sectors of the Southern California economy. The proposed Angeles Link would also significantly decrease demand for natural gas, diesel, and other fossil fuels in the LA Basin, helping accelerate California's and the region's climate and clean air goals. As contemplated, the Angeles Link would deliver clean hydrogen in an amount equivalent to almost 25 percent of the natural gas SoCalGas delivers today. Building the system to provide a clean alternative fuel could, over time and combined with other future clean energy projects, reduce natural gas demand served by Aliso Canyon, facilitating its ultimate retirement while continuing to provide reliable and affordable energy to the region.

SoCalGas is committed to providing clean, safe, reliable, and affordable energy to all our customers. As the California energy market evolves, we look forward to working with the Legislature to meet the State's ambitious energy goals to the benefit of all Californians.

Sincerely,

c: The Honorable Anthony Portantino
The Honorable Patricia Bates
Gil Topete, Consultant, Senator Stern
Kip Lipper, Consultant, Energy, Utilities & Communications
Melissa Immel, Deputy Legislative Secretary, Governor's Office