Exhibit No:
Application: A.25-09-XXX
Witness: B. Duran
Chapter: 11

PREPARED DIRECT TESTIMONY OF BRANDON DURAN ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY

(RULE 23 MODIFICATION)

September 30, 2025

TABLE OF CONTENTS

Page

I. PURPOSE 1

II. SUMMARY OF MODIFICATIONS TO RULE 23 1

III. BACKGROUND 1

A. Rule 23 1

B. Optional Core Electric Generation Service 3

IV. REASONS FOR ELIGIBILITY CHANGE 5

A. Growing Electricity Demand & Energy Resiliency 5

B. Equipment Changes and Technology Improvements 7

C. Customer Interest and Demand 9

V. CONCLUSION 13

VI. QUALIFICATIONS 15

CHAPTER

PREPARED TESTIMONY OF BRANDON DURAN

(RULE 23 MODIFICATION)

I. PURPOSE

The purpose of my direct testimony on behalf of Southern California Gas Company (SoCalGas) is to support the proposed modifications to SoCalGas's Rule 23, which proposal would expand core electric generation eligibility to include usage from generators up to 10 megawatts (MW) and remove the per active month therm threshold. This testimony provides background on Rule 23, outlines the relevant tariff schedules affected by the proposed modification, and presents the justification and benefits of expanding core electric generation eligibility.

II. SUMMARY OF MODIFICATIONS TO RULE 23

SoCalGas proposes to modify Rule 23 to:

1. Increase core electric generation eligibility from 1 MW to 10 MW, and
2. Eliminate the monthly usage limitation of 20,800 therms per active month for core electric generation eligibility.

III. BACKGROUND

A. Rule 23

Rule No. 23 of SoCalGas's tariffs governs the continuity of service and interruption of delivery. It establishes the framework under which SoCalGas may curtail or divert service to customers during emergency conditions, such as supply shortages or system constraints. The rule provides SoCalGas with broad discretion to manage curtailments in a manner that ensures system integrity and prioritizes service to core customers, including residential and small commercial users. Under Rule No. 23, customers are classified as either core or noncore, with

core customers receiving the highest priority during curtailment events due to their limited ability to respond to interruptions and their critical reliance on natural gas for heating and other essential uses.[1]

The current eligibility criteria for core electric generation (EG) service was addressed in SoCalGas's Application (A.) 08-02-001, the 2009 Biennial Cost Allocation Proceeding (BCAP). In that proceeding, SoCalGas proposed EG customers with a rated generating capacity of 1 megawatt (MW) or less may elect core service, even if their annual gas usage exceeds approximately 250,000 therms (20,800 therms per active month).[2] SoCalGas justified this threshold based on the operational characteristics of small-scale EG units, customers' limited experience with noncore service requirements, and the similarity in scale to the Self-Generation Incentive Program (SGIP), which previously had capped incentive eligibility at 1 MW, with a total system size limitation of 5 MW.[3] Additionally, customers consuming fewer than 20,800 therms per active month, regardless of generation size, remain eligible for core service under the current tariff Rule No. 23. The California Public Utilities Commission approved this approach in Decision (D.) 09-11-006. SoCalGas implemented the approved framework, via Advice Letter

---

1 SoCalGas Rule No. 23: Continuity of Service and Interruption of Delivery, *available at:* https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=122 (defining "core" service to include residential and nonresidential customers based on monthly therm usage and customer type), and "noncore" service to include nonresidential commercial and industrial, electric generation, refinery, and enhanced oil recovery customers based on monthly therm usage and customer type).

2 Per SoCalGas Rule 23.B, Core service for EGs is defined as all electric generation usage less than 20,800 therms per active month for those customers electing core service. A customer shall be considered to meet the size criteria of 20,800 therms per active month when on an annualized basis, for any period of 12 contiguous months within the most recent 24 month period, the customer's active month consumption averages 20,800 therms. An active month is one in which consumption exceeds 1,000 therms.

3 Handbook, Self-Generation Incentive Program, May 8, 2007, Rev 3 (2007 SGIP Handbook), Section 3.1.

4047, which was approved on January 19, 2010, and became effective February 1, 2010.

While these standards were appropriate when first adopted, customer load profiles and energy demand have evolved significantly, driven by shifts in technology, electrification trends, and sustainability goals. Notably, Self-Generation Incentive Program (SGIP), which SoCalGas originally cited to help justify the 1 MW threshold, was subsequently revised to increase incentive eligibility to 3 MW for qualifying projects,[4] and later removed the 5 MW total system size limitation altogether.[5] These are just some examples of how program and policy changes have diverged from the conditions that originally informed the eligibility criteria for core EG service in Rule 23, placing pressure on the suitability of those criteria.

The proposed modification to Rule 23 seeks to expand core electric generation eligibility by increasing the allowable generator size to 10 MW and removing the per active month's therm threshold. This change reflects the growing demand for flexible and reliable gas services among electric generation customers, particularly those supporting grid stability, backup power, and renewable integration. Additionally, eliminating the therm threshold ensures that smaller or intermittent generators are not unfairly excluded from core service, promoting equitable access to natural gas supplies.

B. Optional Core Electric Generation Service

SoCalGas proposed the Optional Core Electric Generation Service (GO-CEG) in its 2020 Triennial Cost Allocation Proceeding (TCAP), A.18-07-024. This rate schedule was designed to offer core natural gas service to qualifying electric generation (EG) customers who prefer the benefits of bundled procurement and transportation, along with higher priority of service in the

[4] D.08-04-049 at 18-19.

[5] D.11-09-015 at 24-25.

event of a curtailment under core service terms. GO-CEG was introduced as a tailored solution to serve smaller-scale EG units, particularly those unable or unwilling to meet the infrastructure and contractual requirements of noncore service.

Eligibility for GO-CEG was aligned with the existing definitions under Rule No. 23, which date back to the eligibility criteria implemented in D.09-11-006. Under these provisions, EG customers qualify for core service if their rated generating capacity is 1 megawatt (MW) or less, or if their usage is less than 20,800 therms per active month. While GO-CEG has grown steadily in both customer accounts and annual consumption since its implementation in 2020, qualification challenges have emerged due to these legacy eligibility thresholds. Many customers operating newer EG technologies, while still modest in scale, exceed the capacity limit due to changing equipment efficiency, site demand, and generation profiles.

The intent of GO-CEG and the distinction between core and noncore EG qualifications has been to support on-site small-scale generation, yet the definition of what constitutes "small-scale" EG is rooted in policy rationale established more than 25 years ago. Since that time, distributed energy technologies and customer load profiles have evolved significantly. As a result, the current size limits and service constraints may no longer reflect the capabilities or needs of modern EG customers. Revisiting these thresholds, established in Rule 23, would ensure the GO-CEG schedule continues to meet its original objectives while aligning with today's energy realities.

IV. REASONS FOR ELIGIBILITY CHANGE

A. Growing Electricity Demand & Energy Resiliency

California's electricity system is undergoing rapid transformation, driven by electrification of buildings and transportation, deployment of distributed energy resources (DERs), and the integration of high-penetration renewables. The California Public Utilities Commission (CPUC) has acknowledged this shift in proceedings such as Rulemaking (R.) 22-07-005, which emphasizes the need to leverage demand flexibility and modernize rate structures to meet growing system needs. The California Air Resources Board (CARB) Scoping Plan also acknowledges a continued role for dispatchable resources in achieving decarbonization, especially those capable of integrating with clean fuels over time.[6]

To maintain reliability and meet decarbonization goals, the Integrated Resource Planning (IRP) framework and decisions such as D.21-06-035 and D.23-02-040 call for procurement of over 15,000 MW of new clean capacity by 2027. These targets reflect a broader recognition that electricity demand is rising faster than previously projected, driven by data centers, AI workloads, electrification mandates, and that grid infrastructure and customer programs must evolve accordingly. Onsite EG technologies, such as combined heat and power (CHP), fuel cells and linear generators, offer scalable solutions by providing reliable, localized power that can reduce strain on the grid. Additionally, advancements in microgrid design and battery storage have further enabled customers to combine EG with renewable and flexible sources to meet evolving reliability needs.

[6] CARB, *2022 Scoping Plan for Achieving Carbon Neutrality*, *available at:* https://ww2.arb.ca.gov/resources/documents/2022-scoping-plan-documents.

For example, the University of California, Irvine (UCI), operates a sophisticated campus microgrid that integrates solar PV, battery storage, and a natural gas-fired central plant.[7] This hybrid system supplies over 85% of campus electricity needs, balancing on-site generation with renewable imports and utility service to maintain high reliability and operational flexibility. UCI's model illustrates how EG systems, especially those exceeding 1 MW, can work in concert with clean energy technologies to support grid reliability and customer resiliency, particularly when paired with pathways for renewable fuels.

In a 2019 study the California Energy Commission (CEC) forecasted the market adoption of approximately 1.9 GW of <5 MW CHP systems to come online in California over the next 20 years, more than three times the current installed capacity at that time.[8] Revising the 1 MW eligibility threshold to 10 MW for core EG service would not force customers to switch service classes but rather would remove outdated barriers that limit participation and flexibility. As SoCalGas and other utilities pursue decarbonization and grid resiliency, expanding MW eligibility would allow EG customers to scale their systems responsibly, support local reliability, and participate in programs such as renewable natural gas (RNG) procurement under core service,[9] creating a pathway that aligns with both customer needs and state policy objectives.

---

[7] University of California – Irvine, *UCI Microgrid Overview, Advanced Power and Energy Program*, *available at:* https://apep.uci.edu/UCI_Micro_Grid.html

[8] CEC, *A Comprehensive Assessment of Small Combined Heat and Power Technical and Market Potential in California* (March 2019) at 93, *available at:* https://www.energy.ca.gov/sites/default/files/2021-06/CEC-500-2019-030.pdf.

[9] *See* D.20-12-022 (Decision Adopting Voluntary Renewable Natural Gas Tariff Pilot Program for Southern California Gas Company and San Diego Gas & Electric Company) issued December 17, 2020, in Application 19-02-015.

PSPS events have led to increased reliance on diesel generators, which emit high levels of carbon dioxide, particulate matter, and nitrogen oxides.[10] Expanding core EG eligibility would encourage cleaner alternatives like natural gas and renewable natural gas, reducing emissions while enhancing reliability for critical facilities. Many EG systems are fuel-flexible and capable of transitioning to renewable fuels such as biogas or hydrogen, offering scalable, lower-emission backup power solutions.

The CPUC has already identified distributed generation as a priority for supporting critical resiliency needs in areas heavily impacted by wildfires, as reflected in D.19-09-027 and D.20-01-021. By leveraging existing gas infrastructure, EG technologies can support critical facilities and vulnerable communities during outages, offering a practical, affordable, and lower-emission solution that aligns with California's broader decarbonization and public safety goals.

B. Equipment Changes and Technology Improvements

Distributed generation has played a critical role in helping meet California's growing energy needs, particularly as demand for resilient, site-specific solutions continues to rise. The market is adapting, driven by advanced technologies that offer greater flexibility, efficiency, and reliability. Customers increasingly seek energy systems that support operational continuity, reduce emissions, and provide independence from grid disruptions. Modern platforms are modular, fuel-flexible, and capable of real-time grid integration—key features that meet today's operational, reliability, and decarbonization needs. For example, Mainspring Energy's linear generators are designed to scale from 250 kW to over 100 MW capacities, with deployments in

[10] CalMatters, *Clear the air of diesel generators that power California's shadow grid* (October 6, 2021), *available at:* https://calmatters.org/commentary/2021/10/clear-the-air-of-diesel-generators-that-power-californias-shadow-grid/.

data centers, EV charging hubs, and other critical infrastructure.[11] Similarly, Bloom Energy's solid oxide fuel cell (SOFC) systems are deployed across commercial sectors such as retail, healthcare, manufacturing, and warehousing, with typical installations ranging from 325 kW to several megawatts, supporting on-site generation needs of customers historically considered part of the "small-scale" EG segment.[12]

These technological advancements reflect more than just increased capacity; they signal fundamental changes in customer load profiles and energy needs. The State has acknowledged this shift through initiatives aimed at bolstering energy resilience, most notably Senate Bill 1339 (SB 1339), which directed the CPUC to develop pathways for microgrid commercialization that enhance reliability, customer choice, and infrastructure flexibility.[13] While systems over 1 MW are typically served under noncore service, many business users continue to align with the original intent of 'small-scale' EG, driven by reliability needs rather than market participation. Their demand has grown in response to modern energy technologies and heightened reliability requirements, not due to a change in business classification. Updating the core EG eligibility criteria to accommodate these realities would remove outdated constraints and allow more equitable access to service options that align with today's energy landscape.

---

[11] Mainspring, *Mainspring Secures $258 Million in Financing to Scale Linear Generator Business, Mainspring Energy* (April 14, 2025), *available at:* https://www.mainspringenergy.com/news/mainspring-secures-258-million-in-financing-to-scale-linear-generator-business.

[12] Bloomenergy, *The Bloom Energy Server 6.5 – Data Sheet (2024)*, *available at:* https://www.bloomenergy.com/wp-content/uploads/bloom-energy-server-datasheet-2024.pdf:

[13] Pub. Util. Code §§ 8370–8372 (enacted by: Senate Bill 1339 (Stern, 2018), *available at:* https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1339).

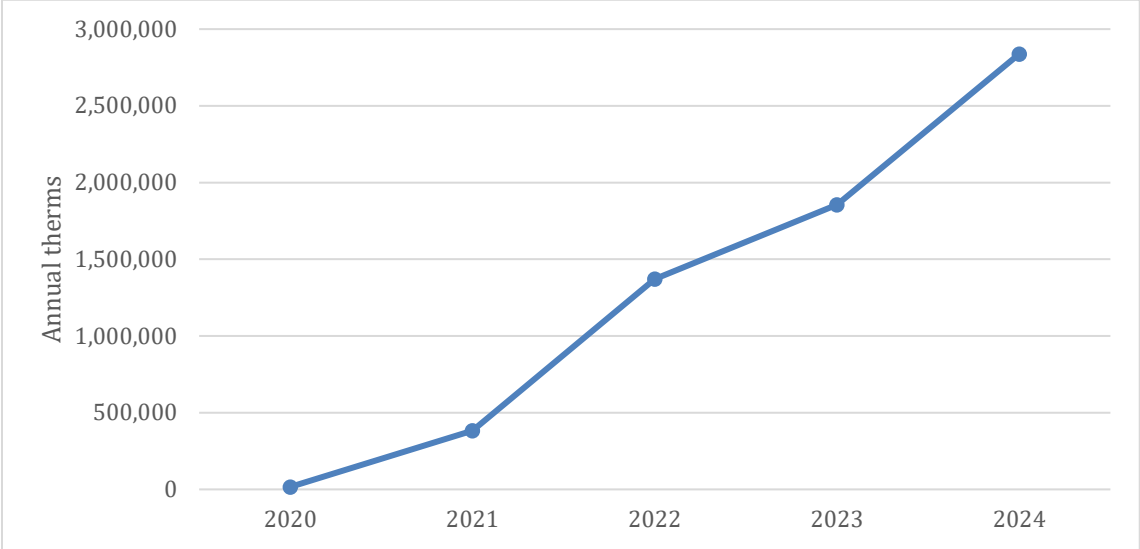
C. Customer Interest and Demand

Since the implementation of the Optional Core Electric Generation (GO-CEG) tariff schedule, both customer interest and participation have steadily increased.[14] Although this class remains relatively small compared to noncore EG customers, limited enrollment stems not from lack of demand, but from restrictive eligibility criteria. GO-CEG customers span critical sectors—including education, healthcare, manufacturing, logistics, and municipal services—where reliability and operational continuity are essential. Similarly, the smaller noncore EGs[15] span sectors including higher education, food manufacturing, telecommunications, agriculture, health care, and hospitals. These customers often exceed Rule 23's core EG thresholds, either through monthly therm usage above 20,800 or by deploying equipment larger than 1 MW, but their energy needs remain rooted in reliability and operational continuity. Despite exceeding those limits, these industries continue to represent customers whose operations are critically reliant on dependable energy service.

[14] *See* Figure BD-1, GO-CEG Annual Usage (2020-2024) (in therms).

[15] Smaller Noncore EGs for this testimony are defined as noncore EG customers with equipment sized at less than or equal to 10 MW.

Figure BD-1: GO-CEG Annual Usage (2020–2024) (in therms)



As previously noted, sectors such as higher education, healthcare, and logistics often depend on onsite electric generation due to grid limitations and the need for uninterrupted service. Institutions like University of California, Los Angeles (UCLA) rely on natural gas-fueled cogeneration to supply most of their campus's electricity, heating, and cooling needs through a centralized energy systems facility that produces over 85% of the campus's power and distributes it via an extensive utility network.[16] Similarly, Saddleback College, part of the South Orange County Community College District, operates a 1.5 MW central cogeneration plant to ensure reliable energy for campus operations while also supplying hot and chilled water throughout the site.[17] This system enhances energy efficiency, reduces environmental impact, and supports the district's broader sustainability goals outlined in its Integrated Energy Master Plan. California State University, Fullerton (CSUF) also utilizes a 4.6 MW natural gas-fired

[16] UCLA, *Cogeneration Utility Distribution*, *available at:* https://facilities.ucla.edu/cogeneration-utility-distribution.

[17] South Orange County Community College District – Environmental Sustainability, *Integrated Energy Master Plan* (2019) at 11, *available at:* https://www.socccd.edu/departments/business-services/facilities-planning/sustainability.

trigeneration plant that captures and repurposes nearly 75% of waste heat, providing electricity, hot water, and chilled water to the campus.[18] Hoag Memorial Presbyterian Hospital operates a 4.5 MW cogeneration plant featuring three 1.5 MW natural gas internal combustion engines. These systems support heat recovery, boilers, and chillers, critical power and thermal energy to ensure continuous hospital operations and emergency resilience.[19] Similarly, the Prologis Denker Hub in Torrance, California deploys 2.75 MW of fuel-flexible low emission linear generators[20] and 18 MWh of battery storage to support up to 9 MW of heavy-duty EV charging capacity, illustrating how commercial and industrial facilities are increasingly adopting onsite generation to meet specialized energy demands.[21] Collectively, these systems underscore the critical role of onsite EG in ensuring energy reliability, operational resilience, and sustainability across diverse sectors. Importantly, they also provide a pathway for increased electrification of end-use applications, including EV charging, by offering immediate, localized energy solutions. This helps avoid the significant delays often associated with electric infrastructure upgrades and interconnection processes, giving customers access to reliable power while also helping to balance grid demands.

---

[18] CSUF, *CSUF's Sustainability Campus Tour* at 16, *available at:* https://adminfin.fullerton.edu/unisrvcs/sustainability/take-action/csuf-sustainability-campus-tour.pdf.

[19] Budlong, *Hoag Memorial Presbyterian Hospital* (Cogeneration Plant Project Summary), *available at:* https://budlong.com/projects/hoag-memorial-presbyterian-hospital/ (noting that "all waste heat will be utilized by absorption chillers and heating hot water"; for purposes of this example, "chillers" refers specifically to waste heat-fired absorption chillers used to convert thermal energy into cooling).

[20] Prologis, *Clean, onsite EV charging infrastructure & prime power generation for a global leader in logistics real estate* (Denker Hub Project Overview), *available at:* https://cdn.sanity.io/files/m8z36hin/production/bb02d2b2280b3c664f54e0dc897b7a8e491a39e7.pdf.

[21] Prologis, *North America's Largest Heavy-Duty EV Charging Hub Powered by Microgrid* (June 11, 2024), *available at:* https://www.prologis.com/insights-news/success-stories/north-americas-largest-heavy-duty-ev-charging-hub-powered-microgrid.

These examples, while exceeding core EG thresholds in therm usage or equipment size, differ significantly from the large, dispatchable EG customers on SoCalGas's transmission system, those who generate electricity for wholesale grid export. Instead, they represent a distinct class whose energy needs are driven by reliability and operational continuity, not market participation. However, since GO-CEG's inception, some customers have been disqualified solely because their usage and equipment exceeded the limits outlined in Rule 23. This exclusion highlights how evolving operational needs no longer align with legacy eligibility thresholds, inadvertently limiting access for customers with legitimate reliability concerns.

Although some EG customers are ineligible for GO-CEG service under Rule 23, they may still take noncore EG service,[22] which typically offers lower transportation rates,[23] but comes with significant operational burdens. Noncore customers must work with third-party marketers, manage commodity price volatility, and face potential service interruptions. In contrast, core service provides a fixed monthly procurement structure that simplifies operations and enhances reliability, critical for facilities with continuous energy needs.

Moreover, certain Commission-approved programs are reserved exclusively for core customers. For example, SoCalGas's voluntary Renewable Natural Gas (RNG) pilot tariff allows eligible core customers to opt into RNG procurement under standard service.[24] Noncore customers must instead source RNG through third-party channels, if available. As a result,

---

[22] SoCalGas Schedule GT-NC – Intrastate Transportation Service or SoCalGas Schedule GT-TLS – Intrastate Transmission Level Service.

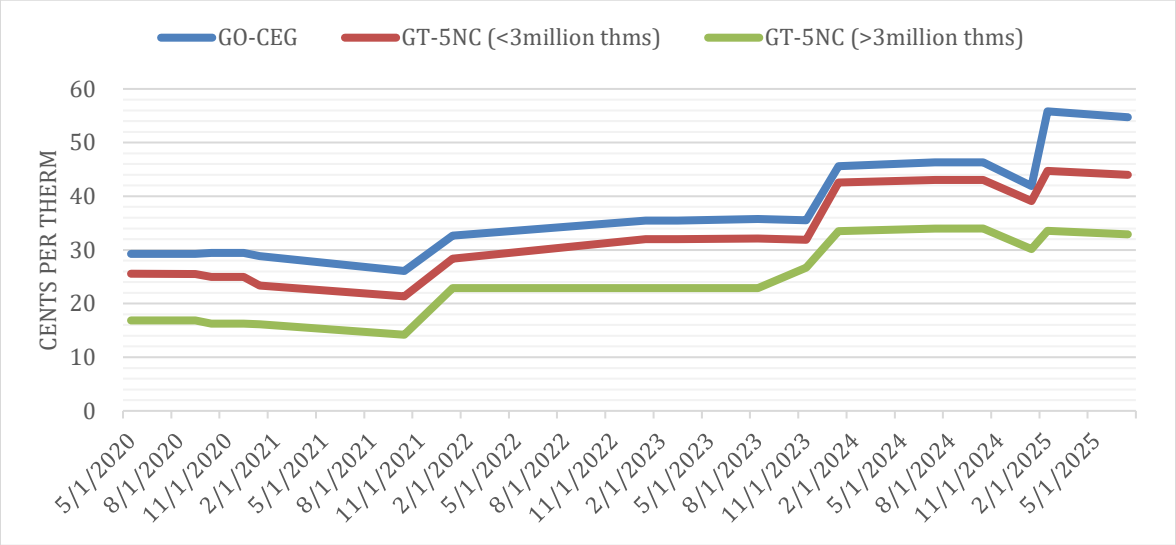
[23] *See* Figure BD-2.

[24] SoCalGas Advice Letter 6434-G – Implementation of the Voluntary Pilot Renewable Natural Gas Tariff Program Pursuant to Decision (D.) 20-12-022 (February 22, 2025), *available at:* https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4918&flngId=6434-G&flngStatusCd=Approved.

certain EG customers seeking reliability and program access are restricted from core service under current Rule 23 limitations, despite their operational fit.

Implementing the proposed revisions to MW capacity and therm limits would allow EG customers to choose the service structure that best aligns with their operational needs and resiliency goals. While noncore service may offer certain financial advantages (*see* Figure BD-2 for rate comparison), expanding eligibility ensures that access to core service is driven by customer preference, not regulatory constraint.

Figure BD-2: Historical Comparison of Core and Noncore Distribution EG Transportation Rates (2020–2025)



V. CONCLUSION

California's energy landscape has evolved significantly since the original criteria were established in Rule 23. As the state continues to pursue ambitious decarbonization and resiliency goals, it's important that regulatory frameworks keep pace with technological advancements and changing customer needs. Many organizations are deploying modern, fuel-flexible EG systems not to participate in wholesale markets, but to ensure reliable, sustainable, and resilient energy for their operations.

Modernizing core EG eligibility, by expanding the MW threshold to 10 MW and adjusting therm usage limits, would better reflect today's energy landscape and customer needs. These changes would provide customers with greater flexibility to choose service structures that align with their operational priorities, while also supporting broader policy objectives such as emissions reduction, energy reliability, and access to renewable programs like RNG procurement.

This concludes my prepared direct testimony.

VI. QUALIFICATIONS

My name is Brandon Duran. I am employed by SoCalGas as a Market Advisor II. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I hold a Master of Business Administration degree in Management from the University of California, Riverside, and a Bachelor of Arts degree in Criminal Justice from California State University, Fullerton.

In my role as Market Advisor II, which I have held since 2021, I support policy and rate analysis for non-residential customer classes, including the Commercial, Industrial, and Energy Markets sectors. Prior to joining SoCalGas, I worked in the financial markets and banking industry for 10 years, with experience in capital markets, financial analysis, and account management. Since 2025, I have also served as an adjunct business instructor at Fullerton College.

I have not previously testified before the Commission.