



Southern California Gas Company

2024 Organizational Leadership Award

As the United States' largest natural gas distribution utility, [SoCalGas](#) aims to deliver affordable, reliable, and increasingly renewable gas services to approximately 21 million consumers, across 24,000 square miles of Southern and portions of Central California. SoCalGas' mission is to build the cleanest, safest, and most innovative energy infrastructure company in America. SoCalGas is investing in innovation to advance decarbonization, leveraging its infrastructure to provide reliable and flexible energy delivery, and collaborating with partners and stakeholders to advance California's climate goals.

SoCalGas is being recognized for an Organizational Leadership Award for the following actions:

ASPIRE 2045 SUSTAINABILITY STRATEGY

[ASPIRE 2045](#) is SoCalGas' strategy to further integrate sustainability across its business. It builds on the company's March 2021 Climate Commitment, which sets forth the company's aim to achieve net-zero greenhouse gas (GHG) emissions in our operations and delivery of energy by 2045.

Sustainability at SoCalGas means innovating our business to create lasting benefits for stakeholders by doing the right thing, championing people, and shaping the future. ASPIRE 2045 is focused on creating a strong positive impact on communities and achieving greater business strength by advancing the clean energy transition, environmental health, clean energy access and affordability, diversity, equity, and inclusion, and the safety and well-being of employees, customers, and communities.

Below are highlights of how SoCalGas is working towards the ASPIRE 2045 vision.

METHANE EMISSIONS REDUCTIONS

SoCalGas reported a 39% reduction in methane emissions through 2022¹, surpassing the 2025 state goal of 20% and nearing the 2030 goal of 40%². SoCalGas is exploring and implementing a suite of innovative technological tools to support emission reduction efforts including Electronic Leak Survey (ELS), Aerial Methane Detection Technologies, Advanced Meter Analytics (AMA), and the use of drones and satellite technology.

ADVANCEMENTS IN CLEANER FUELS

SoCalGas engages with regulators and policymakers to support California's climate goals and the company's sustainability strategy, including the advancement of [clean fuels](#). Advancements in

cleaner fuels can offer a solution to help keep the electric grid reliable as California scales up intermittent renewable resources and as electric demand increases.

Renewable Natural Gas

[Renewable natural gas](#) (RNG) is expected to play a critical role in helping SoCalGas deliver clean, safe, affordable, and resilient energy to its customers into the future. In 2022, RNG made up 5% of the gas SoCalGas delivered to core residential and small commercial customers, and the company aims to reach 20% by 2030. Core commercial and industrial customers, as well as municipalities, can also participate in a voluntary RNG tariff program whereby they may designate that all, or a portion of their natural gas service, be provided from RNG sources.

Additionally, SoCalGas currently has 10 operational RNG connections from dairy clusters and landfill diverted organic waste facilities to its gas system, and is delivering 100% RNG to its compressed natural gas (CNG) refueling stations, which fuels a portion of our fleet, while also providing public access.

Clean Renewable Hydrogen

[Angeles Link](#)

To support decarbonization and address the challenge of decarbonizing hard-to-electrify activities, SoCalGas proposed the nation's largest clean renewable hydrogen³ pipeline system, Angeles Link. If constructed, [Angeles Link](#) would be a non-discriminatory pipeline dedicated to public use that could deliver resilient, dispatchable, and renewable clean hydrogen to hard-to-electrify industrial, transportation, and power generation sectors in Central and Southern California. The California Public Utilities Commission (CPUC) approved the Angeles Link Memo Account to record the costs of performing feasibility studies for Phase One of the project. SoCalGas is a proud partner of the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES), California's statewide public-private partnership and organizer of California's clean hydrogen hub application.

[\[H2\] Innovation Experience](#)

SoCalGas' [\[H2\] Innovation Experience](#) demonstrates how clean renewable hydrogen could be used to transition to clean and resilient energy systems of the future. This project demonstrates how hydrogen made from renewable electricity can be used in pure form or as a blend to fuel energy systems and communities. Awarded the U.S. Green Building Council of L.A.'s Sustainable Innovation Award, the [H2]IE features clean renewable hydrogen production and storage along with a nearly 2,000 square-foot home that can draw power from solar panels and convert excess renewable energy into clean renewable hydrogen.

[Hydrogen Blending Application](#)

In March of 2024, SoCalGas filed an application with the CPUC to develop a series of projects to demonstrate that blending clean renewable hydrogen into the natural gas system can be a safe and effective way to reduce GHG emissions, improve air quality, and begin to scale up hydrogen, as called for in California's climate goals. SoCalGas' proposed projects would test blending 0.1-5% hydrogen with natural gas in an open system and 5-20% hydrogen with natural gas in a closed system. These projects will provide the crucial technical knowledge needed to identify safe blending standards that preserve the safety, reliability and integrity of the gas system and our customers' end use equipment.

ENERGY EFFICIENCY PROGRAMS

Energy efficiency rebates and programs are proven ways to help customers reduce their energy use and save money. SoCalGas administers one of the nation's largest gas utility energy efficiency programs to help customers reduce their emissions and energy costs. These programs saved customers over 47 million gas therms in 2023, surpassing the target set by the CPUC⁴. This savings equates to over \$88 million in resource benefits for ratepayers⁵, while also averting more than 250,000 metric tons of carbon dioxide emissions⁶.

CLEANER FLEET

SoCalGas aims to replace 50% of its over-the-road fleet with alternative fuel vehicles by 2025 and is working to achieve a 100% zero emissions fleet by 2035. As of year-end 2023, 38% of the company's over-the-road fleet operates on low- and zero-emissions energy sources like hydrogen, RNG, and electricity.

In addition, SoCalGas is leveraging telematics data from more than 4,000 light-, medium-, and heavy-duty fleet vehicles, to analyze fleet movements, acceleration, idling, hard braking, speeding, and other metrics. This data can help fleet managers to develop more efficient maintenance schedules, reduce fleet emissions, and implement more effective driver safety training.

CARBON MANAGEMENT

[Carbon management](#) is the process of capturing GHG emissions that have already been or would otherwise be released into the atmosphere from industrial activity, and processing it for safe, secure, and permanent storage. This technology is one of several tools focused on supporting California's climate goals and SoCalGas' aim to achieve net-zero GHG emissions by 2045. In August 2023, the U.S. Department of Energy (DOE) selected the California Direct Air Capture Hub (DAC Hub) to proceed with negotiations for up to \$11.8 million in grant funding. The DAC Hub is a consortium of organizations including SoCalGas that will perform FEED studies for a full-scale DAC and storage hub in Kern County, California. Preliminary findings project that the DAC Hub could remove 1 million metric ton or more of carbon dioxide annually. This award adds to the company's evolving work related to carbon management, which includes an investment in innovative carbon removal technology called Hybrid Direct Air Capture (HDAC), with a pilot project brought online in Bakersfield, California in late 2023.

SUSTAINABLE FINANCING

In 2022, SoCalGas became the first gas-only utility in the U.S. to issue [green bonds](#) in a public offering under our parent company, Sempra's, Sustainable Financing Framework. Net proceeds from the \$600 million bond issuance financed and/or refinanced sustainability investments in the categories of pollution prevention and control, green buildings, and clean transportation.

¹Based on third-party verification under ISO 14064-3:2019 Standard using a 2015 baseline calculation of methane emissions (fugitive and vented emissions) through 2022.

²Based on goals established in Senate Bill (SB) 1371 and SB 1383.

³D.22-12-055 defines clean renewable hydrogen as hydrogen that is not produced using fossil fuel and that does not exceed a standard of four kilograms of carbon dioxide equivalent produced on a lifecycle basis per kilogram of hydrogen produced.

⁴2023 Energy Efficiency (EE) Annual Report. The 2023 CPUC goal was 43M therms avoided by customers.

⁵The California Public Utilities Commission determines the energy efficiency avoided cost calculations in Rulemaking 14-10-003.

⁶Environmental Protection Agency (EPA) Greenhouse Gas Equivalency Calculator results for therms to equivalent GHG emissions.