

POWER SHIFT

Overcoming Barriers in the Renewable Energy Value Chain

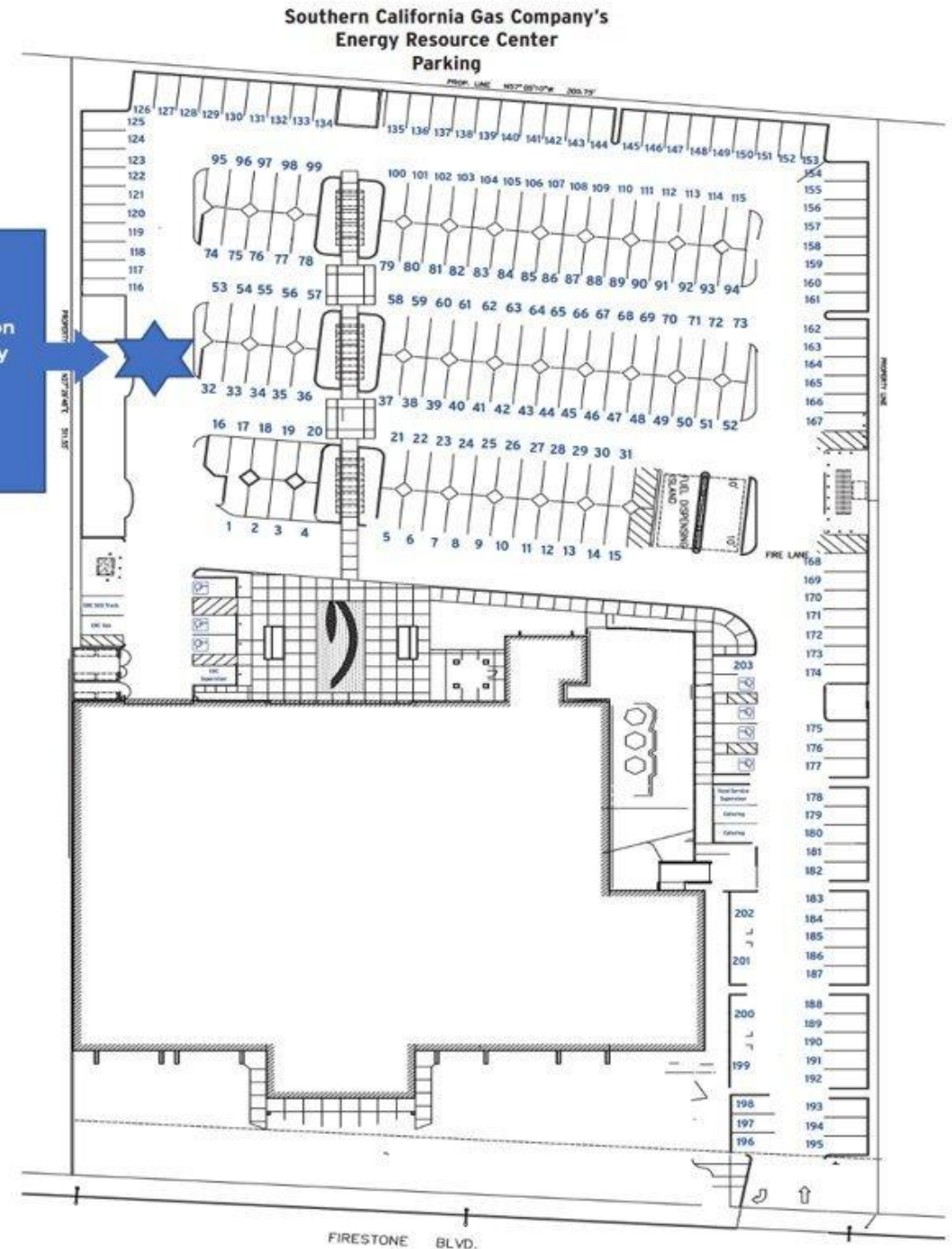
September 4, 2025



Safety Message

Assembly Area

Evacuation
Assembly
Area



Panelists



Puanani Norwood



Connie Hexun



Anita Bradbury



Andrew Cheung



What do you know about SoCalGas?



**Proud History of Delivering Energy to
Southern California**

OVER 150 YEARS

of institutional knowledge and expertise



Service territory covers about

24,000
SQUARE MILES

of diverse terrain throughout Central
and Southern California, from Visalia to
the Mexican border



Largest natural gas distribution utility in
country¹, powering Southern California with
increasingly clean, safe and reliable energy
delivered to more than

21+ MILLION
CUSTOMERS

¹ based on number of customers and revenue



How is SoCalGas Innovating for the Future?



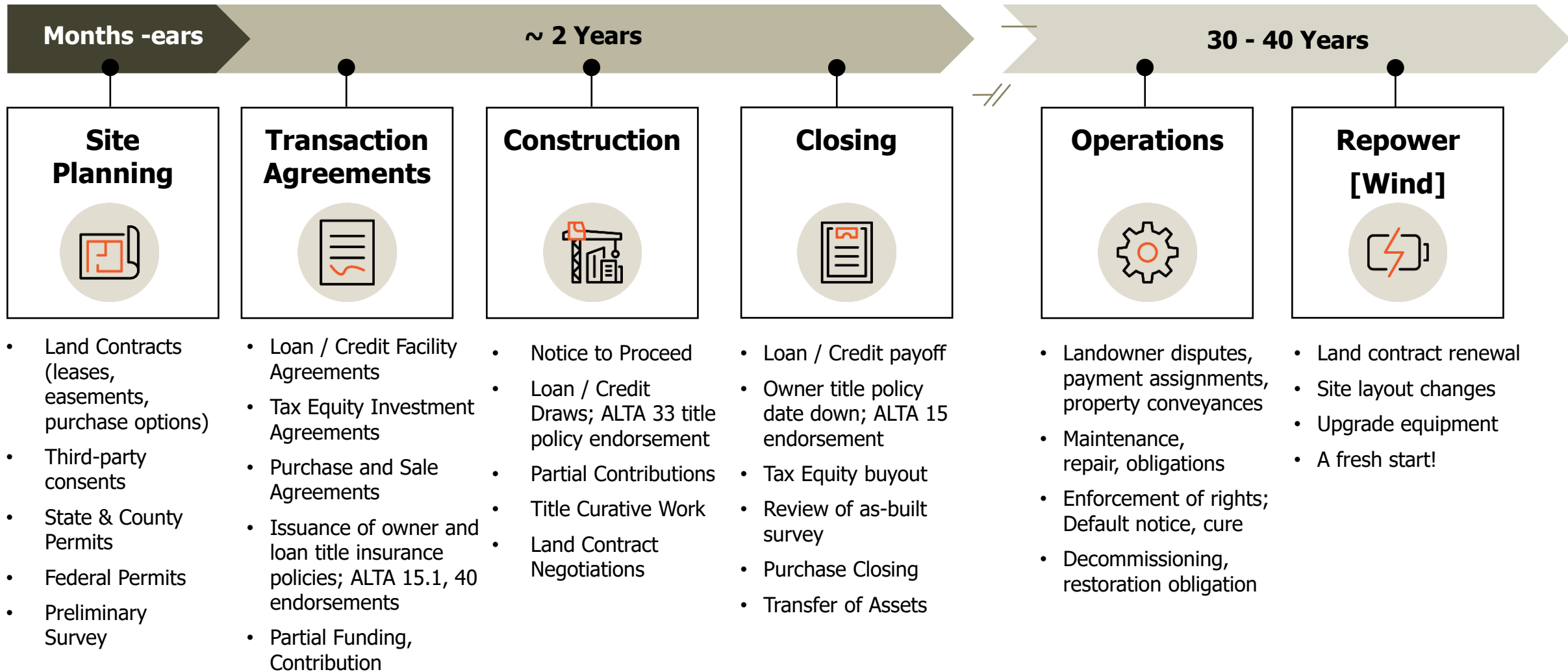
1 RNG Delivery	Target delivering 20% RNG to core customers by 2030 ¹
2 Hydrogen Blending	Safely blend up to 20% hydrogen in distribution pipeline demonstration project(s) by 2030 ¹
3 Angeles Link	Aim to design and construct an open-access clean renewable hydrogen pipeline system ¹
4 Microgrids*	Create advanced microgrid solutions for commercial and industrial customers to boost reliability, enhance resilience, and meet the growing demand for electricity
5 Fleet	Convert fleet to zero emission vehicles, where feasible, and equip all targeted SoCalGas facilities with electric charging stations by 2040 ²
6 Building Optimization	Optimize building operations through efficient use of resources and transitioning to renewable or low carbon power by 2045 ³
7 Compressor Stations*	Enhance responsible business practices and implement emissions reduction strategies at compressor stations
8 Research & Development	Drive innovation and efficiencies through research and development by targeting completion of 10 projects by 2030 ⁴

*New goal topic



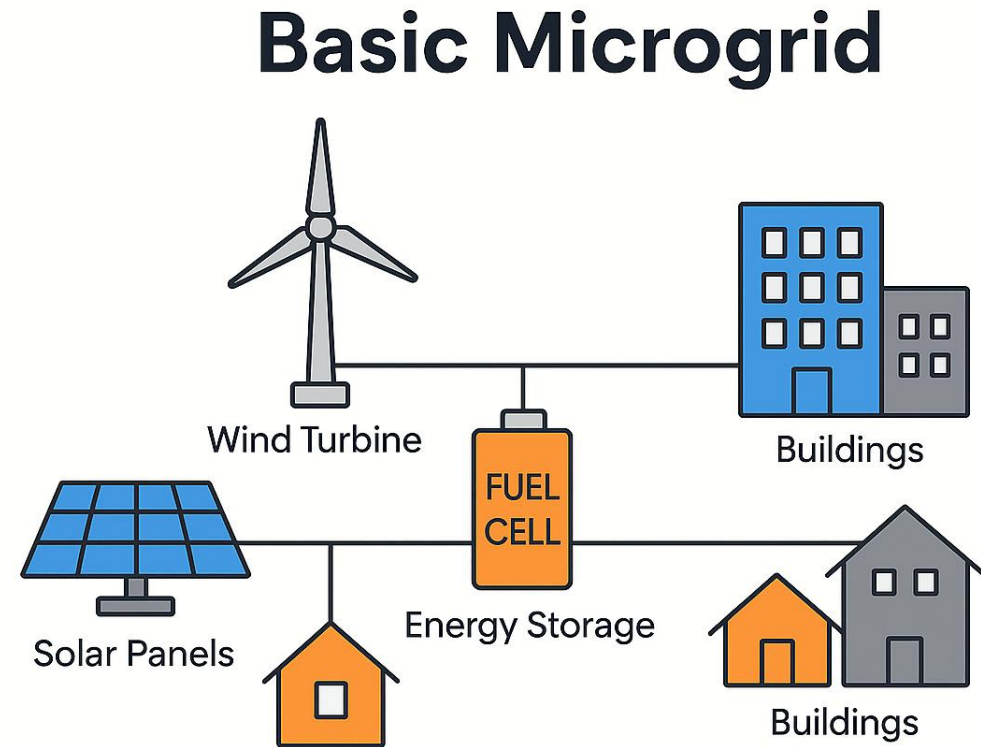
1. SoCalGas's ability to meet this goal is dependent on supportive policy, regulatory, and market conditions.
2. Includes over-the-road fleet, where feasible. Achievement dependent on functional application, availability of cost-effective vehicle products, and regulatory and policy support.
3. Includes onsite and grid-connected renewable and low carbon energy sources. Achievement dependent on availability of cost-effective energy supplies, and regulatory and policy support. Excludes compressor, transmission, unmanned, and leased sites, and energy used in support of emergency events.
4. Includes projects completed between January 1, 2025 and December 31, 2030.

Lifecycle of a Renewable Energy Project



What is a Microgrid?

- Self-contained energy system that can generate, store and manage energy for critical facilities
- Renewable resources can be stored and optimized through smart technology
- Can either work alongside the electric grid or off-grid to provide power during electricity outages



Who can Benefit from Microgrids?



Data Centers and Commercial/ Industrial customers with high reliability and resilience needs



EV Charging and Customers unable to energize new electric load due to grid constraints

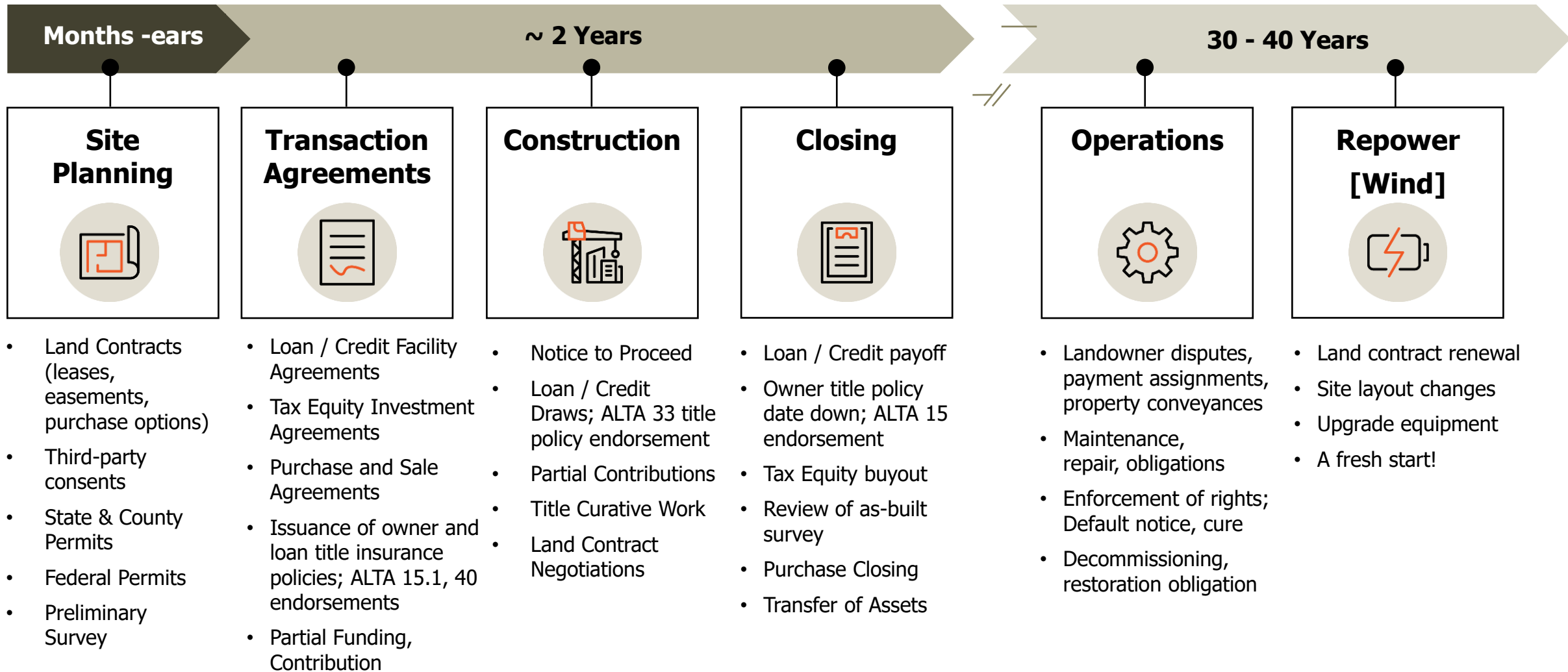


Critical Facilities (Hospitals, Universities, Schools, Airports, Fire Stations)



Water Treatment Facilities

Lifecycle of a Renewable Energy Project



Current Headwinds

One Big Beautiful Bill Act (OBBBA)

- Rolls back clean energy tax credits established under the Inflation Reduction Act of 2022 (IRA)
- Increases complexity and uncertainty
- Short-term windows of opportunity
 - Begin construction in 2025, if possible
 - Lock in Beginning of Construction by December 31, 2025, to avoid Foreign Entity of Concern (FEOC) exposure
 - If a project owner is a “prohibited foreign entity”, the taxpayer will be ineligible for credits.
 - If a project receives “material assistance” from a “prohibited foreign entity”, the project will not be eligible for tax credits.
 - Develop battery projects
 - Monetize credits
 - Sponsors and tax equity investors can largely still turn credits into cash via:
 - Partnership flips
 - Sale-leasebacks
 - Direct transfer per Section 6418
 - Move fast, but manage risks

What is the Projected Growth of the US Microgrid Market?

- North America accounts for 41% of total revenue in 2024
- Demand driven by paradigm shift toward the need for reliable, safe power and the ongoing advancement of cutting-edge technologies
- Useful for remote electrification and the support of local energy communities



Source: <https://www.precedenceresearch.com/microgrid-market>

How is SoCalGas Facilitating Microgrids?

- Microgrid Optional Tariff (MOT) proposal filed in April 2025 for commercial and industrial customers in SoCalGas's service territory
- MOT filed as a turn-key solution for behind-the-meter microgrid facilities
- MOT agreements can be customized to meet specific needs
- Project costs to be recovered from tariff customer and not other ratepayers
- Fuel flexibility is built into MOT allowing customers to leverage existing and future fueling options such as renewable natural gas and hydrogen



What is an Example of a Microgrid?

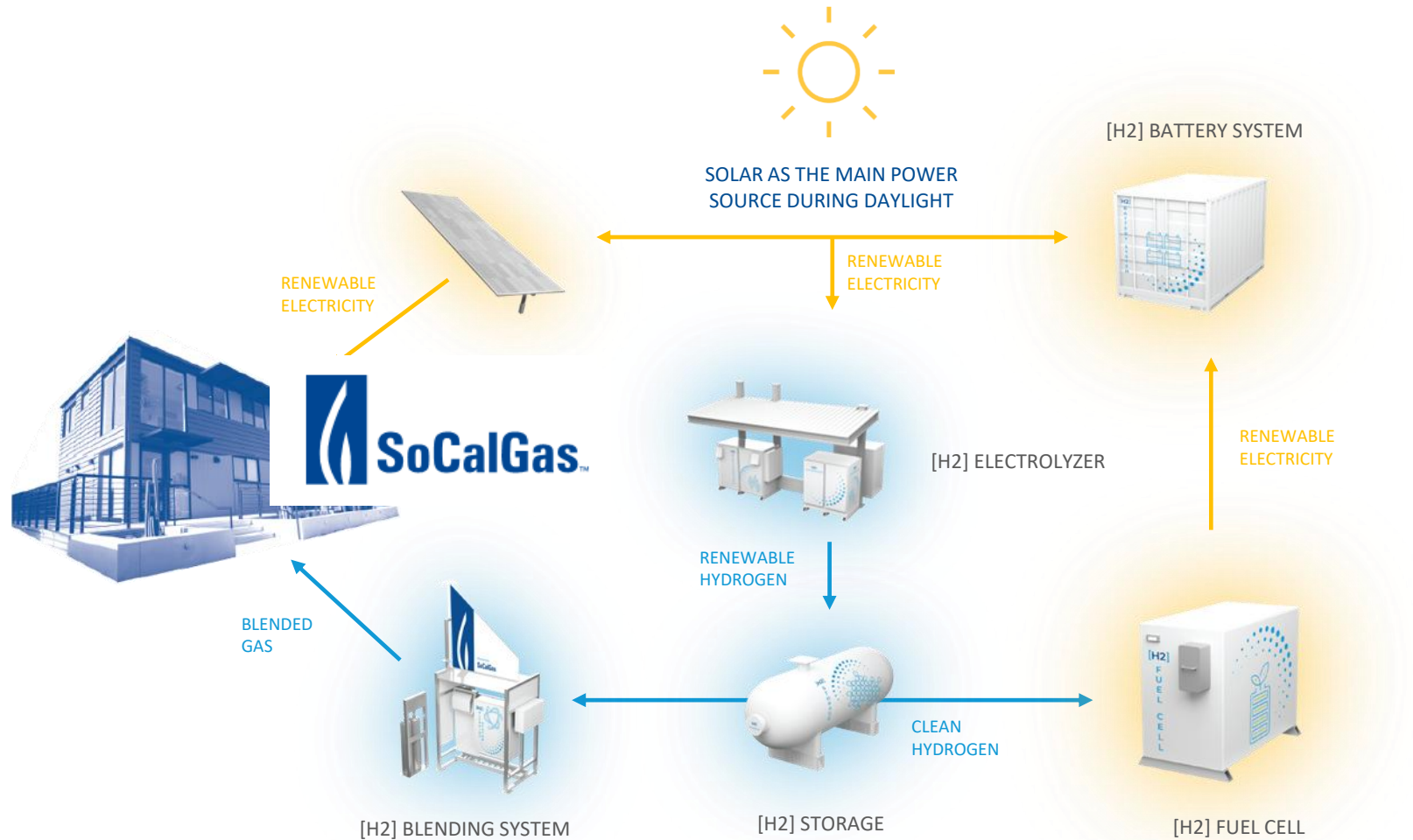
[H2] Innovation Experience

Demonstration of an advanced microgrid utilizing clean renewable hydrogen

Blends up to 20% clean H2 with natural gas for use in the home's gas appliances

Key Benefits

- Long duration storage
- Immediate deployment speed
- Net-zero electricity generation
- Blends into current gas system
- Remedies local blackouts
- Less wildfire risk



Questions?



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