



WHEREAS: Methane emissions are a significant contributor to climate change, with an impact of roughly 84 times that of CO₂ over a 20 year period. Research indicates that methane leaks from gas production, transportation, storage, and delivery could erase the climate benefits of burning methane instead of coal. A recent study indicates methane emissions from the oil and gas sector are 20 to 60 percent higher than previously thought. (Nature, October 2016)

While utilities are increasingly reliant on the safe, reliable, and efficient delivery of gas throughout the value chain, the 2015 failure of a gas injection well at Sempra's subsidiary, Southern California Gas Company, at Aliso Canyon Storage Field in Los Angeles, revealed major vulnerabilities in the climate risk of natural gas storage facilities. There are over 400 such gas storage facilities around the country. According to the Energy Information Administration (EIA), over 80 percent of these facilities are storing gas in depleted oil wells, many drilled decades ago.

Despite the catastrophe at Aliso Canyon, and despite So Cal Gas' public statement that the root cause analysis report on the cause of the blowout will not be available until some point in 2017, the Company sought governmental approval to "replenish" the natural gas supply at the Aliso Canyon facility.

Shareholders are concerned that there is obvious and inherent risk in restoring natural gas to a facility that suffered a catastrophic failure before the cause of such failure is ascertained. Shareholders recognize that Sempra has taken many steps to improve the facility's infrastructure and demonstrate its "fitness for service". Yet, without identifying the root cause of the Aliso Canyon catastrophe, it does not appear possible to determine whether the appropriate remedies have been taken to prevent a similar climate catastrophe in the future.

Though Sempra has pledged to off-set the Aliso Canyon gas leak's climate impacts, and is a leader and innovator amongst utilities on low carbon energy, Sempra shareholders require greater transparency on the management of its methane emissions and risk enterprise-wide, including not only storage but also natural gas transmission and delivery across its pipeline infrastructure. While the Company discloses some constructive methane management policies for its SoCalGas subsidiary, Sempra lacks comprehensive methane management strategy disclosures across its subsidiaries.

RESOLVED: Shareholders request that Sempra issue a report disclosing the Company's enterprise-wide policies for assessing, monitoring, and reducing its methane emissions; describing the climate change risk its methane emissions creates for the Company; and discussing the feasibility of setting quantitative methane emission reduction targets across its operations. The report should omit proprietary information and be produced at reasonable cost.