

Settlement or Investment? When It Pays to Poison.

By Robert Vaghini, Protect Playa Now

SoCalGas reached a tentative “settlement” with the State of California and the City of Los Angeles for 119.5 million earlier this month. On the surface that would seem like a lot of money. Although Sempra Energy, SoCalGas’ parent company, reported an adjusted earnings of 1.37 billion dollars last year so it won’t be bankrupting the company any time soon.¹ However, when we look closer at the settlement, it looks less like a punishment and more like a long term investment strategy. Up to 34.1 million (over 28% of the settlement) has been allocated to assist in dairy digester projects to capture “biomethane.” “Biomethane” is just methane, a product that will have to be cleaned, transported and stored in the same facilities like the one at Aliso Canyon or the one in our backyard in Playa del Rey. This “renewable energy” when burned continues to contribute to climate change and when exposed to the public is poisonous. SoCalGas and Sempra energy have spent millions of dollars in “biomethane” development projects and lobbying efforts to get “biomethane” classified as “renewable energy resource.” Rebranding this toxic product as a renewable energy has allowed Sempra Energy to claim massive tax breaks and is a major reason it received 34 million dollars back from the government and had an effective tax rate of -0.5% between 2008-2015.² Of course when these new sources of methane become available some company is going to need to transport, store and sell it. Conveniently SoCalGas and Sempra Energy are in the business of transporting, storing and selling methane. This will allow SoCalGas and Sempra to profit off its “punishment” for years to come.

As a resident of Los Angeles and California this is appalling. This should infuriate all of us living in the neighborhoods surrounding the Playa del Rey methane storage facility. If SoCalGas can poison our neighbors near Aliso Canyon and then profit off the “punishment,” then what incentive does it have to care about our public health? This sets a terrible precedent. I wonder what SoCalGas will get when our community is poisoned, maybe we’ll build SoCalGas a new power plant to burn the dirty fuel. Oh wait LADWP is already trying spend hundreds of millions dollars to do that at Scattergood. It seems pretty simple to me that when you pay a fine for doing something wrong, you shouldn’t be able to directly profit from that fine. Apparently the State of California and the City of Los Angeles don’t agree and it’s shameful.

1 - “Sempra Energy Reports Strong 2017 Operating Results.” Sempra.com, Sempra Energy, 27 Feb. 2018,

<http://www.sempra.com/newsroom/press-releases/sempra-energy-reports-strong-2017-operating-results>

2 - Nikolewski, Rob. “Sempra Has Paid No Corporate Taxes in Recent Years ... and It's All Legal.” Los Angeles Times, Los Angeles Times, 30 Mar. 2017, <http://www.latimes.com/sd-fi-sempra-taxes-20170328-story.html>