**Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to Sempra ▪ Sempra' s ~~cash flows,~~ ability to pay dividends and ~~ability to~~ meet its ~~debt~~ obligations largely ~~depend~~ **depends** on the performance of its subsidiaries and entities accounted for as equity method investments ▪ The economic interest, voting rights and market value of our outstanding common and preferred stock may be adversely affected by any additional equity securities we may issue Risks Related to All Sempra Businesses ▪ Our businesses are subject to risks arising from their infrastructure and ~~information~~ systems **that support this infrastructure** ▪ **We face risks related to** ~~Severe~~ **severe** weather, natural disasters **, physical attacks** and other similar events ~~could materially adversely affect us~~ **▪ We face evolving cybersecurity risks associated with the energy grid, natural gas pipelines, storage and other infrastructure as well as the collection of personal, sensitive and confidential customer and employee information** ▪ Our debt service obligations expose us to risks and could require additional equity securities issuances by Sempra ~~and~~ **or** sales of equity interests in ~~various~~ subsidiaries or projects under development ▪ The availability and cost of debt or equity financing could be negatively affected by market and economic conditions and other factors ~~, and any such effects could materially adversely affect us~~ ▪ Credit rating agencies may downgrade our credit ratings or place **them** ~~those ratings~~ on negative outlook ▪ ~~Our businesses require numerous~~ **We face risks related to failures and delays in obtaining** permits, licenses, franchises and other approvals **required by our businesses** from various governmental agencies ~~, and the failure to obtain or maintain any of them, or lengthy delays in obtaining them, could materially adversely affect us~~ ▪ Our businesses face climate change concerns and have environmental compliance and clean energy transition **and reporting** costs ~~, which could have a material adverse effect on us~~ ▪ **We** ~~Our businesses~~ are subject to ~~numerous governmental regulations and~~ complex tax and accounting requirements **that expose us** ~~and may be materially adversely affected by them or any changes~~ to ~~them~~ **risks** Risks Related to Sempra California ▪ Wildfires in California pose risks to Sempra **,** ~~California (particularly~~ SDG & E ~~)~~ and ~~Sempra~~ **SoCalGas** ▪ The electricity industry is undergoing significant change, including increased deployment of DER, technological advancements, **evolving procurement service standards,** and political and regulatory developments ▪ Natural gas **has** ~~and natural gas storage have~~ increasingly been the subject of political and public ~~scrutiny~~ **debate** , including a desire by some to **eventually** reduce or eliminate reliance on natural gas as an energy source ▪ SDG & E and SoCalGas are subject to extensive regulation ~~by federal, state and local legislative and regulatory authorities, which may materially adversely affect Sempra, SDG & E and SoCalGas~~ Risks Related to Sempra Texas Utilities ▪ Certain ring- fencing measures, governance mechanisms and commitments limit our ability to influence the management, operations and policies of Oncor ▪ Changes in the regulation **of Oncor or the regulation** or operation of the electric utility industry and / or the ERCOT market ~~, as well as the outcome of regulatory proceedings,~~ could **negatively** ~~materially adversely~~ affect Oncor ~~, which could materially adversely affect us 2022 Form 10- K | 11Risks~~ -- **Risks** Related to Sempra Infrastructure ▪ Project development activities may not be successful, projects under construction may not be completed on schedule or within budget, and completed projects may not operate at expected levels ~~, any of which could materially adversely affect us~~ ▪ We may not be able to enter into, maintain, extend or replace long- term supply, sales or capacity agreements ▪ Our international businesses and operations expose us to increased legal, regulatory, tax, economic, geopolitical and management oversight risks and challenges ~~2022~~ **2023** Form 10- K | ~~12 PART~~ **10PART** I. ITEM 1. BUSINESS OVERVIEW We are a California- based holding company with energy infrastructure investments in North America. Our businesses invest in, develop and operate energy infrastructure, and provide electric and gas services to customers. Sempra was formed in 1998 through a business combination of Enova and PE, the holding companies of our regulated public utilities in California: SDG & E, which began operations in 1881, and SoCalGas, which began operations in 1867. We have since expanded our regulated public utility presence into Texas through our 80. 25 % interest in Oncor and 50 % interest in Sharyland Utilities. Sempra Infrastructure' s assets include investments in the U. S. and Mexico with a focus on LNG ~~and net zero solutions~~ , energy networks and ~~clean power~~ **low carbon solutions** . Business Strategy Our mission is to be North America' s premier energy infrastructure company. We are primarily focused on transmission and distribution investments, among other areas, that we believe are capable of producing stable cash flows and earnings visibility, with the ~~goal~~ **goals** of delivering safe, reliable and increasingly clean forms of energy to customers and increasing shareholder value. DESCRIPTION OF BUSINESS BY SEGMENT ~~Our~~ **Sempra' s** business activities are organized under the following reportable segments: ▪ ~~SoCalGas~~ **Sempra California** ▪ Sempra Texas Utilities ▪ Sempra Infrastructure **In the fourth quarter of 2023, Sempra realigned its reportable segments to reflect changes in how the CODM oversees our three platforms: Sempra California, Sempra Texas Utilities and Sempra Infrastructure. Our former SDG & E and SoCalGas reportable segments were combined into one operating and reportable segment, Sempra California, which is consistent with how the CODM assesses performance due to the similarities of their operations, including geographic location and regulatory framework in California. Sempra' s historical segment disclosures have been restated to conform with the current presentation, so that all discussions reflect the revised segment information of its three reportable segments. SDG & E and SoCalGas each has one reportable segment. 2023 Form 10- K | 11** SDG & E is a regulated public utility that provides electric services to a population of, at December 31, ~~2022~~ **2023** , approximately 3. 6 million and natural gas services to approximately 3. 3 million of that population, covering ~~a~~ **an approximate** 4, 100 square mile service territory in Southern California that encompasses San Diego County and an adjacent portion of Orange County. ~~2022 Form 10- K | 13~~ SDG & E' s assets at December 31, ~~2022~~ **2023** covered the following territory: **We describe SDG & E' s** ~~Electric~~ **electric utility operations below. We describe SDG & E' s natural gas utility operations in " Sempra California' s Natural Gas** Utility Operations **. "** Electric Transmission and Distribution

System. Service to SDG & E' s customers is supported by its electric transmission and distribution system, which includes substations and overhead and underground lines. These electric facilities are primarily in the San Diego, Imperial and Orange counties of California, and in Arizona and Nevada and consisted of 1, ~~928~~ **925** miles of transmission lines, **24,** ~~23~~ **023** ~~, 928~~ miles of distribution lines and 157 substations at December 31, ~~2022~~ **2023** . Occasionally, various areas of the service territory require expansion to accommodate customer growth and maintain reliability and safety. SDG & E' s 500- kV Southwest Powerlink transmission line, which is shared with Arizona Public Service Company and Imperial Irrigation District, extends from Palo Verde, Arizona to San Diego, California. SDG & E' s share of the line is 1, 163 MW, although it can be less under certain system conditions. SDG & E' s Sunrise Powerlink is a 500- kV transmission line constructed by SDG & E and operated by the California ISO. Both of these lines together provide SDG & E with import capability of 3, 900 MW of power. Mexico' s Baja California transmission system is connected to SDG & E' s system via two 230- kV interconnections with combined capacity of up to 600 MW in the north- to- south direction and 800 MW in the south- to- north direction. However, it can be less under certain system conditions. Edison' s transmission system is connected to SDG & E' s system via five 230- kV transmission lines. ~~2022~~ **2023** Form 10- K | ~~14~~ **12** Electric Resources. ~~To meet customer demand,~~ SDG & E supplies power from its own electric generation facilities and procures power on a long- term basis from other suppliers for resale through CPUC- approved **PPAs** ~~purchased- power contracts~~ or purchases on the spot market. SDG & E does not earn any return on commodity sales volumes. SDG & E' s electric resources at December 31, ~~2022~~ **2023** were as follows: ~~SDG & E –~~ ELECTRIC RESOURCES (1) ~~ContractNet~~ --- **Contract** ~~operatingexpiration~~ **expiration dateNet operating** ~~datecapacity~~ ---- **capacity** (MW) % of ~~totalOwned~~ **totalSDG & E: Owned** generation facilities, natural gas (2) 1, 204 24 % **PPAs** ~~Purchased- power contracts~~ : Renewables: ~~Wind2023~~ **Wind2024** to 20421, ~~236 24~~ **025 20** Solar2030 to 20421, **526** ~~390~~ - **30** ~~27 Other2023~~ **Other2024** and ~~thereafter37~~ **thereafter157** ~~1~~ **3** Tolling and other2024 to 20421, ~~206 24~~ **167 23** Total5, ~~073~~ **079** 100 % (1) Excludes approximately ~~321~~ **367** MW of energy storage owned and approximately ~~164~~ **585** MW of energy storage contracted. (2) SDG & E owns and operates four natural gas- fired power plants, three of which are in California and one is in Nevada. Charges under contracts with suppliers are based on the amount of energy received or are tolls based on available capacity. Tolling contracts are **PPAs** ~~purchased- power contracts~~ under which SDG & E provides natural gas to the energy supplier. SDG & E procures natural gas under short- term contracts for its owned generation facilities and for certain tolling contracts associated with **PPAs** ~~purchased- power arrangements~~ . Purchases from various southwestern U. S. suppliers are primarily priced based on published monthly bid- week indices, which can be subject to volatility. SDG & E participates in the Western Systems Power Pool, which includes an electric- power and transmission- rate agreement that allows access to power trading with more than 300 member utilities, power agencies, energy brokers and power marketers throughout the U. S. and Canada. Participants can make power transactions on standardized terms, including market- based rates, preapproved by the FERC. Participation in the Western Systems Power Pool is intended to assist members in managing power delivery and price risk. Customers and Demand. SDG & E provides electric services through the generation, transmission and distribution of electricity to the following customer classes: ~~SDG & E –~~ ELECTRIC CUSTOMER METERS AND VOLUMESCustomer meter countVolumes (1) (millions of kWh) December 31, Years ended December 31, ~~2022202220212020Residential615~~ **2023202320222021SDG & E: Residential383** , ~~126~~ **150 2, 004** 3, 940 5, 657 ~~6, 606 Commercial71~~ **Commercial41** , ~~661~~ **458 1, 868** 2, 850 4, 128 ~~5, 873 Industrial471~~ **Industrial359 670** 909 1, 398 ~~1, 842~~ Street and highway ~~lighting3~~ **lighting1** , ~~323~~ **785 77** 101 115 **426** ~~77 690~~ , ~~581~~ **752 4, 619** 7, 800 11, 298 ~~14, 398~~ CCA and ~~DA813~~ -- **DA1** , ~~304~~ **090, 386 12, 228** 9, 900 5, 916 ~~3, 482~~ Total1, ~~503~~ **517** , ~~885~~ **138 16, 847** 17, 700 17, 214 ~~17, 880~~ (1) Includes intercompany sales. SDG & E currently provides procurement service for a portion of its customer load. Most customers receive procurement service from a load- serving entity other than SDG & E through programs such as CCA and DA. In such cases, SDG & E no longer procures energy for this departing load. Accordingly, SDG & E' s CCA and DA customers receive primarily transportation and distribution services from SDG & E. **2023 Form 10- K | 13** CCA is only available if the customer' s local jurisdiction (city or county) offers such a program **, as is the case with the City of San Diego and certain other jurisdictions in SDG & E' s service territory,** and DA is currently limited by a cap based on gigawatt hours. Several jurisdictions in SDG & E' s territory have implemented CCA, including the City of San Diego in 2022. Additional jurisdictions are in the process of implementing or considering CCA. ~~2022 Form 10- K | 15~~ **As a result of customers electing CCA and DA services,** SDG & E' s historical energy procurement **commitments** for future deliveries ~~exceeds~~ - **exceed** the needs of its remaining bundled customers ~~as customers have elected CCA and DA services~~ . To help achieve the goal of ratepayer indifference (as to whether ~~or not~~ customers' energy is procured by SDG & E or by CCA or DA), the CPUC revised the Power Charge Indifference Adjustment framework. The purpose of the framework is to help ensure SDG & E' s procurement cost obligations are more equitably shared among customers served by SDG & E and customers now served by CCA ~~or~~ **and** DA ~~. SDG & E implemented the framework on January 1, 2019~~ . San Diego' s mild climate and SDG & E' s robust energy efficiency programs contribute to lower consumption by our customers. Rooftop solar installations continue to reduce residential and commercial volumes sold by SDG & E. At December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , the residential and commercial rooftop solar capacity in SDG & E' s territory totaled **2, 154 MW,** 1, 864 MW ~~,~~ **and** 1, 620 ~~MW and 1, 423~~ MW, respectively. Electricity demand is dependent on the health and expansion of the Southern California economy, prices of alternative energy products, consumer preference, environmental regulations, legislation, renewable power generation, the effectiveness of energy efficiency programs, demand- side management impact and distributed generation resources. California' s energy policy supports increased electrification, particularly electrification of vehicles, which could significantly increase sales volumes in the coming years. Other external factors, such as the price of purchased power, the use of hydroelectric power, the use of and further development of renewable energy resources and energy storage, the development of or requirements for new natural gas supply sources, demand for and supply of natural gas and general economic conditions, can also result in significant shifts in the market price of electricity, which may in turn impact demand. Electricity demand is also impacted by seasonal weather patterns (or " seasonality "), tending to increase in the summer months to meet the cooling load and in the winter months to meet the heating load. Competition. SDG & E faces competition to serve its customer load from distributed and local power generation growth, including solar installations. In addition, the electric industry is undergoing rapid technological change, and third- party energy storage alternatives and other technologies may increasingly compete with SDG & E' s traditional transmission and distribution infrastructure in delivering electricity to consumers. ~~Natural Gas Utility Operations We describe SDG & E' s natural gas~~ **Certain FERC transmission development projects are open to competition, allowing independent developers to compete with incumbent** ~~utility~~ **utilities for the construction and** ~~operations~~ **operation of transmission facilities** ~~below in " Sempra California' s Natural Gas Utility Operations~~ . ~~"~~ **2023 Form 10- K | 14** SoCalGas is a regulated public utility that owns and operates a natural gas distribution, transmission and storage system that delivers natural gas to a population of, at December 31, ~~2022~~ **2023** , approximately 21 ~~. 1~~ million, covering ~~a~~ **an approximate** 24, 000 square mile service territory that encompasses Southern California and portions of central California (excluding San Diego County, the City of Long Beach and the desert area of San Bernardino County). ~~2022 Form 10- K | 16~~ SoCalGas' assets at December 31, ~~2022~~ **2023** covered the following territory: We describe SoCalGas' natural gas utility operations below in " Sempra California' s Natural Gas Utility Operations. " Natural Gas Procurement and Transportation **.** At December 31, ~~2022~~ **2023** , SoCalGas' natural gas facilities included 3, ~~046~~ **043** miles of transmission and storage pipelines, 52, ~~020~~ **404** miles of distribution pipelines, 48, ~~918~~ **983** miles of service pipelines and nine transmission compressor stations, and SDG & E' s natural gas facilities consisted of ~~168~~ **197** miles of transmission pipelines, 9, ~~112~~ **135** miles of distribution pipelines, 6, ~~718~~ **737** miles of service pipelines and one compressor station. SoCalGas' and SDG & E' s gas transmission pipelines interconnect with four major interstate pipeline systems: El Paso Natural Gas, Transwestern Pipeline, Kern River Pipeline Company, and Mojave Pipeline Company, allowing customers to bring gas supplies into the SoCalGas gas transmission pipeline system from the various out- of- state gas producing basins. Additionally, an interconnection with PG & E' s intrastate gas transmission pipeline system allows gas to flow into SoCalGas' gas transmission pipeline system. SoCalGas' gas transmission pipeline system also has an interconnect with a Mexican gas pipeline company at Otay Mesa on the California / Mexico border that allows gas to not only flow south from the gas producing basins in the southwestern U. S., but to also flow north into SoCalGas' gas transmission pipeline system from ~~LNG- sourced~~ supplies in Mexico. There are also several in- state gas interconnections allowing for delivery of California- produced gas, including a number of direct connections from renewable natural gas producers. **2023 Form 10- K | 15** SoCalGas purchases natural gas under short- term and long- term contracts and on the spot market for SDG & E' s and SoCalGas' core customers. SoCalGas purchases natural gas from various sources, including from Canada, the U. S. Rockies and the southwestern regions of the U. S. Purchases of natural gas are primarily priced based on published monthly bid week indices, ~~2022 Form 10- K | 17~~ which can be subject to volatility. The cost of purchases of natural gas for SDG & E' s and SoCalGas' core customers is billed to those customers without markup. To support the delivery of natural gas supplies to its distribution system and to meet the needs of customers, SoCalGas has firm and variable interstate pipeline capacity contracts that require the payment of fixed and variable tariffed and negotiated reservation charges to reserve firm **and interruptible** transportation rights. Energy companies, primarily El Paso Natural Gas Company, Transwestern Pipeline Company and Kern River Gas Transmission Company, provide transportation services into SoCalGas' intrastate transmission system for supplies purchased by SoCalGas. Natural Gas Storage **.** SoCalGas owns four natural gas storage facilities with a combined working gas capacity of 137 Bcf and ~~126~~ **128** injection, withdrawal and observation wells that provide natural gas storage service. SoCalGas' and SDG & E' s core customers, along with certain third- party market participants, are allocated a portion of SoCalGas' storage capacity. SoCalGas uses the remaining storage capacity for load balancing services for all **customers and for storage for noncore** customers. Natural gas withdrawn from storage is important to help maintain service reliability during peak demand periods, including consumer heating needs in the winter, as well as peak electric generation needs in the summer. The Aliso Canyon natural gas storage facility has a storage capacity of 86 Bcf and, subject to ~~the~~ CPUC limitations ~~described below~~ , represents 63 % of SoCalGas' **working** natural gas storage capacity. **At December 31, 2023,** SoCalGas ~~discovered a natural~~ **has been authorized by the CPUC to utilize up to 68. 6 Bcf of working** gas ~~leak~~ at ~~one~~ **the facility to help achieve reliability for the region as determined by the CPUC. The authorized storage capacity** of ~~its wells at~~ the Aliso Canyon natural gas storage facility **is subject** ~~in October 2015 and permanently sealed the well in February 2016. SoCalGas was subsequently authorized~~ to ~~make limited withdrawals and injections of natural gas at the Aliso Canyon natural gas storage facility and, on~~ an **ongoing proceeding with** ~~interim basis, has been directed by~~ the CPUC **that we** ~~to maintain up to 41. 16 Bcf of working gas at the facility to help achieve reliability for the region as determined by the CPUC. To help maintain system reliability, the CPUC issued a protocol authorizing withdrawals of natural gas from the facility if available gas supply reaches defined thresholds for SoCalGas' system, or public health and safety is at risk, as determined by the protocol. We~~ discuss ~~the Leak~~ in Note 16 of the Notes to Consolidated Financial Statements, in " Part I – Item 1A. Risk Factors " and in " Part II – Item 7. MD & A – Capital Resources and Liquidity – SoCalGas. " **Customers and Demand.** SoCalGas and SDG & E sell, distribute and transport natural gas. SoCalGas purchases and stores natural gas for its core customers in its territory and SDG & E' s territory on a combined portfolio basis. SoCalGas also offers natural gas transportation and storage services for others. ~~SEMPRA CALIFORNIA —~~ NATURAL GAS CUSTOMER METERS AND VOLUMESCustomer meter countVolumes (Bcf) (1) December 31, Years ended December 31, ~~2022202220212020SDG~~ ---- **2023202320222021SDG** & E: ~~Residential878~~ **Residential883** , ~~220~~ **014** Commercial29, ~~180~~ **053** Electric generation and transportation2, ~~540~~ **964** Natural gas ~~sales45~~ **sales48 45** 46 ~~43~~ Transportation39 **39** 38 ~~40 Total909~~ **Total915** , ~~940~~ **031 87** 84 84 ~~83~~ SoCalGas: Residential5, ~~857~~ **890** , ~~280~~ **601** Commercial 248, ~~800~~ **498** Industrial24, ~~390~~ **119** Electric generation and wholesale40 Natural gas ~~sales304~~ **sales321 304** 314 ~~312 Transportation586~~ **Transportation549 586** 568 ~~572~~ Total6, ~~130~~ **163** , ~~510~~ **258 870** 890 882 ~~884~~ For regulatory purposes, end- use customers are classified as either core or noncore customers. Core customers are primarily residential and small commercial and industrial customers. ~~2022 Form 10- K | 18~~ Most core customers purchase natural gas directly from SoCalGas or SDG & E. While core customers are permitted to purchase their natural gas supplies from producers, marketers or brokers, SoCalGas and

SDG & E are obligated to maintain adequate delivery capacity to serve the requirements of all their core customers. **2023 Form 10- K | 16** Noncore customers at SoCalGas consist primarily of electric generation, wholesale, and large commercial and industrial customers. A portion of SoCalGas' noncore customers are non- end- users, which include wholesale customers consisting primarily of other utilities, including SDG & E, or municipally owned natural gas distribution systems. Noncore customers at SDG & E consist primarily of electric generation and large commercial customers. Noncore customers are responsible for procuring their natural gas requirements, as the regulatory framework does not allow SoCalGas and SDG & E to recover the cost of natural gas procured and delivered to noncore customers. Natural gas demand largely depends on the health and expansion of the Southern California economy, prices of alternative energy products, consumer preference, environmental regulations, legislation, California' s energy policy supporting increased electrification and renewable power generation, and the effectiveness of energy efficiency programs. Other external factors such as weather, the price of, demand for, and supply sources of electricity, the use of and further development of renewable energy resources and energy storage, development of or requirements for new natural gas supply sources, demand for natural gas outside California, storage levels, transport capacity and availability of supply into California and general economic conditions can also result in significant shifts in the market price of natural gas, which may in turn impact demand. One of the larger sources for natural gas demand is electric generation. Natural gas- fired electric generation within Southern California (and demand for natural gas supplied to such plants) competes with electric power generated throughout the western U. S. Natural gas transported for electric generating plant customers may be affected by the overall demand for electricity, growth in self- generation from rooftop solar, the addition of more efficient gas technologies, new energy efficiency initiatives, and the degree to which regulatory changes in electric transmission infrastructure investment divert electric generation from SoCalGas' and SDG & E' s service areas. The demand for natural gas may also fluctuate due to volatility in the demand for electricity due to seasonality, weather conditions and other impacts, and the availability of competing supplies of electricity, such as hydroelectric generation and other renewable energy sources. Given the significant quantity of natural gas- fired generation, we believe natural gas is a dispatchable fuel that can continue to help provide electric reliability in our California service territories. The natural gas distribution business is subject to seasonality **. Demand tends to increase in** ~~, and cash provided by operating activities generally is greater during and immediately following~~ the winter **months to meet the** heating ~~months~~ **load** . As is prevalent in the industry, ~~but~~ subject to ~~current~~ regulatory limitations, SoCalGas typically injects natural gas into storage during the months of April through October, and usually withdraws natural gas from storage during the months of November through March. **2023 Form 10- K | 17** Sempra Texas Utilities is comprised of our equity method investments in Oncor Holdings and Sharyland Holdings. Oncor Holdings is an indirect, wholly owned entity of Sempra that owns an 80. 25 % interest in Oncor. TTI owns the remaining 19. 75 % interest in Oncor. Sempra owns an indirect ~~,~~ 50 % interest in Sharyland Holdings, which owns a 100 % interest in Sharyland Utilities. ~~2022 Form 10- K | 19~~ Sempra Texas Utilities' assets at December 31, ~~2022~~ **2023** covered the following territory: Oncor is a regulated electricity transmission and distribution utility that operates in the north- central, eastern, western and panhandle regions of Texas. Oncor delivers electricity to end- use consumers through its electrical systems, and also provides transmission grid connections to merchant generation facilities and interconnections to other transmission grids in Texas. Oncor' s transmission and distribution assets are located in over 120 counties and more than 400 incorporated municipalities, including the cities of Dallas and Fort Worth and surrounding suburbs, as well as Waco, Wichita Falls, Odessa, Midland, Tyler, Temple, Killeen and Round Rock, among others. Most of Oncor' s power lines have been constructed over lands of others pursuant to easements or along public highways, streets and rights- of- way pursuant to permits, public utility easements, franchise or other agreements or as otherwise permitted by law. At December 31, ~~2022~~ **2023** , Oncor had 4, ~~561~~ **774** employees, including ~~764~~ **819** employees covered under a collective bargaining agreement. **2023 Form 10- K | 18** Certain ring- fencing measures, governance mechanisms and commitments, which we describe in " Part I – Item 1A. Risk Factors, " are in effect and are intended to enhance Oncor Holdings' and Oncor' s separateness from their owners and to mitigate the risk that these entities would be negatively impacted by the bankruptcy of, or other adverse financial developments affecting, their owners. Sempra does not control Oncor Holdings or Oncor, and the ring- fencing measures, governance mechanisms and commitments limit our ability to direct the management, policies and operations of Oncor Holdings and Oncor, including the deployment or disposition of their assets, declarations of dividends **or other distributions** , strategic planning and other important corporate issues and actions, including limited representation on the Oncor Holdings and Oncor boards of directors. Because Oncor Holdings and Oncor are managed independently (i. e., ring- fenced), we account for our 100 % ownership interest in Oncor Holdings as an equity method investment. Electricity Transmission. Oncor' s electricity transmission business is responsible for the safe and reliable operations of its transmission network and substations. These responsibilities consist of the construction, maintenance and security of transmission ~~2022 Form 10- K | 20~~ facilities and substations and the monitoring, controlling and dispatching of high- voltage electricity over its transmission facilities in coordination with ERCOT, which we discuss below in " Regulation – Utility Regulation – ERCOT Market. " At December 31, ~~2022~~ **2023** , Oncor' s transmission system included approximately 18, ~~268~~ **298** circuit miles of transmission lines, a total of 1, ~~207~~ **257** transmission and distribution substations, and interconnection to ~~146~~ **173** third- party generation facilities totaling ~~48~~ **54** , ~~430~~ **277** MW. Transmission revenues are provided under tariffs approved by either the PUCT or, to a small degree related to limited interconnection to other markets, the FERC. Network transmission revenues compensate Oncor for delivery of electricity over transmission facilities operating at 60 kV and above. Other services offered by Oncor through its transmission business include system impact studies, facilities studies, transformation service and maintenance of transformer equipment, substations and transmission lines owned by other parties. Electricity Distribution. Oncor' s electricity distribution business is responsible for the overall safe and reliable operation of distribution facilities, including electricity delivery, power quality, security and system reliability. These responsibilities consist of the ownership, management, construction, maintenance and operation of the electricity distribution system within its certificated service area. Oncor' s distribution system receives electricity from the transmission system through substations and distributes electricity to end- users and wholesale customers through 3, ~~681~~ **722** distribution feeders **at December 31, 2023** . Oncor' s distribution system included nearly ~~3~~ **4** . ~~9~~ **0** million points of delivery at December 31, ~~2022~~ **2023** and consisted of ~~123~~ **125** , ~~500~~ **116 circuit** miles of overhead and underground lines. Distribution revenues from residential and small business users are based on actual monthly consumption (kWh) and distribution revenues from large commercial and industrial users are based on, depending on size and annual load factor, either actual monthly demand (kW) or the greater of actual monthly demand (kW) or 80 % of peak monthly demand during the prior eleven months. Customers and Demand. Oncor operates the largest transmission and distribution system in Texas based on the number of end- use customers and miles of transmission and distribution lines, delivering electricity to nearly ~~3~~ **4** . ~~9~~ **0** million homes and businesses, operating more than ~~141~~ **143** , 000 **circuit** miles of transmission and distribution lines as of December 31, ~~2022~~ **2023** in a territory with an estimated population of approximately 13 million. The **majority of** consumers of the electricity Oncor delivers ~~(other than ultimate end- use customers served by an electric cooperative or a municipally owned utility)~~ are free to choose their electricity supplier from retail electric providers who compete for their business. Oncor is not a seller of electricity, nor does it purchase electricity for resale. Rather, Oncor provides **wholesale** transmission services to its electricity distribution business as well as non- affiliated electricity distribution companies, **electric** cooperatives and municipally owned utilities. Oncor also provides distribution services, consisting of retail delivery services to retail electric providers that sell electricity to end- use customers, as well as wholesale delivery services to **electric** cooperatives and municipally owned utilities. At December 31, ~~2022~~ **2023** , Oncor' s distribution business customers primarily consisted of over 100 retail electric providers that sell the electricity it distributes to consumers in its certificated service areas. Oncor' s revenues and results of operations are subject to seasonality, weather conditions and other electricity usage drivers, with revenues being highest in the summer. Competition. Oncor operates in certificated areas designated by the PUCT. The majority of Oncor' s service territory is single certificated, with Oncor as the only certificated electric transmission and distribution provider. However, in multi- certificated areas of Texas, Oncor competes with certain other utilities and rural electric cooperatives for the right to serve end- use customers. In addition, the electric industry is undergoing rapid technological change, and third- party **DER** ~~distributed energy resources~~ and other technologies may increasingly compete with Oncor' s traditional transmission and distribution infrastructure in delivering electricity to consumers. **2023 Form 10- K | 19** Sharyland Utilities is a regulated electric transmission utility that owns and operates, at December 31, ~~2022~~ **2023** , approximately 64 miles of electric transmission lines in south Texas, including a direct current line connecting Mexico and assets in McAllen, Texas. Sharyland Utilities is responsible for providing safe, reliable and efficient transmission and substation services and investing to support infrastructure needs in its service territory, which we discuss below in " Regulation – Utility Regulation – ERCOT Market. " Transmission revenues are provided under tariffs approved by the PUCT. Our Sempra Infrastructure segment includes the operating companies of our subsidiary, SI Partners, as well as a holding company and certain services companies. SI Partners is included within our Sempra Infrastructure reportable segment, but is not the same in its entirety as the reportable segment. Sempra Infrastructure develops, builds, operates and invests in energy infrastructure to help enable the energy transition in North American markets and globally. **At December 31,** ~~2022~~ **2023 ,** ~~Form 10- K | 21~~ Sempra Infrastructure **, KKR Pinnacle and ADIA directly or indirectly** ~~owned~~ -- **own** a 70 % **, 20 %, and 10 %** interest **, respectively,** in SI Partners **.** ~~at December 31, 2022, following its sale of a 20 % NCI in~~ SI Partners **holds** ~~to KKR in October 2021 and sale of a 10 % NCI in SI Partners to ADIA in June 2022. SI Partners has two authorized classes of limited partnership interests designated as " Class A Units " (which are common voting units) and " Sole Risk Interests " (which are only owned by Sempra, are non- voting and are not considered in the calculation of each limited partner' s respective ownership interests, subject to certain restrictions). We discuss KKR' s and ADIA' s purchases of NCI in SI Partners, as well as SI Partners' limited partnership agreement that governs the partners' respective rights and obligations in respect of their ownership interests in SI Partners in Note 1 of the Notes to Consolidated Financial Statements. SI Partners held~~ a 100 % ownership interest in Sempra LNG Holding, LP and a 99. 9 % ownership interest in IEnova at December 31, ~~2022~~ **2023** ~~, which~~ **. Sempra Infrastructure** consolidates Sempra' s ownership and management of its non- **U. S.** utility, energy infrastructure assets in North America under a single platform. These assets include LNG and natural gas infrastructure in the U. S. and Mexico and renewable energy, LPG and refined products infrastructure in Mexico, which are managed through three business lines: LNG ~~and Net- Zero Solutions~~ , Energy Networks and ~~Clean Power~~ **Low Carbon Solutions** . At December 31, ~~2022~~ **2023** , Sempra Infrastructure owned or held interests in the following assets: Sempra Infrastructure' s LNG ~~and Net- Zero Solutions~~ business line is comprised of a natural gas liquefaction **and regasification** portfolio in operation, construction or development, and is focused on ~~energy diversification and~~ **securely delivering natural gas to** the ~~clean~~ **world in support of the** energy transition ~~in markets that our customers serve~~ . Cameron LNG Phase 1 Facility. SI Partners owns 50. 2 % of Cameron LNG JV, while an affiliate of TotalEnergies SE, an affiliate of Mitsui & Co., Ltd., and Japan LNG Investment, LLC (a company jointly owned by Mitsubishi Corporation and **2023 Form 10- K | 20** Nippon Yusen Kabushiki Kaisha) each own 16. 6 % of Cameron LNG JV. We account for our ownership interest in Cameron LNG JV under the equity method. No single owner controls or can unilaterally direct significant activities of Cameron LNG JV. Cameron LNG JV owns and operates the Cameron LNG Phase 1 facility, a natural gas liquefaction, export, regasification and import facility with three natural gas pre- treatment, processing and liquefaction trains. The Cameron LNG Phase 1 facility is located in Hackberry, Louisiana, along the Calcasieu Ship Channel, which handles significant industrial shipping, including large ~~2022 Form 10- K | 22~~ oil and LNG tankers, ~~and~~ **that we believe** is well positioned to supply the Atlantic and Pacific markets. The three liquefaction trains have a combined nameplate capacity of 13. 9 Mtpa of LNG with an export capacity of 12 Mtpa of LNG, or approximately 1. 7 Bcf of natural gas per day. The Cameron LNG Phase 1 facility has 20- year liquefaction and regasification tolling capacity agreements in place with affiliates of TotalEnergies SE, Mitsubishi Corporation and Mitsui & Co., Ltd., which collectively subscribe for the full nameplate capacity of the three trains at the facility. ECA Regas Facility. Sempra Infrastructure owns and operates the ECA Regas Facility in Baja California, Mexico, which is capable of processing one Bcf of natural gas per day and has a storage capacity of 320, 000 cubic meters in two tanks of

160, 000 cubic meters each. The ECA Regas Facility generates revenues from firm storage service fees under firm storage service agreements and nitrogen injection service agreements with Shell ~~Mexico~~ **México Gas Natural, S. de R. L. de C. V.** and ~~Gazprom~~ **SEFE** that expire in 2028, which permit them to collectively use 50 % of the terminal' s capacity, with the remaining 50 % of the capacity available for Sempra Infrastructure' s use. The land on which the ECA Regas Facility and the ECA LNG liquefaction projects under construction and in development are expected to be situated, as well as land adjacent to those properties, are the subject of litigation. We discuss **litigation over land disputes and environmental and social impact permits at** the ECA Regas Facility ~~arbitration and land litigation~~ in Note 16 of the Notes to Consolidated Financial Statements and " Part I – Item 1A. Risk Factors. " Sempra Infrastructure uses its 50 % capacity at the ECA Regas Facility to satisfy its obligation under an LNG SPA with Tangguh PSC through 2029, which we discuss below, and ECA LNG Phase 1 will be the sole user of this capacity thereafter . Asset and Supply Optimization. Sempra...... and natural gas storage and pipeline capacity . ECA LNG Phase 1 Project. SI Partners owns an 83. 4 % interest in ECA LNG Phase 1, and an affiliate of TotalEnergies SE owns the remaining 16. 6 % interest. ECA LNG Phase 1 is constructing a one- train natural gas liquefaction facility at the site of Sempra Infrastructure' s existing ECA Regas Facility with a nameplate capacity of 3. 25 Mtpa and an initial offtake capacity of 2. 5 Mtpa. We expect the ECA LNG Phase 1 project to commence commercial operations in the summer of 2025. ECA LNG Phase 1 has definitive 20- year SPAs with an affiliate of TotalEnergies SE for approximately 1. 7 Mtpa of LNG and Mitsui & Co., Ltd. for approximately 0. 8 Mtpa of LNG. The construction of the ECA LNG Phase 1 project is subject to numerous risks and uncertainties. For a discussion of these risks and uncertainties, see " Part I – Item 1A. Risk Factors " and " Part II – Item 7. MD & A – Capital Resources and Liquidity – Sempra Infrastructure. " **PA** ~~Additional Potential~~ LNG **Phase 1 Project. SI Partners, KKR Denali and** ~~and~~ - **an** ~~Net~~ **affiliate of ConocoPhillips directly or indirectly own a 28 %, 42 % and 30 %, respectively, interest in the PA LNG Phase 1 project under construction on a greenfield site in the vicinity of Port Arthur, Texas, located along the Sabine** - ~~Zero Solutions'~~ **.Asset** and Supply Optimization.Sempra Infrastructure has an LNG SPA through 2029 with Tangguh PSC for the supply of the equivalent of 500 MMcf of natural gas per day at a price based on the SoCal Border index for natural gas.The LNG SPA allows Tangguh PSC to divert certain LNG volumes to other global markets in exchange for payments of diversion fees.Sempra Infrastructure may also enter into short- term supply agreements to purchase LNG to be received,stored and regasified at the ECA Regas Facility for sale to other parties.Sempra Infrastructure uses the natural gas produced from this LNG to supply a contract for the sale of natural gas to the CFE at prices that are based on the SoCal Border index.If LNG volumes received from Tangguh ~~2023 Form 10- K | 21~~ PSC are not sufficient to satisfy the commitment to the CFE,Sempra Infrastructure may purchase natural gas in the market to satisfy such commitment.Sempra Infrastructure purchases,transports and sells natural gas,and has customers in both the U.S.and Mexico,including the CFE.Sempra Infrastructure may also purchase natural gas from other Sempra affiliates.Natural gas purchases and transportation arrangements are substantially backed by long- term,U.S.dollar- based contracts for the sale of natural gas to third parties (both U.S.sourced and derived from imported LNG),LNG offtake and natural **gas storage and pipeline capacity** Projects **Under Development** . Sempra Infrastructure is evaluating the following development opportunities: ▪ Cameron LNG Phase 2 project, an expansion of the Cameron LNG Phase 1 facility **that would add one liquefaction train and debottlenecking capacity from the existing three trains** ▪ ECA LNG Phase 2 project, a large- scale natural gas liquefaction project to be located at the site of Sempra Infrastructure' s existing ECA Regas Facility in Baja California, Mexico ▪ PA LNG **Phase 2** ~~projects~~ - **project** , a large- scale natural gas liquefaction project ~~, to be developed in two phases,~~ and associated infrastructure ~~on a greenfield site~~ **to be located adjacent to the PA LNG Phase 1 project** in the vicinity of Port Arthur, Texas ~~located along the Sabine- Neches waterway~~ ▪ Vista Pacifico LNG project, a mid- scale natural gas liquefaction project and associated infrastructure in the vicinity of Topolobampo in Sinaloa, Mexico ~~▪ Hackberry Carbon Sequestration project, a carbon capture and sequestration project that is intended to reduce emissions at the Cameron LNG Phase 1 facility and proposed Cameron LNG Phase 2 project 2022 Form 10- K | 23~~ No final investment decision has been reached for any of these potential projects. The development of these projects is subject to numerous risks and uncertainties. For a discussion of these proposed projects and their risks, see " Part I – Item 1A. Risk Factors " and " Part II – Item 7. MD & A – Capital Resources and Liquidity – Sempra Infrastructure. " Demand and Competition. North America benefits from numerous competitive advantages as a potential supplier of LNG to world markets, including the following: ▪ high levels of developed and undeveloped natural gas resources, including unconventional natural gas and tight oil relative to domestic consumption levels ▪ flexible and ~~elastic~~ **mature oil and gas** markets ~~in gas and oil drilling and production~~ resulting in efficient unit costs of gas production ▪ availability of extensive ~~pre- existing~~ natural gas pipeline transmission systems and natural gas storage capacity with proximity to production locations Brownfield liquefaction projects also benefit from the particular competitive advantage of the proximity of pre- existing infrastructure, such as LNG tankage and berths. Global LNG competition may limit North American LNG exports, as international liquefaction projects attempt to match North American LNG production costs and customer contractual rights such as volume and destination flexibility. ~~It is expected that~~ North American LNG exports **add market flexibility that is expected to** ~~will increase competition for current and future global natural gas demand, and thereby~~ facilitate additional growth of a global commodity market for natural gas and LNG. ~~Cameron~~ **Our** LNG ~~JV co- owners~~ **projects in development, under construction** and ~~customers~~ **in operation all** compete globally to market and sell LNG to **remarketers and** end users, including gas and electric utilities located in LNG- importing countries around the world. **We** ~~By providing liquefaction services, Cameron LNG JV and future LNG export development projects~~ compete ~~indirectly~~ with liquefaction projects currently operating and those under development in the global LNG market. In addition to the U. S., these competitors are located in the Middle East, Southeast Asia, Africa, South America, Australia and Europe ~~. The competitive environment shifted in favor of North American LNG development projects in 2022 in the wake of the war in Ukraine and the resulting focus by European markets on alternative supplies. This shift in demand underscores the attractiveness of long- term contracts from North American LNG projects. The LNG regasification business is impacted by global LNG market prices. High LNG prices in markets outside the market in which Sempra Infrastructure' s ECA~~

~~Regas Facility operates have resulted and could continue to result in lower- than- expected deliveries of LNG cargoes to the ECA Regas Facility, which could increase costs if Sempra Infrastructure is instead required to obtain LNG in the open market at prevailing prices. Any inability to obtain expected LNG cargoes could also impact Sempra Infrastructure' s ability to maintain the minimum level of LNG required to keep the ECA Regas Facility in operation at the proper temperature. Prices in international LNG markets through which Sempra Infrastructure must purchase natural gas to meet its contractual obligations to deliver natural gas to customers may also affect how Sempra Infrastructure optimizes its assets and supply, which could have an adverse impact on its earnings~~ . Sempra Infrastructure' s Energy Networks business line is comprised of a natural gas transportation and distribution network. Cross- Border Interconnections and In- Country Pipelines. Sempra Infrastructure develops, builds, operates and invests in systems for the receipt, transportation, compression and delivery of natural gas and ethane. At December 31, ~~2022~~ **2023** , these systems consisted of 1, 850 miles of natural gas transmission pipelines plus ~~124~~ **136** miles under construction, 16 natural gas compression stations plus one under construction, and 139 miles of ethane pipelines in Mexico. The design capacity of these pipeline assets is over 16, 400 MMcf per day of natural gas, 204 MMcf per day of ethane gas and 106, 000 barrels per day of ethane liquid. Capacity on Sempra Infrastructure' s pipelines and related assets is substantially contracted under long- term, U. S. dollar- based agreements with major industry participants such as the CFE, Centro Nacional de Control de Gas, PEMEX, ~~Gazprom~~ **SEFE** and other similar counterparties. ~~Some of these pipeline assets are affected by disputes related to the property on which the pipelines are located, which we discuss in Note 16 of the Notes to Consolidated Financial Statements and " Part I – Item 1A. Risk Factors. "~~ Sempra Infrastructure owns a 40- mile natural gas pipeline in south Louisiana, the Cameron Interstate Pipeline, which links the Cameron LNG Phase 1 facility in Cameron Parish in Louisiana ~~,~~ to **seven** ~~five interstate~~ pipelines that offer access to major feed gas supply basins in Texas and the northeast, midcontinent and southeast regions of the U. S. The majority of transportation capacity on the **2023 Form 10- K | 22** Cameron Interstate Pipeline is under long- term transportation service agreements with shippers for delivery to the Cameron LNG Phase 1 facility. **Sempra Infrastructure has made a positive final investment decision on and begun procurement and engineering activities related to the construction of the Port Arthur Pipeline Louisiana Connector, a 72- mile pipeline connecting the PA LNG Phase 1 project to Gillis, Louisiana.** Natural Gas Distribution. Sempra Infrastructure' s natural gas distribution regulated utility, Ecogas, operates in three separate distribution zones in Mexicali, Chihuahua and La Laguna- Durango, Mexico. At December 31, ~~2022~~ **2023** , Ecogas had approximately ~~2~~ **3** , ~~952~~ **043** miles of distribution pipeline, and approximately ~~150~~ **157** , 000 customer meters serving more than ~~525~~ **597** , 000 residential, ~~2022 Form 10- K | 24~~ commercial and industrial consumers with sales volume of approximately 10 MMcf per day in ~~2022~~ **2023** . Ecogas relies on supply and transportation services from Sempra Infrastructure, SoCalGas and PEMEX for the natural gas it distributes to its customers. LPG Storage and Associated Systems. Sempra Infrastructure owns and operates the TDF, S. de R. L. de C. V. (TDF) pipeline system and the Guadalajara LPG terminal. At December 31, ~~2022~~ **2023** , the TDF pipeline system consisted of approximately 118 miles of 12- inch diameter LPG pipeline with a design capacity of 34, 000 barrels per day and associated storage and dispatch facilities. The TDF pipeline system runs from PEMEX' s Burgos facility in the Mexican ~~State~~ **state** of Tamaulipas, Mexico to Sempra Infrastructure' s ~~delivery~~ **approximately 32, 000- barrel LPG storage** facility near the city of Monterrey, Mexico and is fully contracted to PEMEX on a firm basis through 2027. Sempra Infrastructure' s Guadalajara LPG terminal is an 80, 000- barrel LPG storage facility near Guadalajara, Mexico, with associated loading and dispatch facilities, and serves the LPG needs of Guadalajara. The Guadalajara LPG terminal is fully contracted to PEMEX on a firm basis through 2028. Both contracts are U. S. dollar- denominated or referenced and are periodically adjusted for inflation. Refined Products **and Natural Gas** Storage. Sempra Infrastructure' s refined products storage business develops, constructs and operates systems for the receipt, storage and delivery of refined products, principally gasoline, diesel and jet fuel, throughout the Mexican states of Baja California, Colima, Puebla, Sinaloa, Veracruz and Valle de México for private companies, with a combined storage capacity of 4. 6 million barrels fully operating or under construction / commissioning as of December 31, ~~2022~~ **2023** ~~. The inland terminal in the vicinity of Puebla reached commercial operations in October 2022~~ . Construction of the Topolobampo marine terminal was substantially completed in May 2022, at which time commissioning activities commenced. ~~Subject to~~ **In December 2023, we received** the **final** ~~receipt of~~ pending ~~permits~~ - **permit and** ~~, we~~ expect the Topolobampo terminal will commence commercial operations in the ~~first half~~ **second quarter** of ~~2023~~ **2024** . Our customer contracts for our refined products storage business are structured as long- term, U. S. dollar- denominated, firm capacity storage agreements with counterparties including ~~Chevron Corporation,~~ Marathon Petroleum Corporation and Valero Energy Corporation. The contracted rate under these contracts is independent from each terminal' s regulated rate as determined by the CRE. **Sempra Infrastructure has made a positive final investment decision on and begun procurement and engineering activities related to the construction of Louisiana Storage, a 12. 5- Bcf salt dome natural gas storage facility to support the PA LNG Phase 1 project.** Demand and Competition. Ecogas faces competition from other distributors of natural gas in each of its three distribution zones in Mexicali, Chihuahua and La Laguna- Durango, Mexico as other distributors of natural gas build or consider building natural gas distribution systems. Sempra Infrastructure' s pipeline and storage facilities businesses compete with other regulated and unregulated pipeline and storage facilities. They compete primarily on the basis of price (in terms of storage and transportation fees), available capacity and interconnections to downstream markets. The overall demand for natural gas distribution services increases during the winter months, while the overall demand for power increases during the summer months. Sempra Infrastructure' s ~~Clean Power~~ **Low Carbon Solutions** business line ~~consists~~ **is focused on commercializing and deploying low carbon solutions in support** of ~~a~~ **meeting the demand for lower carbon and reliable energy supply. The portfolio of resources includes** renewable energy infrastructure **,** ~~portfolio and~~ a natural gas- fired power plant ~~in Mexico~~ **, as well as hydrogen fuel production and advanced carbon capture, usage and storage technologies that are under development** . Renewable Power Generation. Sempra Infrastructure develops, builds, invests in and operates renewable energy generation facilities that have long- term PPAs to sell the electricity they generate to their customers, which are generally load serving entities, as well as industrial and other customers. Load serving entities sell electric service to their end- users and wholesale customers upon receipt of power delivery from these energy generation facilities, while industrial and other customers consume the electricity to run their facilities. At December 31, ~~2022~~ **2023** , Sempra Infrastructure had a fully contracted, total nameplate capacity of 1, 044 MW related to its fully operating wind and solar power generation facilities. Some of these facilities are impacted by regulatory actions by the Mexican government and related litigation, which we discuss in Note 16 of the Notes to Consolidated Financial Statements, " Part I – Item 1A. Risk Factors " and " Part II – Item 7. MD & A – Capital Resources and Liquidity – Sempra Infrastructure. " ~~2022~~ **2023** Form 10- K | **23** ~~25 SEMPRA INFRASTRUCTURE –~~ RENEWABLE POWER GENERATIONLocationContract expiration dateNameplate capacity (MW) Wind power generation facilities: ESJ – first phaseTecate, Baja California2035155 ESJ – second **phaseTecate** ~~phase (1) Tecate~~ , Baja California2042108 VentikaNuevo León, Mexico2036252 Solar power generation facilities: Border SolarCiudad Juarez, Chihuahua2032 and 2037150 Don Diego SolarBenjamin Hill, Sonora2034 and 2037125 Pima SolarCaborca, Sonora2038110 Rumorosa SolarTecate, Baja California203444 Tepezalá SolarAguascalientes2034100 Total1, 044 ~~(1) Commenced commercial operations in January 2022.~~ Natural Gas- Fired Generation. Sempra Infrastructure owns and operates the TdM power plant in the vicinity of Mexicali, Baja California, adjacent to the Mexico- U. S. border. TdM is a 625- MW natural gas- fired, combined- cycle power plant that is connected to our Gasoducto Rosarito pipeline system, which enables it to receive regasified LNG from the ECA Regas Facility as well as continental gas supplied from the U. S. on the North Baja pipeline. TdM generates revenue from selling electricity and resource adequacy to the California ISO and to governmental, public utility and wholesale power marketing entities **. Low Carbon Solutions Projects Under Development. Sempra Infrastructure is developing the Cimarrón Wind project, an approximately 300- MW wind generation facility in Baja California, Mexico. In October 2022, Sempra Infrastructure entered into a 20- year PPA, as amended, with Silicon Valley Power for the long- term supply of renewable energy to the City of Santa Clara, California, which is subject to Sempra Infrastructure reaching a final investment decision. Cimarrón Wind would utilize Sempra Infrastructure' s existing cross- border high voltage transmission line to interconnect and deliver clean energy to the East County substation in San Diego County. We expect to make a final investment decision in the first half of 2024. Sempra Infrastructure is also evaluating the Hackberry Carbon Sequestration development opportunity, which is a carbon capture and sequestration project that is intended to reduce emissions at the Cameron LNG Phase 1 facility and proposed Cameron LNG Phase 2 project** . Demand and Competition. Sempra Infrastructure competes with Mexican and foreign companies for new energy infrastructure projects in Mexico. Some of its competitors (including public or state- operated companies and their affiliates) may have better access to capital and greater financial and other resources, which could give them a competitive advantage for such projects. Generation from Sempra Infrastructure' s renewable energy assets is susceptible to fluctuations in naturally occurring conditions such as wind, inclement weather and hours of sunlight. Because Sempra Infrastructure sells power that it generates at its ESJ wind power generation facility into California, Sempra Infrastructure' s future performance and the demand for renewable energy may be impacted by U. S. state mandated requirements to deliver a portion of total energy load from renewable energy sources. The rules governing these requirements in California are generally known as the RPS Program. In California, certification of a generation project by the CEC as an ~~ERR~~ **eligible renewable energy resource** allows the purchase of output from such generation facility to be counted towards fulfillment of the RPS Program requirements, if such purchase meets the provisions of SB X1- 2, the California Renewable Energy Resources Act. The RPS Program may affect the demand for output from renewable energy projects developed by Sempra Infrastructure, particularly the demand from California' s utilities. The first **and second** ~~phase~~ **phases** of ESJ, ~~a~~ wind power generation ~~facility~~ **facilities** that ~~delivers~~ - **deliver** energy into California, ~~has~~ **have** been certified by the CEC and ~~is~~ **are** in compliance with the RPS Program as of December 31, ~~2022~~ **2023** ~~. Sempra Infrastructure is pursuing ERR certification for the second phase of ESJ~~ . TdM competes daily with other generating plants that supply power into the California electricity market. Sempra Infrastructure manages commodity price risk at TdM by using a mix of day ahead sales of energy, energy spreads hedging, ancillary services, and short- term to medium- term capacity sales. ~~Discontinued Operations We completed the sales of our equity interests in our Peruvian businesses in April 2020~~ **2023 Form** ~~and our Chilean businesses in June 2020. These South American businesses included our former 100~~ - **10** ~~% interest in Chilquinta Energía (an electric distribution utility in Chile), our former 83. 6 % interest in Luz del Sur (an electric distribution utility in Peru) and our former interests in two energy~~ - **K | 24** ~~services companies, Tecnored and Tecsur, which provide electric construction and infrastructure services to Chilquinta Energía and Luz del Sur, respectively, as well as third parties. These businesses and certain activities associated with these businesses are presented as discontinued operations in this report. We provide further information about discontinued operations in Note 5 of the Notes to Consolidated Financial Statements.~~ REGULATION We discuss the material effects of compliance with all government regulations, including environmental regulations, on our capital expenditures, earnings and competitive position in " Part II – Item 7. MD & A " and Note 16 of the Notes to Consolidated Financial Statements. ~~2022 Form 10- K | 26~~ SDG & E and SoCalGas are principally regulated at the state level by the CPUC, CEC and CARB. The CPUC: ▪ consists of five commissioners appointed by the Governor of California for staggered, six- year terms; ▪ regulates, among other things, SDG & E' s and SoCalGas' customer rates and conditions of service, sales of securities, rates of return, capital structure, rates of depreciation, and long- term resource procurement, except as described below in " U. S. Federal; " ▪ has jurisdiction over the proposed construction of major new electric generation, transmission and distribution, and natural gas storage, transmission and distribution facilities in California; ▪ conducts reviews and audits of utility performance and compliance with regulatory guidelines and conducts investigations related to various matters, such as safety, reliability and planning, deregulation, competition and the environment; and ▪ regulates the interactions and transactions of SDG & E and SoCalGas with Sempra and its other affiliates. The CPUC also oversees and regulates other energy- related products and services, including solar and wind energy, bioenergy, alternative energy storage and other forms of renewable energy. In addition, the CPUC' s safety and enforcement role includes inspections, investigations and penalty and citation processes for safety and other violations. The CEC publishes electric demand forecasts for the state and specific service territories. Based on these forecasts, the CEC: ▪ determines the need for additional energy sources and conservation programs; ▪ sponsors alternative-energy research and development projects; ▪ promotes energy conservation programs to reduce demand for natural gas and electricity within California; ▪ maintains a statewide plan of action in case of energy shortages; and ▪ certifies power- plant sites and related facilities within California. The CEC conducts a 20- year forecast of available supplies and prices for every market sector that consumes natural gas in California. This forecast includes resource evaluation, pipeline capacity needs, natural gas demand and wellhead prices, and transportation and distribution costs. This analysis is one of many resource materials used to support SDG & E' s and SoCalGas' long- term investment decisions. California requires certain electric retail sellers, including SDG & E, to deliver a significant percentage of their retail energy sales from renewable energy sources. The rules governing this requirement, administered by the CPUC and the CEC, are generally known as the RPS Program. California has implemented a program whereby IOUs providing gas service in California will procure a portion of the natural gas they deliver from biomethane. The proportion of biomethane procured will be phased- in with a state- wide, short- term target in 2025 of 17. 6 Bcf per year and a medium- term target in 2030 of 72. 8 Bcf per year. SDG & E and SoCalGas are allocated 6. 77 % and 49. 26 %, respectively, of the 2025 target, and 7. 60 % and 52. 02 %, respectively, of the 2030 target. The rules governing this program are administered by the CPUC under SB 1440. AB 32, the California Global Warming Solutions Act of 2006, assigns responsibility to CARB for monitoring and establishing policies for reducing GHG emissions. The law requires CARB to develop and adopt a comprehensive plan for achieving real, quantifiable and cost- effective GHG emissions reductions, including a statewide GHG emissions cap, mandatory reporting rules, and regulatory and market mechanisms to achieve reductions of GHG emissions. CARB is a department within the California Environmental Protection Agency, an organization that reports directly to the Governor' s Office. Sempra Infrastructure is also subject to the rules and regulations of CARB. The California Geologic Energy Management Division, the CPUC, and various other state and local agencies regulate the operation and maintenance of SoCalGas' natural gas storage facilities. **2023 Form 10- K | 25** Oncor' s and Sharyland Utilities' rates are regulated at the state level by the PUCT and, in the case of Oncor, at the city level by certain cities. The PUCT has original jurisdiction over wholesale transmission rates and services and retail rates and services in unincorporated areas and in those municipalities that have ceded original jurisdiction to the PUCT, and has exclusive appellate jurisdiction to review the retail ~~rate~~ **rates** ~~and~~ **, retail** ~~service~~ **services** ~~orders~~ **,** and ordinances of municipalities. Generally, the Texas PURA prohibits the collection of any rates or charges by a public utility (as defined by PURA) that do not have the prior approval of the appropriate regulatory authority (i. e., the PUCT or the municipality with original jurisdiction). ~~2022 Form 10- K | 27~~ At the state level, PURA requires utility owners or operators of electric transmission facilities to provide open- access wholesale transmission services to third parties at rates and terms that are nondiscriminatory and comparable to the rates and terms of the utility' s own use of its system. The PUCT has adopted rules implementing the state open- access requirements for all utilities that are subject to the PUCT' s jurisdiction over electric transmission services, including Oncor. SDG & E and SoCalGas are also regulated at the federal level by the FERC, the EPA, the DOE and the DOT, and for SDG & E the NRC. The FERC regulates SDG & E' s and SoCalGas' interstate sale and transportation of natural gas. The FERC also regulates SDG & E' s transmission and wholesale sales of electricity in interstate commerce, transmission access, rates of return on transmission investment, rates of depreciation, electric rates involving sales for resale and the application of the uniform system of accounts. The U. S. Energy Policy Act governs procedures for requests for electric transmission service. The California IOUs' electric transmission facilities are under the operational control of the California ISO. As member utilities, Oncor and Sharyland Utilities operate within the ERCOT market, which we discuss below. To a small degree related to limited interconnections to other markets, Oncor' s electric transmission revenues are provided under tariffs approved by the FERC. The NRC oversees the licensing, construction, operation and decommissioning of nuclear facilities in the U. S., including SONGS, in which SDG & E owns a 20 % interest and which was permanently retired in 2013. The NRC and various state regulations require extensive review of these facilities' safety, radiological and environmental aspects. We provide further discussion of SONGS matters, including the closure and decommissioning of the facility, in Note 15 of the Notes to Consolidated Financial Statements. The EPA implements federal laws to protect human health and the environment, including federal laws on air quality, water quality, wastewater discharge, solid waste management, and hazardous waste disposal and remediation. The EPA also sets national environmental standards that state and tribal governments implement through their regulations. As a result, SDG & E, SoCalGas, Oncor and Sharyland Utilities are subject to an interrelated framework of environmental laws and regulations. The DOT, through PHMSA, has established regulations regarding engineering standards and operating procedures, including procedures intended to manage cybersecurity risks, applicable to SDG & E' s and SoCalGas' natural gas transmission and distribution pipelines, as well as natural gas storage facilities. The DOT has certified the CPUC to administer oversight and compliance with these regulations for the entities they regulate in California. As member utilities, Oncor and Sharyland Utilities operate within the ERCOT market, which represents approximately 90 % of the electricity consumption in Texas. ERCOT is the regional reliability coordinating organization for member electricity systems in Texas and the ISO of the interconnected transmission grid for those systems. ERCOT is subject to oversight by the PUCT and the Texas Legislature. ERCOT is responsible for ensuring reliability, adequacy and security of the electric systems, as well as nondiscriminatory access to transmission service by all wholesale market participants, in the ERCOT region. ERCOT' s membership consists of corporate and associate members, including electric cooperatives, municipal power agencies, independent generators, independent power marketers, transmission service providers, distribution service providers, independent retail electric providers and consumers. The PUCT has primary jurisdiction over the ERCOT market to ensure the adequacy and reliability of power supply across Texas' main interconnected electric transmission grid. Oncor and Sharyland Utilities, along with other owners of electric transmission and distribution facilities in Texas, **assist** ~~participate with~~ the ERCOT ISO ~~and other member utilities~~ in its operations. Each of these Texas utilities has planning, design, construction, operation, maintenance and security responsibility for the portion of the transmission grid and the load- serving substations it owns, primarily within its certificated distribution service area. Each participates with the ERCOT ISO and other ERCOT utilities in obtaining regulatory approvals and planning, designing, constructing and upgrading transmission lines in order to remove any existing constraints and interconnect energy generation on the ERCOT transmission grid. These transmission line projects are necessary to meet reliability needs, support energy production and increase bulk power transfer capability. **2023 Form 10- K | 26** Oncor and Sharyland Utilities are subject to reliability standards adopted and enforced by the Texas Reliability Entity, Inc., an independent organization that develops reliability standards for the ERCOT region and monitors and enforces compliance with the standards of the North American Electric Reliability Corporation, including critical infrastructure protection, and ERCOT protocols. ~~2022 Form 10- K | 28~~ Other U. S. State and Local Territories Regulation The South Coast Air Quality Management District is the air pollution control agency responsible for regulating stationary sources of air pollution in the South Coast Air Basin in Southern California. The district' s territory covers all of Orange County and the urban portions of Los Angeles, San Bernardino and Riverside counties. SDG & E has electric franchise agreements with the two counties and the 27 cities in its electric service territory, and natural gas franchise agreements with the one county and the 18 cities in its natural gas service territory. These franchise agreements allow SDG & E to locate, operate and maintain facilities for the transmission and distribution of electricity or natural gas. Most of the franchise agreements have no expiration dates, while some have expiration dates that range from 2028 to 2041. In June 2021, the City of San Diego approved ordinances granting SDG & E the electric and natural gas franchises for the City of San Diego. These franchise agreements **, which went into effect in July 2021,** provide SDG & E the opportunity to serve the City of San Diego for the next 20 years, consisting of 10- year agreements that will automatically renew for an additional 10 years unless the City Council voids the automatic renewal ~~with a supermajority vote~~. These franchise agreements ~~went into effect~~ **have been challenged** in ~~July 2021~~ **two lawsuits that we discuss in Note 16 of the Notes to Consolidated Financial Statements** . SoCalGas has natural gas franchise agreements with the 12 counties and the 232 cities in its service territory. These franchise agreements allow SoCalGas to locate, operate and maintain facilities for the transmission and distribution of natural gas. Most of the franchise agreements have no expiration dates, while some have expiration dates that range from 2023 to 2069, including the Los Angeles County franchise, which **initially** ~~is scheduled to expire~~ **expired** in June 2023 **and the subsequent extension expired in December 2023. SoCalGas is operating and expects to continue to operate under the terms and provisions of the expired franchise until a new agreement is reached** . Other U. S. Regulation The FERC regulates certain Sempra Infrastructure assets pursuant to the U. S. Federal Power Act and Natural Gas Act, which provide for FERC jurisdiction over, among other things, sales of wholesale power in interstate commerce, transportation of natural gas in interstate commerce, and siting and permitting of LNG facilities. The FERC may regulate rates and terms of service based on a cost- of- service approach or, in geographic and product markets determined by the FERC to be sufficiently competitive, rates may be market- based. FERC- regulated rates at Sempra Infrastructure are market- based for wholesale electricity sales, cost- based for the transportation of natural gas, and market- based for the purchase and sale of LNG and natural gas. Sempra Infrastructure' s investment in Cameron LNG JV is subject to regulations of the DOE regarding the export of LNG. **Under these regulations, the DOE acts on LNG export applications to non- FTA countries after completing a public interest review that includes several criteria, including economic and environmental review of the proposed export.** Sempra Infrastructure' s other potential natural gas liquefaction projects would, if completed, be subject to similar regulations. SDG & E, SoCalGas and businesses in which Sempra Infrastructure invests are subject to the DOT rules and regulations regarding pipeline safety. PHMSA, acting through the Office of Pipeline Safety, is responsible for administering the DOT' s national regulatory program to help ensure the safe transportation of natural gas, petroleum and other hazardous materials by pipelines, including pipelines associated with natural gas storage, and develops regulations and other approaches to risk management to help ensure safety in design, construction, testing, operation, maintenance and emergency response of pipeline facilities. SDG & E, SoCalGas and Sempra Infrastructure are also subject to regulation by the U. S. Commodity Futures Trading Commission. Foreign Regulation Operations and projects in our Sempra Infrastructure segment are subject to regulation by the CRE, ASEA, SENER, the Mexican Ministry of Environment and Natural Resources of Mexico (Secretaría del Medio Ambiente y Recursos Naturales), and other labor and environmental agencies of city, state and federal governments in Mexico. New energy infrastructure projects may also require a favorable opinion from **Mexico' s Competition Commission (** Comisión Federal de Competencia Económica ~~(Mexico' s Competition Commission~~ ) in order to be constructed and operated. **2023 Form 10- K | 27** Licenses and Permits Our utilities in California and Texas obtain numerous permits, authorizations and licenses for, as applicable, the transmission and distribution of natural gas and electricity and the operation and construction of related assets, including electric generation and natural gas storage facilities, some of which may require periodic renewal. Sempra Infrastructure obtains numerous permits, authorizations and licenses for its electric and natural gas distribution, generation and transmission systems from the local governments where these services are provided. The permits for generation, transportation, storage and distribution operations at Sempra Infrastructure are generally for 30- year terms, with options for renewal under certain regulatory conditions. Sempra Infrastructure obtains licenses and permits for the construction, operation and expansion of LNG facilities and for the import and export of LNG and natural gas. Sempra Infrastructure also obtains licenses and permits for the construction and operation of facilities for the receipt, storage and delivery of refined products. ~~2022 Form 10- K | 29~~ Sempra Infrastructure obtains permits, authorizations and licenses for the construction and operation of natural gas storage facilities and pipelines, and in connection with participation in the wholesale electricity market. Most of the permits and licenses associated with Sempra Infrastructure' s construction and operations are for periods generally in alignment with the construction cycle or expected useful life of the asset and in many cases are greater than 20 years. RATEMAKING MECHANISMS General Rate Case Proceedings A CPUC GRC proceeding is designed to set sufficient base rates to allow SDG & E and SoCalGas to recover their reasonable forecasted operating costs and to provide the opportunity to realize their authorized rates of return on their investments. The proceeding generally establishes the test year revenue requirements, which ~~authorizes~~ - **authorize** how much SDG & E and SoCalGas can collect from their customers, and provides for attrition, or annual increases in revenue requirements, for each year following the test year. We discuss the GRC in Note 4 of the Notes to Consolidated Financial Statements. Cost of Capital Proceedings A CPUC cost of capital proceeding every three years determines a utility' s authorized capital structure and ~~authorized~~ return on rate base, which is a weighted- average of the authorized returns on debt, preferred equity and common equity (referred to as return on equity or ROE), weighted on a basis consistent with the authorized capital structure. The authorized return on rate base approved by the CPUC is the rate that SDG & E and SoCalGas use to establish customer rates to finance investments in CPUC- regulated electric distribution and generation, natural gas distribution, transmission and storage assets, as well as general plant and information technology systems investments to support operations. A cost of capital proceeding also addresses the CCM, which applies in the interim years between required cost of capital applications and considers changes in the cost of capital based on changes in interest rates based on the applicable utility bond index published by Moody' s (the CCM benchmark rate) for each 12- month period ending September 30 (the measurement period). The index applicable to SDG & E and SoCalGas is based on each utility' s credit rating. The CCM benchmark rate is the basis of comparison to determine if the CCM is triggered in each measurement period, which occurs if the change in the applicable Moody' s utility bond index relative to the CCM benchmark rate is larger than plus or minus 1. 000 % at the end of the measurement period. The CCM, if triggered, would automatically update the authorized cost of debt based on actual costs and update the authorized ROE upward or downward by one- half of the difference between the CCM benchmark rate and the applicable Moody' s utility bond index **, subject to regulatory approval** . Alternatively, each of SDG & E and SoCalGas ~~are~~ **is** permitted to file a cost of capital application **to have its cost of capital determined in lieu of the CCM** in an interim year in which an extraordinary or catastrophic event materially impacts its cost of capital and affects utilities differently than the market as a whole ~~to have its cost of capital determined in lieu of the CCM~~ . We discuss the cost of capital and CCM in Note 4 of the Notes to Consolidated Financial Statements and in " Part I – Item 1A. Risk Factors. " **2023 Form 10- K | 28** Transmission Rate Cases SDG & E files separately with the FERC for its authorized ROE on FERC- regulated electric transmission operations and assets. The proceeding establishes a ROE and a formulaic rate whereby rates are determined using (i) a base period of historical costs and a forecast of capital investments, and (ii) a true- up period, similar to balancing account treatment, that is designed to provide earnings equal to SDG & E' s actual cost of service including its authorized return on investment. SDG & E makes annual information filings with the FERC in December to update rates for the following calendar year. SDG & E may also file for ROE incentives that might apply under FERC rules. SDG & E' s debt- to- equity ratio is set annually based on the actual ratio at the end of each year. Incentive Mechanisms The CPUC applies certain performance- based measures and incentive mechanisms to all California IOUs, under which SDG & E and SoCalGas have earnings potential above the authorized CPUC base operating margin if they achieve or exceed specific performance and operating goals. Generally, for performance- based measures, if performance is above or below specific benchmarks, the utility is eligible for financial awards or subject to financial penalties. ~~2022 Form 10- K | 30~~ Other Cost- Based Recovery The CPUC, and the FERC as it relates to SDG & E, authorize SDG & E and SoCalGas to collect revenue requirements from customers for operating and capital- related costs (depreciation, taxes and return on rate base), including: ▪ costs to purchase natural gas and electricity; ▪ costs associated with administering public purpose, demand response, **environmental compliance,** and customer energy efficiency programs; ▪ other programmatic activities, such as gas distribution, gas transmission, gas storage integrity management **,** and wildfire mitigation; and ▪ costs associated with third- party liability insurance premiums. Authorized costs are recovered as the commodity or service is delivered. To the extent authorized amounts collected vary from actual costs, the differences are generally recovered or refunded in a subsequent period based on the nature of the balancing account mechanism. Generally, the revenue recognition criteria for balanced costs billed to customers are met when the costs are incurred. Because these costs are substantially recovered in rates through a balancing account mechanism, changes in these costs are reflected as changes in revenues. The CPUC and the FERC may impose various review procedures before authorizing recovery or refund of amounts accumulated for authorized programs, including limitations on the program' s total cost, revenue requirement limits or reviews of costs for reasonableness. These procedures could result in delays or disallowances of recovery from ~~ratepayers~~ **customers** . Rates and Cost Recovery Oncor' s and Sharyland Utilities' rates are each regulated at the state level by the PUCT and, in the case of Oncor, at the city level by certain cities, and are subject to regulatory rate- setting processes and earnings oversight. This regulatory treatment does not provide assurance as to achievement of earnings levels or recovery of actual costs. Instead, their rates are based on an analysis of each utility' s costs and capital structure in a designated test year, as reviewed and approved in regulatory proceedings. Rate regulation is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. However, there is no assurance that the PUCT will judge all of the Texas utilities' costs to have been prudently incurred and therefore fully recoverable. The approved levels **and timing** of recovery could ~~be~~ **differ** significantly **from** ~~less than~~ requested levels **and timing** . There can also be no assurance that the PUCT will approve **any** other items ~~proposed~~ **requested** in any rate proceeding or that the regulatory process in which rates are determined will necessarily result in rates that produce full recovery of the Texas utilities' actual post- test year costs and / or the **full** return on invested capital allowed by the PUCT **, particularly during periods of increased capital spending, high inflation or increases in interest rates resulting in increased costs relative to the utility' s most recent base rate review** . **PUCT rules provide that a transmission and distribution utility must file a comprehensive base rate review within four years of the last order in its most recent comprehensive rate proceeding unless an extension is otherwise approved by the PUCT. However, the PUCT or any city retaining original jurisdiction over rates may direct the utility to file a base rate review, or the utility may voluntarily file a base rate review, any time prior to that deadline. Pursuant to these rules, Oncor' s next base rate review must be filed no later than June 2027. The PUCT issued a final order in Oncor' s most recent comprehensive base rate proceeding in April 2023, and rates implementing that order went into effect on May 1, 2023. In June 2023, the PUCT issued an order on rehearing in 2023 Form 10- K | 29 response to the motions for rehearing filed by Oncor and certain intervenor parties in the proceeding. The order on rehearing made certain technical and typographical**

**corrections to the final order but otherwise affirmed the material provisions of the final order and did not require modification of the rates that went into effect on May 1, 2023. In September 2023, Oncor filed an appeal in Travis County District Court seeking judicial review of certain rate base disallowances and related expense effects of those disallowances in the PUCT' s order on rehearing. On February 22, 2024, the court dismissed the appeal for lack of jurisdiction. Oncor is evaluating whether to appeal that ruling. Sharyland Utilities' 2020 rate case became effective in July 2021 and remains effective until the next rate case is finalized, which we expect could be in late 2025. In addition,** PUCT rules allow Texas electric utilities providing wholesale or retail distribution service to file **up to two interim rate adjustment** applications ~~, under certain circumstances, once~~ per year to recover distribution- related investments placed into service between base rate review proceedings. PUCT rules also allow the Texas utilities to ~~update their transmission~~ **file up to two interim** ~~rates~~ - **rate** ~~twice a~~ **adjustment applications per** year ~~between base rate review proceedings~~ to reflect changes in transmission- related invested capital. These applications for interim rate adjustments between base rate reviews, known as " capital tracker " provisions, are intended to encourage **transmission and distribution** ~~investment~~ **investments** in the electric system to help ensure reliability and efficiency by helping to shorten the time period between a utility' s investment in transmission and distribution infrastructure and its ability to start recovering and earning a return on such investments. However, all investments included in a capital tracker are ultimately subject to prudence review by the PUCT in the next base rate review, after such assets are put into service. Capital Structure and Return on Equity **In April 2023, the PUCT issued a final order in** Oncor ~~currently has a PUCT-~~ **' s comprehensive base rate review that set Oncor' s** authorized ROE **at 9. 7 %, a decrease from its previously authorized ROE** of 9. 8 % ~~and~~ **,** ~~an~~ **and maintained Oncor' s** authorized regulatory capital structure ~~of~~ **at** 57. 5 % debt to 42. 5 % equity ~~. Oncor filed its base rate review request with the PUCT in May 2022. Resolution of the base rate review requires issuance of a final order by the PUCT, which Oncor expects to receive around the end of the first quarter of 2023. Once the final order is issued, the approved rates will be in effect until the next base rate review is finalized. In accordance with PUCT rules, Oncor must file a comprehensive base rate review within four years of the order setting rates in Oncor' s most recent comprehensive base rate proceeding, unless an extension is otherwise approved by the PUCT. However, the PUCT or any city retaining original jurisdiction over rates may direct Oncor to file a base rate review, or Oncor may voluntarily file a base rate review, any time prior to that filing deadline. Sharyland Utilities' 2020 rate case became effective in July 2021 and remains effective until the next rate case is finalized, which we expect could be in late 2025~~. Sharyland Utilities' PUCT- authorized ROE is 9. 38 % and its authorized regulatory capital structure is 60 % debt to 40 % equity. ~~2022 Form 10- K | 31~~ Ecogas' revenues are derived from service and distribution fees charged to its customers in Mexican pesos. The price Ecogas pays to purchase natural gas, which is based on international price indices, is passed through directly to its customers. The service and distribution fees charged by Ecogas are regulated by the CRE, which performs a review of rates every five years and monitors prices charged to end- users. In the fourth quarter of 2020, Ecogas filed its rate case for 2021 through 2025 ~~and is awaiting~~ **, which was approved by the** CRE ~~approval~~ **in December 2023** . The tariffs operate under a return- on- asset- base model. In the annual tariff adjustment, rates are adjusted to account for inflation or fluctuations in exchange rates, and inflation indexing includes separate U. S. and Mexican cost components so that U. S. costs can be included in the final distribution rates. ENVIRONMENTAL MATTERS We discuss environmental issues affecting us in Note 16 of the Notes to Consolidated Financial Statements and " Part I – Item 1A. Risk Factors. " You should read the following additional information in conjunction with those discussions. Hazardous Substances The CPUC' s Hazardous Waste Collaborative mechanism allows California' s IOUs to recover hazardous waste cleanup costs for certain sites, including those related to certain Superfund sites. For sites that are covered by this mechanism, SDG & E and SoCalGas are permitted to recover in rates 90 % of hazardous waste cleanup costs and related third- party litigation costs, and 70 % of related insurance- litigation expenses. In addition, SDG & E and SoCalGas can retain a percentage of any recoveries from insurance carriers and other third parties to offset the cleanup and associated litigation costs not recovered in rates. We record estimated liabilities for environmental remediation when amounts are probable and estimable. In addition, we record amounts authorized to be recovered in rates under the Hazardous Waste Collaborative mechanism as regulatory assets. Air and Water Quality The natural gas and electric industries are subject to increasingly stringent air quality and GHG emissions standards, such as those established by CARB and the South Coast Air Quality Management District. SDG & E and SoCalGas generally recover the costs to comply with these standards in rates. We discuss GHG ~~emissions~~ - **emission** standards and credits further in Note 1 of the Notes to **the** Consolidated Financial Statements. ~~2022~~ **2023** Form 10- K | ~~32~~ **30** OTHER MATTERS Information About Our Executive Officers INFORMATION ABOUT EXECUTIVE **OFFICERSNameAge** ~~OFFICERS AT SEMPRA NameAge~~ (1) Positions held over last five yearsTime in ~~positionJeffrey~~ **positionSempra: Jeffrey** W. **Martin62PresidentMarch 2020 to** ~~Martin61ChairmanDecember~~ ---- **presentChairmanDecember** 2018 to presentChief Executive OfficerMay 2018 to ~~presentPresidentMarch~~ **presentTrevor I. Mihalik57Group PresidentJanuary** ~~2020~~ **2024** to presentExecutive **Vice PresidentMay 2018 to presentChief Financial OfficerMay 2018 to December 2023Karen L. Sedgwick57Executive** Vice President and Chief Financial OfficerJanuary ~~2017 to May 2018Kevin C. Sagara61Executive Vice President and Group PresidentJune 2020~~ **2024** to presentChief ~~Executive Officer, SDG & ESeptember 2018 to June 2020President, Sempra RenewablesOctober 2013 to September 2018Trevor I. Mihalik56Executive Vice President and Chief Financial OfficerMay 2018 to presentSenior Vice PresidentDecember 2013 to April 2018Controller and Chief Accounting OfficerJuly 2012 to April 2018Peter R. Wall51Senior Vice PresidentApril 2020 to presentController and Chief Accounting OfficerMay 2018 to presentVice PresidentMay 2018 to April 2020Vice President and Chief Financial Officer, Sempra InfrastructureJanuary 2017 to April 2018Karen L. Sedgwick56Chief~~ Administrative ~~Officer and Chief Human Resources~~ OfficerDecember 2021 to **December 2023Chief** ~~presentSenior Vice President and Chief~~ Human Resources OfficerSeptember **2020 to December 2023Senior Vice PresidentSeptember** 2020 to December 2021Chief Human Resources Officer and Chief Administrative Officer, SDG & EApril 2019 to September 2020Vice President and TreasurerAugust 2018 to April ~~2019Vice~~ **2019Justin C. Bird53Executive Vice PresidentJanuary 2024 to presentChief**

**Executive Officer, Sempra InfrastructureNovember 2021 to presentChief Executive Officer, Sempra LNGApril 2020 to November 2021President, Sempra LNGMarch 2019 to April 2020Chief Development Officer, Sempra North American InfrastructureAugust 2018 to March 2019Peter R. Wall52Senior Vice PresidentApril 2020 to presentController and Chief Accounting OfficerMay 2018 to presentVice PresidentMay 2018 to April 2020Diana L. Day59Chief Legal CounselJanuary 2024 to presentDeputy General CounselOctober 2022 to December 2023Senior Vice** President, ~~Audit ServicesJanuary~~ **SDG & EAugust 2020 to October 2022Chief Risk Officer, SDG & EAugust** ~~2014~~ **2019 to October 2022General Counsel, SDG & EJanuary 2019 to October 2022Vice President, SDG & EJanuary 2019** to August ~~2018~~ **2020** (1) Ages are as of February ~~28~~ **27** , **2024.** 2023 ~~, 2022~~ Form 10- K | ~~33~~ **31** INFORMATION ABOUT EXECUTIVE **OFFICERSNameAge** ~~OFFICERS AT SDG & ENameAge~~ (1) Positions held over last five yearsTime in ~~positionCaroline~~ **positionSDG & E: Caroline** A. ~~Winn59Chief~~ **Winn60Chief** Executive OfficerAugust 2020 to presentChief Operating OfficerJanuary 2017 to July 2020Bruce A. ~~Folkmann55PresidentAugust~~ **Folkmann56PresidentAugust** 2020 to presentChief Financial OfficerMarch 2015 to presentSenior Vice PresidentAugust 2019 to July 2020Controller, Chief Accounting Officer and TreasurerMarch 2015 to August 2020Vice PresidentMarch 2015 to August 2019Vice President, Controller, Chief Financial Officer, Chief Accounting Officer and Treasurer, SoCalGasMarch 2015 to June 2019Kevin ~~Geraghty57Chief~~ **Geraghty58Chief** Operating ~~Officer and Chief Safety~~ OfficerJune 2022 ~~–~~ **to** ~~PresentChief~~ **presentChief** Safety OfficerJanuary 2021 **to presentSenior** ~~– June 2022Senior~~ Vice President- Electric OperationsJuly 2020 ~~–~~ **to** June 2022Chief Operating Officer and Senior Vice President, Operations, Nevada Energy, an electric and natural gas public utility in NevadaOctober 2017 ~~–~~ **to** May 2020Valerie A. ~~Bille44Vice~~ **Bille45Vice** President, Controller, Chief Accounting Officer and TreasurerAugust 2020 to presentAssistant Controller, SempraJune 2019 to August 2020Assistant ControllerJune 2018 to June ~~2019Director, Utility Financial ReportingJune 2017 to June 2018Erbin~~ **2019Erbin** B. ~~Keith62Senior~~ **Keith63Senior** Vice President ~~,~~ **and** General ~~Counsel, Chief~~ **CounselOctober 2022 to presentChief** Risk OfficerOctober 2022 to ~~presentDeputy~~ **May 2023Deputy** General Counsel, SempraMarch 2019 to October 2022Chief Regulatory Officer and Special Counsel, Sempra September 2017 to March 2019 ~~(1) Ages are as of February 28, 2023.~~ INFORMATION ABOUT EXECUTIVE **OFFICERSNameAge** ~~OFFICERS AT SOCALGASNameAge~~ (1) Positions held over last five yearsTime in ~~positionScott~~ **positionSoCalGas: Scott** D. ~~Drury57Chief~~ **Drury58Chief** Executive OfficerAugust 2020 to presentPresident, SDG & EJanuary 2017 to July 2020Maryam S. ~~Brown47PresidentMarch~~ **Brown48PresidentMarch** 2019 to present Vice President of Federal Government Affairs, Sempra September 2016 to March 2019Jimmie I. ~~Cho58Chief~~ **Cho59Chief** Operating OfficerJanuary 2019 to present **Mia** ~~Senior Vice President of Customer Services and Gas Distribution OperationsApril 2018 to January 2019Senior Vice President of Gas Distribution Operations, SDG & EApril 2018 to January 2019Senior Vice President of Gas Engineering and Distribution Operations, SoCalGas and SDG & EOctober 2017 to April 2018Mia~~ L. ~~DeMontigny50Senior~~ **DeMontigny51Senior** Vice PresidentJuly 2022 to presentChief Financial Officer, Chief Accounting Officer and TreasurerJune 2019 to presentControllerJune 2019 to July 2022Vice PresidentJune 2019 to August 2021Assistant Controller, SempraAugust 2015 to June 2019David J. ~~Barrett58Senior~~ **Barrett59Senior** Vice President July 2022 to presentGeneral CounselJanuary 2019 to presentVice PresidentJanuary 2019 to July ~~2022Associate General Counsel of Gas Infrastructure, SempraJune 2018 to January 2019Assistant General Counsel of Gas Infrastructure, SempraFebruary 2017 to June 2018~~ 2022 **2023** Form 10- K | ~~34~~ **32**

Human Capital Our ability to advance our mission to be North America’ s premier energy infrastructure company largely depends on the safety, engagement, and responsible actions of our employees. Safety is foundational at Sempra and its subsidiaries. We strive to foster a strong safety culture and reinforce this culture through **various policies, programs and systems designed to mitigate the occurrence and extent of safety incidents, including,** training programs, benchmarking, review and analysis of safety trends **, internal compliance assessments and audits** , and sharing lessons learned from safety incidents **and near misses** across our businesses. Our businesses also engage in safety- related scenario planning and simulation, develop and implement operational contingency plans, and review safety plans and procedures with work crews regularly. We also participate in emergency planning and preparedness in the communities we serve and train critical employees in emergency management and response each year. The **SST** ~~Safety, Sustainability and Technology committee~~ **Committee** ~~of the Sempra board of directors~~ assists the board in overseeing the corporation’ s oversight programs and performance related to safety, and our executives’ annual incentive compensation is based in part on safety metrics established by the Compensation and Talent Development Committee of the Sempra board of directors. Our overall culture is another important aspect of our ability to advance our mission. We embrace diversity in our workforce and strive to create a high- performing, inclusive and supportive workplace where employees of all backgrounds and experiences feel valued and respected. We invest in recruiting, developing and retaining high- potential employees who represent the communities we serve, and we provide a range of programs to advance those objectives, including internal and external mentoring and leadership training and workshops, employee resource groups, and a benefits package including wellness benefits and a tuition reimbursement program. We also invest in internal communications programs, including in- person and virtual learning and networking opportunities as well as regular executive communications to employees on topics of interest. In addition, we offer a variety of employee community service opportunities and, at our U. S. operations, we support employees’ personal volunteering and charitable giving through Sempra’ s charitable matching program. Employees participate in annual ethics and compliance training, which includes a review of Sempra’ s Code of Business Conduct as well as information about resources such as Sempra’ s ethics and compliance helpline. We measure culture and employee engagement through a variety of channels including pulse surveys, suggestion boxes and a biannual engagement survey administered by a third party. The table below shows the number of employees for each of our ~~registrants~~ **Registrants** at December 31, ~~2022~~ **2023** , as well as the ~~percentage~~ **number** of those employees represented by labor unions under various collective bargaining agreements that generally cover wages, benefits, working conditions and other terms and conditions of employment. We did not experience any major work stoppages in ~~2022~~ **2023** and we maintain constructive relations with our labor unions. NUMBER OF EMPLOYEESNumber of ~~employees~~ **employeesNumber** ~~%~~ of employees covered under collective bargaining ~~agreements~~ **agreementsNumber** ~~%~~ of employees covered under collective bargaining agreements expiring within one yearSempra (1) ~~15~~ **16** , ~~785 37 % — %~~ **835 6, 473 5, 044** SDG & E4, ~~633 30 %~~ **894 1, 429** — ~~%~~ SoCalGas8, ~~460 53 % — %~~ **976 4, 999 4, 999** (1) Excludes employees of equity method investees. COMPANY WEBSITES ~~Company~~ **Our Registrants'** website addresses are: ▪ Sempra – www. sempra. com ▪ SDG & E – www. sdge. com ▪ SoCalGas – www. socalgas. com We make available free of charge on the Sempra website, and for SDG & E and SoCalGas, via a hyperlink on their websites, annual reports on Form 10- K, quarterly reports on Form 10- Q, current reports on Form 8- K, and any amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The references to our websites in this report are not active hyperlinks and the information contained on, or that can be accessed through, the websites of Sempra, SDG & E and SoCalGas or any other website referenced herein is not a part of or incorporated by reference in this report or any other document that we file with or furnish to the SEC. ~~2022~~ **2023** Form 10- K | ~~35~~ **33** ITEM 1A. RISK FACTORS When evaluating our company and its ~~subsidiaries~~ **consolidated entities** and any investment in our or their securities, you should carefully consider the following risk factors and all other information contained in this report and the other documents we file with the SEC ~~(~~ **,** including those filed subsequent to this report ~~)~~. We also may be materially harmed by risks and uncertainties not currently known to us or that we currently consider immaterial. If any of these risks occurs, our results of operations, financial condition, cash flows and / or prospects could be materially adversely affected, our actual results could differ materially from those expressed **or implied** in ~~any~~ **our** forward- looking statements ~~made by us or on our behalf~~, and the trading ~~price~~ **prices** of our securities and those of our ~~subsidiaries~~ **consolidated entities** could decline. These risk factors are not prioritized in order of importance or materiality, and they should be read **together** ~~in conjunction~~ with the other information in this report, including ~~the information set forth~~ in the Consolidated Financial Statements and in " Part II – Item 7. MD & A. " RISKS RELATED TO SEMPRA Operational and Structural Risks Sempra' s ~~cash flows,~~ ability to pay dividends and ~~ability to~~ meet its ~~debt~~ obligations largely ~~depend~~ **depends** on the performance of its subsidiaries and entities accounted for as equity method investments. We are a holding company and substantially all **the assets that produce** our ~~assets~~ **earnings** are owned by our subsidiaries or entities we do not control, including equity method investments. Our ability to pay dividends and meet our debt and other obligations largely depends on **distributions** ~~cash flows~~ from our subsidiaries and equity method investments, which in turn depend on their ability to execute their business strategies and generate cash flows in excess of their own expenditures, dividend payments to third- party owners (if any) and debt and other obligations. In addition, entities accounted for as equity method investments, which we do not control, and our subsidiaries are all separate and distinct legal entities that are not obligated to pay dividends or make loans or distributions to us and could be precluded from doing so by legislation, regulation ~~, court order~~ or contractual restrictions, in times of financial distress or in other circumstances. The inability to access capital from our subsidiaries and entities accounted for as equity method investments could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Sempra' s rights to the assets of its subsidiaries and equity method investments are structurally subordinated to the claims of each entity' s trade and other creditors. ~~If~~ **When** Sempra is a creditor of any such entity, its rights as a creditor **are** ~~would be~~ effectively subordinated to any security interest in the entity' s assets and any indebtedness of the entity senior to that held by Sempra. In addition, Sempra may elect to make capital contributions to its subsidiaries, which are not required to be repaid and ~~generally~~ are structurally subordinated to claims by creditors of the applicable subsidiary. Sempra ~~has substantial~~ **' s** investments in ~~and obligations arising from~~ businesses it does not control **exposes us to risks** ~~or manage or in which it shares control~~. We have investments in businesses we do not control or manage or in which we share control. In some cases, we engage in arrangements with or for these businesses that could expose us to risks in addition to our investment, including guarantees, indemnities and loans. For businesses we do not control, we are subject to the decisions of others, which may ~~not always~~ be ~~in~~ **adverse to** our interest ~~and could negatively affect us~~. When we share control of a business with other owners, any disagreements among the owners about strategy, financial, operational, transactional or other important matters could hinder the business from moving forward with key initiatives or taking other actions and could negatively affect the relationships among the owners and the efficient functioning of the business. In addition, irrespective of whether ~~or not~~ we control these businesses, we could be responsible for liabilities or losses related to these businesses or elect to make capital contributions to these businesses. Any such circumstance could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. We discuss these investments in Note 6 of the Notes to Consolidated Financial Statements. Our business could be negatively affected by activist shareholders. **We have been and may in the future be subject to activist shareholder attention.** Activist shareholders may engage in proxy solicitations, advance shareholder proposals or otherwise attempt to effect changes in or assert influence on our board of directors and management. In taking these steps, activist shareholders could seek to acquire our capital stock, which at certain ownership levels could threaten our ability to use some or all our NOL **or tax credit** carryforwards if our corporation experiences an " ownership change " under applicable tax rules. Responding to activist shareholders ~~could~~ **can be costly and time- consuming and** ~~require~~ **requires** ~~us to~~ **time and attention by our board of directors and management, diverting their attention from our business strategies.** ~~2022~~ **2023** Form 10- K | **34** ~~36 incur legal and advisory fees, proxy solicitation expenses and administrative and associated costs and require time and attention by our board of directors and management, diverting their attention from the pursuit of our business strategies.~~ Any **actual or** perceived ~~uncertainties about~~ **instability in** our future direction ~~or control~~, ~~our ability~~ **inability** to execute our strategies, or **changes in** ~~the composition of~~ our board of directors or management team arising from activist shareholder **campaigns** ~~attention or other action could lead to a perception of instability or a change in the direction of our business, which~~ could be exploited by our competitors and / or other activist shareholders, result in the loss of business opportunities, and make it more difficult to pursue our strategic initiatives or attract and retain qualified personnel and business partners, any of which could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. ~~Further, any such actions could cause fluctuations in the trading prices of our securities based on temporary or speculative market perceptions or other factors.~~ Financial and Capital Stock-

Related Risks **Settlement provisions contained in our equity forward sale agreements subject us to certain risks. The counterparties to the November 2023 forward sale agreements Sempra entered into in connection with its common stock offering that we discuss in Note 14 of the Notes to Consolidated Financial Statements (collectively, the forward purchasers) have the right to accelerate their respective forward sale agreements (or, in certain cases, the portion thereof that they determine is affected by the relevant event) and require us to physically settle such forward sale agreements on a date specified by the forward purchasers if, among other things and subject to a prior notice requirement: ▪ they are unable to establish, maintain or unwind their hedge position with respect to the forward sale agreements; ▪ they determine that they are unable to continue to borrow in a commercially reasonable manner a sufficient number of shares of our common stock or that they would incur a rate that is greater than the cost to borrow shares specified in the forward sale agreements; ▪ we declare or pay cash dividends on shares of our common stock before or in an amount that exceeds those prescribed by the forward sale agreements; ▪ announcement of certain extraordinary events such as certain mergers and tender offers, insolvency and the delisting of our common stock, or an event occurs that would constitute a hedging disruption or change in law; The forward purchasers' decision to exercise their right to accelerate the forward sale agreements (or, in certain cases, the portion thereof that they determine is affected by the relevant event) and to require us to settle the forward sale agreements will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver our common stock under the terms of the physical settlement provisions of the forward sale agreements irrespective of our capital needs, which would result in dilution to our EPS and may adversely affect the market price of our common stock, our preferred stock, any other equity that we may issue and our debt securities. If the forward purchasers do not exercise the right to accelerate the forward sale agreements, we are required to fully settle these forward sale agreements prior to December 31, 2024, which we expect to do entirely by delivery of shares of our common stock under physical settlement. Subject to the provisions of the forward sale agreements, delivery of our shares upon physical or net share settlement of the forward sale agreements will result in dilution to our EPS and may adversely affect the market price of our common stock, our preferred stock and any other equity that we may issue. If we elect to cash or net share settle all or a portion of the shares of our common stock underlying the forward sale agreements, we would expect to issue a substantially lower number of shares than if we settled by physical delivery, but would not receive the cash for the shares that would have otherwise been issued if we settled the entire forward sale agreements by physical delivery and will not derive the same benefits from the standpoint of improving our credit metrics.** Any impairment of our assets ~~or investments~~ could negatively impact us. We could experience a reduction in the fair value of our assets, including ~~our long- lived assets, intangible assets or goodwill, and / or~~ our investments that we account for under the equity method **,** upon the occurrence of many of the risks discussed in these risk factors and elsewhere in this report, **such** ~~including any closure of the Aliso Canyon natural gas~~ - **as from** ~~storage facility without adequate cost recovery,~~ any inability to operate our existing facilities or develop new projects in Mexico due to **recent and** proposed changes to ~~existing~~ laws or regulations or other circumstances affecting the energy sector or our assets in that country, and more generally any loss of permits or approvals that requires us to adjust or cease certain operations and any **failure to complete or receive an adequate return on our** ~~investment~~ **investments** in capital projects ~~that do not receive required approvals or are changed, abandoned or otherwise not completed~~ . Any such reduction in the fair value of our assets or investments could result in an impairment loss that could materially adversely affect our results of operations for the period in which the charge is recorded. We discuss our impairment testing of long- lived assets and goodwill and the factors considered in such testing in " Part II – Item 7. MD & A – Critical Accounting Estimates " and in Note 1 of the Notes to Consolidated Financial Statements. The economic interest, voting rights and market value of our outstanding common and preferred stock may be adversely affected by any additional equity securities we may issue. At February ~~21~~ **20** , ~~2023~~ **2024** , we had ~~314~~ **632** , ~~569~~ **149** , ~~519~~ **916** shares of our common stock and 900, 000 shares of our non- convertible series C preferred stock outstanding. ~~We~~ **Our businesses have substantial capital needs, and we** may seek to raise capital by issuing additional **2023 Form 10- K | 35** equity **(as we did in November 2023)** or convertible debt securities, which may materially dilute the voting rights and economic interests of holders of our outstanding common and preferred stock and materially adversely affect the trading price of our common and preferred stock. **The** ~~Dividend~~ **dividend** requirements **of** ~~associated with~~ our preferred stock subject us to risks. Any failure to pay scheduled dividends on our series C preferred stock when due would have a material adverse impact on the market price of our securities and would prohibit us, under the terms of the series C preferred stock, from paying cash dividends on or repurchasing shares of our common stock (subject to limited exceptions) until we have paid all accumulated and unpaid dividends on the series C preferred stock. Additionally, the terms of the series C preferred stock generally provide that if dividends on any shares of the preferred stock have not been declared and paid or have been declared but not paid for three or more semi- annual dividend periods, ~~whether or not consecutive,~~ the holders of the preferred stock would be entitled to elect two additional members to our board of directors, subject to certain terms and limitations. Our common stock is listed on the Mexican Stock Exchange and registered with the CNBV, which subjects us to additional regulation and liability in Mexico. In addition to being listed ~~for trading~~ on the NYSE, our common stock is listed ~~for trading~~ on the Mexican Stock Exchange and registered with the CNBV. Such listing and registration subjects us to filing and other requirements in Mexico that ~~could~~ **have** ~~increase~~ **increased our** costs and ~~increase performance risk~~ **risks** of **noncompliance** ~~personnel given additional responsibilities~~ . In addition, the CNBV, as the Mexican securities market regulator, has the authority to ~~make inspections~~ ---- **inspect** ~~of~~ Sempra' s business, primarily **through** ~~in the form of~~ requests for information and documents; impose fines or ~~other~~ penalties on Sempra and its directors and officers for violations of Mexican securities laws and regulations; and seek criminal liability for certain actions conducted or with effects in Mexico. The occurrence of any of these risks could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. ~~2022 Form 10- K | 37~~ RISKS RELATED TO ALL SEMPRA BUSINESSES Operational Risks Our businesses are subject to risks arising from their infrastructure and ~~information~~ systems **that support this infrastructure** . Our ~~businesses'~~ facilities and the ~~information~~ systems that interconnect and / or manage them are subject to risks of, among other things, ~~potential breakdown or failure of~~ equipment or ~~processes~~ -- **process failures** due to aging infrastructure ~~and systems~~ **or otherwise** ; human error; shortages of or delays in obtaining equipment, materials, commodities or labor, which **have been and** may **in the future** be exacerbated by ~~current or future~~ supply chain constraints ~~and~~ **or** tight labor market conditions, ~~and~~ **as well as** increases to the costs of these items due to inflationary pressures or otherwise, which may not be recoverable in a timely manner or at all; operational restrictions resulting from environmental requirements or governmental interventions; inability to enter into, maintain, extend or replace long- term supply or transportation contracts; and performance below expected levels. ~~Even though~~ **Although** our businesses undertake capital investment projects to construct, replace, **operate,** maintain ~~, improve~~ and upgrade facilities and systems, such projects may not be **completed or** effective at managing ~~the~~ **these** ~~aforementioned~~ risks ~~,~~ and ~~may~~ involve significant costs that may not be recoverable ~~and challenges in achieving completion~~ . We often rely on third parties, including contractors, to perform work related to these projects and other maintenance activities, which may subject us to **liability for** ~~increased risks because we manage the~~ safety **issues** and **the** quality of work performed by **these** third parties ~~and may retain liability for their work~~ . Because **some of** our facilities are interconnected with those of third parties, including ~~receiving~~ **third- party** natural gas ~~supply from third party~~ pipelines and power generation facilities that produce most of the power ~~that~~ we distribute ~~to customers~~ , the operation of our facilities could also be **materially** adversely affected by these or similar risks to ~~the systems of~~ such third ~~parties~~ **- party systems** , ~~many of~~ which may be unanticipated or uncontrollable by us. Additional risks associated with our ~~businesses'~~ ability to safely and reliably construct, replace, operate, maintain ~~, improve~~ and upgrade ~~their respective~~ facilities and systems, ~~many of~~ which ~~are~~ **may be** beyond our control, include: ▪ failure to meet customer demand for electricity and / or natural gas, including electrical blackouts or curtailments or gas outages ▪ natural gas surges into homes or other properties ▪ the release of hazardous or toxic substances, including gas leaks ▪ ~~inadequate emergency preparedness plans and~~ the failure to respond effectively to catastrophic events The occurrence of any of these events could affect supply and demand for electricity, natural gas or other forms of energy, cause unplanned outages, damage our ~~businesses'~~ assets and / or operations **or** ~~, damage the~~ **those** ~~assets and / or operations~~ of third parties on which our businesses rely, damage property owned by customers or others, and cause personal injury or death. In addition, if we are unable to defend and retain title to the properties we own or ~~if we are unable to~~ obtain or retain rights to construct and operate on the properties we do not own in a timely manner, on **2023 Form 10- K | 36** reasonable terms or at all, we could lose our rights to occupy and use these properties and the related facilities, which could **prevent** ~~result in modification~~ , **limit or** delay ~~or curtailment of~~ existing or proposed operations or projects, increase our costs, and result in breaches of ~~one or more~~ permits or contracts **and** related ~~to the affected facilities that could lead to~~ legal costs, impairments ~~or~~ **,** fines or penalties. Any such outcome could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. **We face risks related to** ~~Severe~~ **severe** weather, natural disasters **, physical attacks** and other similar events ~~could materially adversely affect us~~ . Our facilities and infrastructure ~~, including projects in development and under construction,~~ may be damaged by severe weather, natural disasters, **wildfires,** accidents, explosions or acts of terrorism, war **,** or criminality. Because we are in the business of using, storing, transporting and disposing of highly flammable, explosive and radioactive materials and operating highly energized equipment, the risks such incidents ~~may~~ pose to our facilities and infrastructure, as well as ~~the risks~~ to the surrounding communities for which we could be **liable** ~~held responsible~~ , are substantially greater than the **potential** risks ~~such incidents pose~~ to a typical business. Such incidents could result in **operational** ~~business and project development~~ disruptions, power or gas outages, property damage, **personal injury** ~~injuries and loss of life for~~ - **or death** ~~which we could be liable~~ and could cause secondary incidents that also may have these or other negative effects, such as fires; leaks of natural gas, natural gas odorant, propane, ethane, other GHG emissions or radioactive material; spills or other damage to natural resources; or other nuisances to affected communities. Any of these occurrences could decrease revenues and earnings and / or increase costs, including maintenance costs or restoration expenses, amounts associated with claims against us, and regulatory fines, penalties and disallowances. In some cases, we may be liable for damages even though we are not at fault, such as when the doctrine of inverse condemnation applies, which we discuss below under " Risks Related to Sempra California – Operational Risks. " For our regulated utilities, these costs may not be recoverable in rates. Insurance coverage for these costs may **continue to** increase or become prohibitively expensive, be disputed by insurers, or become unavailable for certain of these risks or at ~~sufficient~~ **adequate** levels, and any insurance proceeds may be insufficient to cover our losses or liabilities due to limitations, exclusions, high deductibles, failure to comply with procedural requirements or other factors. Such incidents that do not directly ~~2022 Form 10- K | 38~~ affect our facilities may impact our business partners, supply chains and transportation channels, which could negatively **affect** ~~impact construction projects and~~ our ability to **operate** ~~provide electricity and natural gas to customers~~ . Moreover, weather- related incidents have become more prevalent, unpredictable and severe as a result of climate change or other factors **. As a result** , ~~which~~ **these incidents** could have a greater impact on our businesses than currently anticipated and, for our regulated utilities, rates may not be adequately or timely adjusted to reflect any such increased impact. Any such outcome could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. **We** ~~In addition to general information and cyber risks that all large corporations face, we~~ face evolving cybersecurity risks associated with the energy grid, natural gas pipelines, storage and other infrastructure ~~and protecting~~ **as well as the collection of personal,** sensitive and confidential customer and employee information. Our use of complex technologies and systems in our operations, including **our increasing** deployment of ~~any~~ new technologies **and virtualization of many business activities** , and our collection and retention of **personal,** sensitive **and confidential** information, represent large- scale opportunities for attacks on or other failures to protect our information systems, ~~confidential~~ information and energy grid and natural gas infrastructure. **We are also vulnerable in the event of attacks on or failures to protect third- party vendors' technologies and systems, depending on the level of access these vendors have to our information and systems.** In particular, **ransomware and other**

**forms of** cyber- attacks targeting utility systems and other energy infrastructure ~~, as well as the impacts of these attacks on companies and their communities,~~ are **continuously** increasing in sophistication, magnitude and frequency **, may not be recognized until launched against a target** and may further ~~increase in connection with certain~~ **escalate during periods of heightened** geopolitical ~~events~~ **tensions. Accordingly** , ~~such as~~ **we may be unable to anticipate** ~~the~~ **these** ~~war in Ukraine~~ **techniques or to implement adequate security barriers or other preventative measures, making it impossible for us to entirely eliminate this risk** . Additionally, SDG & E and SoCalGas are increasingly required to disclose large amounts of data (including customer personal information and energy use data) to support **state initiatives** ~~changes to California' s electricity and gas markets~~ related to grid modernization ~~and~~ **,** customer choice **,** ~~as well as~~ energy efficiency, demand response and conservation, increasing the risks of inadvertent disclosure or ~~other~~ unauthorized access of sensitive information ~~. Further, the virtualization of many business activities increases cyber risk, and generally there has been an associated increase in targeted cyber- attacks~~ . Moreover, all our businesses operating in California (and ~~any~~ **in** other states and countries ~~where we do business~~ that ~~adopt~~ **have** similar laws) are subject to enhanced state privacy laws, which require companies that collect information about California residents to, among other things, ~~make disclosures~~ --- **disclose** ~~to consumers about~~ their data collection, use and sharing practices; allow consumers to opt out of certain data sharing with third parties; and assume liability ~~under a new cause of action~~ for unauthorized disclosure of certain highly sensitive personal information. Although we ~~invest~~ **make significant investments** in risk management and information security measures for the protection of our systems and ~~information~~ **data** , these measures could be insufficient or otherwise fail. The costs and operational consequences of implementing, maintaining and enhancing these ~~protection~~ measures are significant ~~,~~ and **expected to** ~~they could materially~~ increase to address ~~increasingly~~ **the growing** ~~intense~~ **intensity** and ~~complex~~ **complexity of** cyber risks. We often rely on third- party vendors to deploy new ~~business~~ technologies and maintain ~~, modify~~ and update our systems, and these third parties may not have adequate risk management and information security measures with respect to their systems. **Although we have not experienced a material breach of our information systems or data, we and some of our vendors have been and will likely continue to be subject to breaches of and attempts to gain unauthorized access to our systems or data or efforts to otherwise disrupt our operations.** Any ~~cyber~~ **actual or perceived noncompliance with applicable data privacy and security laws or any 2023 Form 10** - **K | 37 incidents targeting** ~~attack, including ransomware attacks, on~~ our or our vendors' information systems ~~or~~ **;** the integrity of the energy grid, our pipelines or our distribution, storage and other infrastructure ~~,~~ **; or** ~~or~~ **our** ~~unauthorized access, damage or improper disclosure of~~ confidential information ~~,~~ could result in disruptions to our business operations, regulatory compliance failures, ~~inabilities~~ **inability** to produce accurate and timely financial statements, energy delivery failures, financial and reputational loss, ~~customer dissatisfaction,~~ litigation, ~~violation~~ **violations** of ~~privacy~~ **applicable** laws and fines or penalties, any of which could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Although Sempra currently maintains cyber liability insurance, this insurance is limited in scope and subject to exceptions, conditions and coverage limitations and may not cover ~~any or even~~ a substantial portion **or any** of the costs associated with ~~any~~ **a** compromise of our information systems or confidential information, and there is no guarantee that the insurance we currently maintain will continue to be available at rates we believe are ~~commercially~~ reasonable. We seek growth opportunities in the market organically and inorganically, including through the acquisition of, or partnerships in, operating companies. We diligently analyze the financial viability of each acquisition, partnership and JV we pursue. However, our diligence may prove to be insufficient and there could be latent ~~,~~ **or** unforeseen defects. In addition, we may not realize all the anticipated benefits from future acquisitions, partnerships or JVs for various reasons, including difficulties integrating operations and personnel to our standards or in a timely manner, higher and unexpected acquisition and operating costs, unknown liabilities, and fluctuations in markets. Any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. Increasing activities and projects intended to advance new energy technologies could introduce **us to** new risks ~~to our businesses~~ . We regularly undertake or become involved in research and development projects and other activities designed to develop new technologies in the energy space, including those related to hydrogen, **liquefaction,** energy storage, carbon sequestration, grid modernization and others. These activities and projects ~~can~~ involve significant employee time, as well as substantial capital resources that may ~~2022 Form 10- K | 39~~ not be recoverable in rates or, with respect to our non- regulated **-** utility businesses, may not be able to be passed through to customers. We ~~may also~~ **have sought and continue to** seek a variety of federal and state funding opportunities for these activities and projects ~~(such as loans and grants, including in conjunction with third- party commercial or governmental entities)~~ , which ~~may~~ **can** involve significant employee **resources** ~~time and effort~~ and increased compliance requirements with no guarantee that ~~any~~ such funding would be received. In addition, the timing to complete these activities and projects is inherently uncertain and may require significantly more time and funding than we initially anticipate. Moreover, many of these technologies are in the early stage of development, and the applicable activities and projects may not be completed or the applicable technologies may not prove economically and technically feasible. If any of these circumstances occurs, we may not receive an adequate or any return on our investment and other resources invested in these activities and our results of operations, financial condition, cash flows and / or prospects could be materially adversely affected. The operation of our facilities depends on good labor relations with our employees **and our ability to attract and retain qualified personnel** . Several of our businesses have in place collective bargaining agreements with different labor unions, which are generally negotiated on a company- by- company basis. **SoCalGas has a collective bargaining agreement that expires on September 30, 2024.** Any **prolonged negotiation or** failure to ~~negotiate and~~ reach an agreement on these labor contracts as they are up for renewal could result in **work stoppages** ~~strikes, boycotts~~ or other labor disruptions **. Additionally, we have been faced with a shortage of experienced and qualified personnel in certain specialty operational positions and could experience labor disruptions from personnel in those positions** . Any such labor disruption or negotiated wage or benefit increases, whether due to union activities, employee turnover **, labor shortages** or otherwise, could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Our businesses depend on the performance of counterparties ~~, and any performance failures by these counterparties could materially adversely affect us~~ . Our businesses depend on the performance of business partners, customers, suppliers and other counterparties **under contractual and other arrangements to provide, among other things, services, equipment, or commodities and** who **may have significant unpaid financial obligations to us under these** ~~owe money or commodities as a result of market transactions or other long- term~~ arrangements. If they fail to perform their obligations in accordance with these arrangements, we may ~~need~~ **be unable to meet our obligations and we may be required** to enter into alternative arrangements or honor our underlying commitments at then- current market prices, which may result in ~~additional~~ losses to us ~~to~~ **or delays or** ~~the~~ **other disruptions** ~~extent of amounts already paid~~ to ~~such counterparties~~ **our operations** . Any efforts to enforce the terms of these arrangements through legal or other means could involve significant time and costs and would be unpredictable and **subject to failure** ~~may not be successful~~ . In addition, many of these arrangements, including our relationships with the applicable counterparties, are important for the conduct and growth of our businesses. We also may not be able to secure replacement agreements with other counterparties on favorable terms, in a timely manner or at all if any of these arrangements terminate. Further, we often extend credit to customers and other counterparties and, although we perform credit analyses prior to extending credit, we may not be able to collect the amounts owed to us, which **could be significant and** ~~presents~~ - **present** an increased risk **2023 Form 10- K | 38** for our long- term supply, sales and capacity contracts. The failure of any of our counterparties to perform in accordance with their arrangements with us could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. **In addition,** Sempra Infrastructure' s obligations and those of its **counterparties, such as its** LNG ~~suppliers~~ **customers,** are contractually subject to suspension or termination for force majeure events, which generally are beyond the control of the parties **. Force majeure declarations may also have attendant negative consequences** , ~~and limitations~~ **such as the fees lost by Cameron LNG JV on delivery** of **excess LNG to tolling customers in connection with certain force majeure events, or loss or deferral of revenue arising from non- deliveries of natural gas from suppliers or LNG to customers in certain circumstances. Also, certain force majeure events may impact the contractors constructing Sempra Infrastructure' s projects, which may result in increased costs or schedule delays. Sempra Infrastructure may have limited** remedies **available** for ~~other~~ **certain** failures to perform, including limitations on damages that may prohibit recovery of costs incurred for any breach of an agreement. Any such occurrence could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Sempra Infrastructure engages in JVs and invests in companies in which other equity partners may have or share with us control over the applicable project or investment. Sempra Texas ~~Utilities~~ also invests in companies ~~that~~ it does not control or manage. We discuss the risks related to ~~these~~ **such** arrangements above under " Risks Related to Sempra – Operational and Structural Risks. " ~~Our businesses face risks related to the COVID- 19 pandemic. The COVID- 19 pandemic has materially impacted communities, supply chains, economies and markets around the world since March 2020. To date, the COVID- 19 pandemic has not had a material impact on our results of operations. However, Sempra and some or all its businesses have been and could continue to be impacted by this pandemic or any future pandemic in a number of ways, including: ▪ Disruption in supply chains and the capital markets, which has affected and could further affect liquidity, strategic initiatives and prospects, including in some cases a slowdown of planned capital spending ▪ Customer- protection measures implemented by SDG & E and SoCalGas, including suspending service disconnections due to nonpayment for all customers early in the pandemic (except for SoCalGas' noncore customers and, since the second half of 2022, SDG & E' s and SoCalGas' commercial and industrial customers), waiving late payment fees, offering flexible payment plans and automatically enrolling residential and small business customers with past- due balances in long- term repayment plans, which have collectively resulted in a reduction in payments from SDG & E and SoCalGas' customers and an increase in uncollectible accounts that could become material and may not be fully recoverable 2022 Form 10- K | 40 ▪ Precautionary, preemptive and responsive actions taken by our current and prospective counterparties, customers and partners, as well as regulators and other governing bodies that affect our businesses, which have affected and could further affect our operations, results, liquidity and ability to pursue capital projects and strategic initiatives Any of these impacts could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. We will continue to actively monitor the effects of the COVID- 19 pandemic and may take further actions that alter our business operations as may be required by federal, state or local authorities, or that we determine are necessary for the safety of our employees, customers, partners and suppliers and, generally, the communities we serve. However, we cannot at this time predict the extent to which the COVID- 19 pandemic may further impact our businesses.~~ Financial Risks Our debt service obligations expose us to risks and could require additional equity securities issuances by Sempra ~~and~~ **or** sales of equity interests in ~~various~~ subsidiaries or projects under development. **We** ~~Our businesses~~ have **significant** debt service obligations, which could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects by, among other things: ▪ making it more difficult and costly ~~for each of these businesses~~ to service, pay or refinance ~~their~~ debts as they come due, particularly ~~during adverse~~ **when interest rates increase or** economic or industry conditions **are otherwise unfavorable** ~~or in periods of significant increases in interest rates~~ ▪ limiting flexibility to pursue strategic opportunities or react to business developments or **industry** changes ~~in the industry sectors in which they operate ▪ requiring cash to be used for debt service payments, thereby reducing the cash available for other purposes~~ ▪ causing lenders to require materially adverse terms ~~in the instruments~~ for new debt, such as restrictions on uses of proceeds **,** ~~or other assets or~~ limitations on incurring additional debt, ~~creating liens,~~ paying dividends, repurchasing stock, ~~making investments~~ or receiving distributions from subsidiaries or equity method investments **and the creation of liens** Sempra' s goal is to maintain or improve its credit ratings, but it may not be able to do so. To maintain these credit ratings, we may seek to reduce our outstanding indebtedness or our need for additional indebtedness **by issuing** ~~with the proceeds from issuances of~~ equity securities ~~by Sempra~~ or **selling** ~~the sale of~~ equity interests in our subsidiaries or development projects. We may not be able to complete any such equity sales on terms we consider acceptable or at all, and any new equity issued by Sempra may dilute the voting rights and economic interests of ~~existing holders of~~ Sempra' s **existing**

**equity holders** ~~common and preferred stock~~ . Any such outcome could have a material adverse effect on Sempra' s results of operations, financial condition, cash flows and / or prospects. The availability and cost of debt or equity financing could be negatively affected by market and economic conditions and other factors ~~, and any such effects could materially adversely affect us~~ . Our businesses are capital- intensive, with significant **and increasing** capital spending expected in future periods. In general, we rely on long- term debt to fund a significant portion of our capital expenditures and repay outstanding debt **,** and we rely on short- term ~~borrowings~~ **debt** to fund a significant portion of day- to- day ~~business~~ operations. Sempra **has also raised and** may ~~also~~ **continue to** seek ~~to raise~~ capital by issuing equity or selling equity interests in our subsidiaries or investments. Limitations on the availability of credit, increases in interest rates or credit spreads due to ~~inflationary~~ --- **inflation** ~~pressures~~ or otherwise or other negative effects on the terms of any financing we pursue could cause us to fund operations and capital expenditures at a higher cost or fail to raise our targeted amount of ~~funding~~ **funds** , which could negatively impact our ability to meet contractual and other commitments, progress development projects, make non- safety related capital expenditures and effectively sustain operations. Any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. In addition to market and economic conditions, factors that can affect the availability and cost of capital include: ▪ adverse changes to laws and regulations, including recent and proposed changes to ~~the regulation of the~~ energy market **regulation** in Mexico ~~▪ the overall health of the energy industry ▪ volatility in electricity or natural gas prices~~ ▪ for Sempra ~~,~~ **and** SDG & E ~~and SoCalGas~~ , risks related to California wildfires ▪ for Sempra, SDG & E and SoCalGas, any deterioration of or uncertainty in the political or regulatory environment for local natural gas distribution companies operating in California ▪ credit ratings downgrades ~~2022~~ **2023** Form 10- K | **39** ~~41 We are subject to risks due to uncertainty relating to the calculation of LIBOR and its scheduled discontinuance. Certain of our financial and commercial agreements, including those for variable rate indebtedness, as well as interest rate derivatives, incorporate LIBOR as a benchmark for establishing certain rates. As directed by the U. S. Federal Reserve, banks ceased making new LIBOR- based issuances at the end of 2021, and publication of certain key U. S. dollar LIBOR tenors for existing loans is expected to cease in mid- 2023. These events could cause LIBOR to perform differently than it has performed historically. Use of the SOFR, which has been identified as the replacement benchmark rate for LIBOR, may result in interest payments that are higher than expected or that do not otherwise correlate over time with the payments that would have been made using LIBOR. Changes to or the discontinuance of LIBOR, any uncertainty regarding such changes or discontinuance, and the performance and characteristics of alternative benchmark rates, could negatively affect our existing and future variable rate indebtedness and interest rate hedges and the cost of doing business under our commercial agreements that incorporate LIBOR, SOFR or other alternative benchmark rates, and could require us to seek to amend the terms of the relevant indebtedness or agreements, which may not be possible and / or may require us to accept terms that are materially worse than existing terms. The occurrence of any of these risks could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects.~~ Credit rating agencies may downgrade our credit ratings or place **them** ~~those ratings~~ on negative outlook. Credit rating agencies routinely evaluate Sempra, SDG & E, SoCalGas ~~and~~ **,** SI Partners and certain of our other businesses **whose** ~~, and their~~ ratings are based on a number of factors, including the factors described below and the ability to generate cash flows; ~~level of~~ indebtedness **levels** ; overall financial strength; specific transactions or events, such as share repurchases and significant litigation; the status of certain capital projects; and **general** ~~the state of the economy~~ **economic** and ~~our~~ industry ~~generally~~ **conditions** . These credit ratings could be downgraded or **subject to** other negative ~~credit~~ rating actions ~~could occur~~ at any time. We discuss these credit ratings in " Part II – Item 7. MD & A – Capital Resources and Liquidity. " For Sempra, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions: ▪ expansion of natural gas liquefaction projects or other unregulated businesses in a manner inconsistent with its present level of credit quality ▪ **the PA LNG Phase 1 project experiences higher construction costs ▪** Sempra' s consolidated financial measures **consistently weaken** ~~do not improve~~ , or it fails to meet certain financial credit metrics ▪ catastrophic wildfires caused by SDG & E or by any California electric IOUs that participate in the Wildfire Fund, which could exhaust the fund considerably earlier than expected **▪ a ratings downgrade at SDG & E, SoCalGas, Oncor and / or SI Partners** For SDG & E, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions: ▪ a consistent weakening of SDG & E' s financial metrics **,** or **it fails to meet certain financial credit metrics ▪** a deterioration in the regulatory environment **, including credit negative outcomes of its pending regulatory proceedings** ▪ a ratings downgrade at Sempra For SoCalGas, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions: ▪ SoCalGas' financial measures consistently weaken, or it fails to meet certain financial credit metrics ▪ SoCalGas experiences increased business risk ~~, including~~ **due to** a deterioration in the regulatory environment, ~~leading to weakening~~ **including credit negative outcomes** of its ~~stand- alone~~ **pending regulatory proceedings or elevated risk concerning its natural gas utility** business ~~risk profile~~ For SI Partners, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions: ▪ SI Partners' failure to meet certain financial credit metrics ▪ a deterioration in SI Partners' business risk profile, including incremental construction risk or adverse changes in the operating environment in Mexico ▪ **the PA LNG Phase 1 project experiences challenges or delays in construction that have an adverse financial impact on SI Partners ▪** a ratings downgrade at Sempra, IEnova and / or Cameron LNG, LLC A downgrade of any of our businesses' credit ratings or ratings outlooks, as well as the reasons for such downgrades, ~~may~~ **could** materially adversely affect ~~the market prices of our securities,~~ the interest rates at which borrowings can be made and debt securities issued ~~,~~ and the various fees on our credit facilities. This could make it more costly ~~for the affected businesses~~ to borrow money, issue securities and / or raise other types of capital, any of which could **reduce our ability to meet our debt obligations and contractual commitments and otherwise** materially adversely affect our ~~ability to meet our debt obligations and contractual commitments, and our~~ results of operations, financial condition, cash flows and / or prospects. ~~2022 Form 10- K | 42~~ We do not fully hedge our assets or contract positions against changes in commodity prices or interest rates, and for ~~those~~ positions that are hedged, our hedging ~~procedures~~ **mechanisms** may not mitigate our risk **or reduce our losses** as

**intended** ~~expected or prevent us from experiencing losses~~ . We ~~have used and may continue to~~ use forward contracts, futures, financial swaps and / or options, among other mechanisms, to hedge **a portion of** our known or anticipated purchase and sale commitments, inventories of natural gas and LNG, natural gas storage and pipeline capacity and electric generation capacity in an effort to reduce our **, and for SDG & E and SoCalGas, customers'** financial exposure related to commodity price fluctuations. **The** ~~We do not hedge the entire exposure to market price volatility of our assets or our contract positions, and the~~ extent of the coverage to these exposures varies over time. In addition, we have used and may continue to use similar financial instruments to hedge against changes in interest rates. Certain derivative ~~securities~~ **instruments** we use to hedge are recorded at fair value through earnings to reflect movements in the price of the ~~security~~ **derivative** , which has **recently** ~~in the past~~ and could in the future create volatility in our earnings ~~(such as the significantly higher unrealized losses on commodity derivatives that we recognized in 2022 compared to 2021 as we discuss in " Part II – Item 7. MD & A – Results of Operations ")~~ . To the extent we have unhedged positions, **or if any hedging counterparty fails to fulfill its contractual obligations** or if our hedging strategies do not work as ~~expected~~ **intended** , fluctuating commodity prices **and interest rates** could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. **2023 Form 10- K | 40** ~~Certain of the contracts we may use for hedging purposes are subject to fair value accounting, which may result in gains or losses in earnings for those contracts that may not reflect the associated gains or losses of the underlying position being hedged and could result in fluctuations of our results from period to period.~~ Risk management procedures may not prevent or mitigate losses. Although we have ~~in place~~ risk management and control systems designed to quantify and manage risk, these systems may not prevent material losses. Risk management procedures may not always be followed as intended or function as expected. In addition, daily VaR and loss limits, which are primarily based on historic price movements and which we discuss in " Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk, " may not protect us from losses if prices significantly or persistently deviate from historic prices. As a result of these and other factors, our risk management procedures and systems may not prevent or mitigate losses that could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. Market performance or changes in other assumptions could require unplanned contributions to pension and PBOP plans. Sempra, SDG & E and SoCalGas provide defined benefit pension and PBOP plans to eligible employees and retirees. The cost of providing these benefits is affected by many factors, including the market value of plan assets and the other factors described in Note 9 of the Notes to Consolidated Financial Statements. A decline in the market value of plan assets or an adverse change in any of these other factors could cause a material increase in our funding obligations for these plans, which could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Legal and Regulatory Risks ~~Our businesses require numerous~~ **We face risks related to failures and delays in obtaining** permits, licenses, franchises and other approvals **required by our businesses** from various governmental agencies ~~, and the failure~~ **. The industries in which we operate are subject** to ~~obtain~~ **numerous governmental regulations, and** ~~or~~ **our** ~~maintain any of them, or lengthy delays in obtaining them, could materially adversely affect us. Our businesses~~ -- **business** ~~require~~ **requires** numerous permits, licenses, rights- of- way, franchises, certificates and other approvals from federal, state, local and foreign governmental agencies ~~. These approvals may not be granted in a timely manner or at all or may be modified, rescinded or fail to be extended for a variety of reasons. Obtaining or maintaining these approvals could result in higher costs or the imposition of conditions or restrictions on our operations~~ . For example, SoCalGas' franchise agreement with Los Angeles County **initially** ~~is scheduled to expire~~ **expired** in June 2023 **and the subsequent extension expired in December 2023** . ~~Further~~ **SoCalGas is operating and expects to continue to operate under the terms and provisions of the expired franchise until a new agreement is reached. Additionally** , **the City of San Diego is studying the feasibility of municipalization as a potential alternative to SDG & E' s existing electric franchise agreement, and various aspects of the natural gas and electric franchise agreements granted by the City of San Diego to SDG & E have also been challenged in two lawsuits that we discuss in Note 16 of the Notes to the Consolidated Financial Statements. These approvals may not be granted in a timely manner or at all or may be modified, rescinded or fail to be extended for a variety of reasons, including due to legal or regulatory changes. Obtaining or maintaining** these approvals ~~require~~ **could result in higher costs or the imposition of conditions or restrictions on our operations. Further,** ~~compliance~~ **noncompliance** by us **or certain of** ~~and may require compliance by~~ our customers ~~, which~~ **with the terms of these approvals** could result in **their** modification, suspension or rescission and subject us to **lost revenue,** fines and penalties ~~in the event of noncompliance~~ . If **any** ~~one or more~~ of these approvals **are** ~~were to be~~ suspended, rescinded or otherwise terminated ~~, including due to expiration or legal or regulatory changes,~~ or modified in a manner that makes our continued operation of the applicable business prohibitively expensive or otherwise **impracticable** ~~undesirable or impossible~~ , we may be required to adjust or temporarily or permanently cease certain of our operations, sell the associated assets or remove them from service and / or construct new assets intended to bypass the impacted area, in which case we may lose some of our rate base or revenue- generating assets, our development projects may be negatively affected and we may incur impairment charges or other costs that may not be recoverable. The occurrence of any of these events could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. ~~We may~~ **From time to time, we** invest funds in capital projects prior to receiving all regulatory approvals. If there is a delay in obtaining these approvals; if any approval is conditioned on changes or other requirements that increase costs or impose restrictions on our existing or ~~2022 Form 10- K | 43~~ planned operations; if we fail to obtain or maintain these approvals or comply with them or other applicable laws or regulations; if we are involved in litigation that adversely impacts any approval or rights to the applicable property or assets; or if management decides not to proceed with a project, we may be unable to recover any or all amounts invested in that project. Any such occurrence could ~~cause~~ **materially increase** our costs ~~to materially increase~~ , result in material impairments, and otherwise materially adversely affect our results of operations, financial condition, cash flows and / or prospects. Our businesses face climate change concerns and have environmental compliance and clean energy transition **and reporting** costs ~~, which could have a material adverse effect on us~~ . Climate change and the costs associated with its impacts and mitigation may ~~have the~~

~~potential to~~ adversely affect **us** ~~our businesses~~ , including by increasing the costs we incur to transmit energy and provide other services, impacting the demand for and consumption of the ~~natural gas we distribute and the~~ energy we transmit **and distribute** (due to changes in costs, **increasingly common severe weather events and other** weather patterns, the type of energy transmitted as a result of increasing customer preference for carbon- neutral and renewable sources of energy, and other factors), and affecting the economic health of the regions in which we operate. ~~Our businesses~~ **2023 Form 10- K | 41 Environmental and Climate Change Regulation We** are subject to extensive federal, state **, regional** , local and foreign statutes, orders, rules and regulations relating to climate change and environmental protection. To comply with these requirements, we must expend significant capital and employee resources on ~~(i)~~ environmental monitoring, surveillance and other measures to track performance; ~~(ii) acquisitions~~ - **acquisition and installation** of pollution control equipment; ~~(iii)~~ mitigation efforts; and ~~(iv)~~ emissions fees, which could increase as a result of various factors we may not control, including changing laws and regulations, increased enforcement activities, delays in the renewal and issuance of permits, and changes to the mix of energy we **transmit and distribute** ~~are required to supply~~ . In addition, we are generally responsible for hazardous substances and other contamination on and the conditions of our projects and properties, regardless of when these conditions arose and whether they are known or unknown. ~~In addition, we could~~ **We have been and may** be ~~liable for contamination~~ **in the future required to pay environmental remediation costs** at ~~our~~ former facilities and off- site waste disposal sites **where any of** ~~that have been used in~~ our ~~operations~~ **businesses is identified as a PRP under federal, state and local environmental laws** . For our regulated utilities, some of these costs may not be recoverable in rates. Failure to comply with environmental laws and regulations may subject **us** ~~our businesses~~ to fines and penalties, including criminal penalties in some cases, and / or curtailment of our operations. Any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. Increasing international, national, regional, state and local ~~- level~~ environmental concerns and related ~~new or proposed legislation and regulation or~~ changes to ~~existing legislation or~~ **the legal and** ~~regulation~~ - **regulatory framework** , such as ~~increased~~ requirements for **increased** monitoring and surveillance, disclosures on environmental performance ~~and targets~~ , pollution monitoring and control equipment, safety practices, emissions fees, taxes, penalties or other obligations or restrictions, may have material negative effects on our operations, ~~operating~~ costs, corporate planning, and the scope and economics of proposed ~~expansions,~~ infrastructure projects or other capital expenditures. **Recently enacted California laws requiring expansive disclosures on GHG emissions and other environmental measures, targets and claims subject us to potential liability for these disclosures and could have other consequences that may be difficult to predict, including negative sentiment from current and potential investors, regulators or other groups. Moreover, these new disclosure requirements may use different reporting frameworks and methodologies, including reporting boundaries, which may increase compliance costs and the risk of compliance failures and may create confusion for stakeholders.** In addition, ~~existing and potential new or amended~~ legislation and regulation relating to the control and reduction of GHG emissions and mitigating climate change **is proliferating** ~~may materially restrict our operations, negatively impact demand for our services, the natural gas we distribute and / or the energy we transmit, limit development opportunities, force costly or otherwise burdensome changes to our operations or otherwise materially adversely affect us~~ . For example, SB 100 (enacted in 2018) and SB 1020 (enacted in 2022) requires each California electric utility, including SDG & E, to procure at least 50 % of its annual electric energy requirements from renewable energy sources by 2026, 60 % by 2030, 90 % by 2035, and 95 % by 2040. State law also **requires** ~~creates the policy of meeting all of~~ California' s retail electricity supply **to be met** with a mix of RPS Program- eligible and zero- carbon resources by 2045 **without** ~~. The law also includes stipulations that this policy not increase~~ **increasing** carbon emissions elsewhere in the western grid **or** ~~and not allow~~ **allowing** resource shuffling, and **instructs** ~~requires that~~ the CPUC, CEC, CARB and other state agencies **to** incorporate this ~~policy~~ **requirement** into all relevant planning. In addition, the Governor of California signed an executive order establishing a new statewide goal to achieve carbon neutrality as soon as possible, and no later than 2045, and achieve and maintain net negative emissions thereafter. The executive order calls on CARB to address this goal in future scoping plans, which affect several major sectors of California' s economy, including transportation, agriculture, development, industrial and others. California has issued new climate initiatives in line with this statewide goal, including two executive orders requiring sales of all passenger vehicles to be zero- emission by 2035. ~~Moreover,~~ **These or** ~~the~~ **other similar new laws and rules may materially restrict our operations, negatively impact demand for our services and / or the energy we transmit and distribute, limit development opportunities, force costly or otherwise burdensome changes to our operations or otherwise materially adversely affect us. Energy Transition Risks The** energy transition in California and elsewhere, including decarbonization goals, has introduced uncertainty in **long- term** investor support ~~over the long term~~ , leading some to reduce investment in or divest from **our** ~~the energy~~ sector. Maintaining investor confidence and attracting capital at a competitive cost will depend in part on ~~successfully~~ demonstrating our **progress on** ~~ability to reduce emissions associated with~~ our **action plan supporting** ~~operations and the energy we transmit, consistent with~~ Sempra' s aim to have net- zero emissions by 2050 and SDG & E' s and SoCalGas' aim to have net- zero emissions by 2045. Our ability to achieve ~~this~~ **these** ~~aim~~ **aims** depends on many factors, some of which we do not control, including supportive energy laws ~~and~~ **,** policies ~~,~~ **and regulatory decisions;** development ~~, availability~~ and adoption of alternative fuels ~~,~~ **;** successful research and development efforts focused on low- carbon technologies that are economically and technically feasible ~~,~~ **;** cooperation from our partners, financing sources and commercial counterparties ~~,~~ **;** customer participation in conservation and energy efficiency programs, ~~and~~ our ability to execute our planned investments in ~~and advancement of~~ our ~~2022 Form 10- K | 44~~ infrastructure **and our customers' decisions and preferences** . Although we have developed interim targets and various plans designed to ~~support~~ **advance** California **' s** ~~in reaching its~~ GHG emissions and renewable energy mandates and our own energy goals, we may not be successful. We will need to continue to expend capital and employee resources to develop and deploy new technologies and modernize grid systems ~~in our efforts~~ to ~~support~~ **meet** the ~~clean~~ **demand for lower carbon and reliable** energy ~~transition~~ in California and elsewhere and achieve our climate ~~targets~~ **aspirations** and those mandated by applicable authorities, which may not be recoverable in rates or, with respect to our non- regulated **-** utility **2023 Form 10- K | 42** businesses, may not be able to be passed through to customers. Even if such costs are recoverable, ~~the~~ **these** costs ~~of these efforts and complying with these mandates~~ , coupled with ~~the~~ necessary ~~costs of investing for~~ safety and reliability **investments** , may negatively impact the affordability of SDG & E' s and SoCalGas' customer rates and, for our non- regulated **-** utility businesses, may cause costs to increase to levels that reduce customer demand and growth. SDG & E and SoCalGas, as well as any of our other businesses affected by GHG emissions mandates, may also be subject to fines and penalties if mandated renewable energy goals are not met, and all our businesses could suffer difficulties attracting investors and business partners, reputational harm and other negative effects if we do not meet or if we scale back our GHG emissions goals or there are negative views about our environmental disclosures or practices generally ~~. Any of these outcomes could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Our businesses are subject to numerous governmental regulations and complex tax and accounting requirements and may be materially adversely affected by them or any changes to them. The electric power and natural gas industries are subject to numerous governmental regulations, and our businesses are also subject to complex tax and accounting requirements. These regulations and requirements may undergo changes at the federal, state, local and foreign levels, including in response to economic or political conditions. Compliance with these regulations and requirements, including in the event of changes to them or how they are implemented, interpreted or enforced, could increase our operating costs and materially adversely affect how we conduct our business. New tax legislation, regulations or interpretations or changes in tax policies in the U. S. or other countries in which we operate or do business could negatively affect our tax expense and / or tax balances and our businesses generally. Any failure to comply with these regulations and requirements could subject us to fines and penalties, including criminal penalties in some cases, and result in the temporary or permanent shutdown of certain facilities or operations~~ . The occurrence of any of these risks could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. **We** ~~Our operations~~ are subject to **complex tax** ~~rules relating to transactions among SDG & E, SoCalGas~~ and ~~other Sempra businesses~~ **accounting requirements that expose us to risks. We are subject to complex tax and accounting requirements** . These ~~rules~~ **requirements may undergo changes at the federal, state, local and foreign levels, including in response to economic or political conditions. Compliance with these requirements, including in the event of changes to them or how they** are **implemented** ~~commonly referred to as " affiliate rules~~ , **interpreted or enforced** ~~" and they primarily impact transmission supply~~ , **could increase** ~~capacity and marketing activities, including restricting~~ our **operating costs** ~~ability to sell natural gas or electricity to, or trade with, SDG & E~~ and ~~SoCalGas and their ability to complete these transactions with each other. These rules, as well as any changes to these rules or their interpretations or additional more restrictive CPUC or FERC rules related to transactions with affiliates, could~~ materially adversely affect **how we conduct** our ~~operations and~~ **business. New tax legislation** , **regulations or interpretations or changes** in ~~turn~~ **tax policies in the U. S.** , **Mexico or other countries in which we operate or do business could negatively affect our tax expense and / or tax balances and our businesses generally. Any failure to comply with these requirements could subject us to fines and penalties, including criminal penalties in some cases. The occurrence of any of these risks could have a material adverse effect on** our results of operations, financial condition, cash flows and / or prospects. We may be **negatively impacted** ~~materially adversely affected~~ by the outcome of litigation or other proceedings in which we are involved. Our businesses are involved in a number of lawsuits, binding arbitrations, regulatory investigations and other proceedings. We discuss material pending proceedings in Note 16 of the Notes to Consolidated Financial Statements. We have spent, and continue to spend, substantial money, time and employee and management focus on these lawsuits and other proceedings. The uncertainties inherent in lawsuits and other proceedings make it difficult to estimate with any degree of certainty the timing, costs and ranges of costs or ~~effects~~ **outcome** of ~~resolving~~ these matters. In addition, juries have demonstrated a willingness to grant large awards, including punitive damages, in response to personal injury, product liability, property damage and other claims. Accordingly, actual costs incurred have and may continue to differ materially from insured or reserved amounts and may not be recoverable, in whole or in part, from insurance or in customer rates. Any of the foregoing could cause reputational damage and **otherwise** materially adversely affect our results of operations, financial condition, cash flows and / or prospects. ~~2022 Form 10- K | 45~~ RISKS RELATED TO SEMPRA CALIFORNIA Wildfires in California pose risks to Sempra **,** ~~California (particularly~~ SDG & E ~~)~~ and ~~Sempra~~ **SoCalGas** . ~~Potential for Increased and~~ More **and Increasingly** Severe Wildfires **In recent** ~~Over the past few~~ years, California has ~~been experiencing~~ **experienced** some of the largest wildfires (measured by acres burned) in its history. Frequent and severe drought conditions, inconsistent and extreme swings in precipitation, changes in vegetation, unseasonably warm temperatures, low humidity, strong winds and other factors have increased the duration of the wildfire season and the intensity, prevalence and difficulty of prevention and containment of wildfires in California, including in SDG & E' s and SoCalGas' service territories. Changing weather patterns, including as a result of climate change, could ~~cause~~ **exacerbate** these conditions ~~to become even more extreme and unpredictable~~ . These wildfires could jeopardize SDG & E' s and SoCalGas' electric and natural gas infrastructure and third- party property and result in temporary power shortages in SDG & E' s and SoCalGas' service territories. Certain of California' s local land use policies and forestry management practices have been relaxed to allow for the construction and development of residential and commercial projects in high- risk fire areas, which could lead to increased third- party claims and greater losses **related to** ~~in the event of~~ fires ~~in these areas~~ for which SDG & E or SoCalGas may be liable. Any such wildfires in SDG & E' s and SoCalGas' territories (or outside of these territories in the event the Wildfire Fund ~~described below~~ is materially diminished) could materially adversely affect SDG & E' s, SoCalGas' and Sempra' s results of operations, financial condition, cash flows and / or prospects, which we discuss **further** in this risk factor below and above under " Risks Related to All Sempra Businesses – Operational Risks. " **2023 Form 10- K | 43** The Wildfire Legislation In July 2019, the Wildfire Legislation was signed into law, which we discuss in Note 1 of the Notes to Consolidated Financial Statements. The Wildfire Legislation' s ~~revised~~ legal standard for the recovery of wildfire costs may not be implemented effectively or applied consistently, we may not be eligible for the

Wildfire Legislation' s cap on wildfire- related liability if SDG & E fails to maintain a valid annual safety certification from the OEIS or meet other requirements ~~of the legislation~~ , and / or the Wildfire Fund could be exhausted due to claims against the fund by SDG & E or other participating IOUs as a result of fires in their respective service territories, any of which could have a material adverse effect on Sempra' s and SDG & E' s results of operations, financial condition, cash flows and / or prospects. PG & E has indicated ~~that~~ it will seek reimbursement from the Wildfire Fund for losses associated with the Dixie fire, which burned from July 2021 through October 2021 and was reported to be the largest single wildfire (measured by acres burned) in California history. In addition, the Wildfire Legislation did not change the doctrine of inverse condemnation, which imposes strict liability (meaning that liability is imposed regardless of fault) on a utility whose equipment ~~, such as its electric distribution and transmission lines,~~ is determined to be a cause of a fire. In such an event, the utility would be responsible for the costs of damages, including ~~potential~~ business interruption losses, ~~and~~ interest and attorneys' fees, even if the utility ~~has~~ **is** not ~~been~~ found negligent **. In the past, the CPUC has denied recovery of costs incurred as a result of the doctrine of inverse condemnation** . The doctrine of inverse condemnation also is not exclusive of other theories of liability, **such as** ~~including if the utility were found negligent~~ **negligence** , ~~in~~ **under** which ~~case~~ additional liabilities, such as fire suppression, clean- up and evacuation costs, medical expenses, and personal injury, punitive and other damages, could be imposed. We are unable to predict the impact of the Wildfire Legislation on SDG & E' s ability to recover costs and expenses **if** ~~in the event that~~ SDG & E' s equipment is determined to be a cause of a fire, and specifically in the context of the application of inverse condemnation. Cost Recovery Through Insurance or Rates As a result of ~~the strict liability standard applied to electric IOU- caused wildfires in~~ California **' s doctrine of inverse condemnation** , substantial losses ~~recently~~ recorded by insurance companies, and ~~the~~ **increased wildfire** risk ~~of an increase in the number and size of wildfires~~ , obtaining insurance coverage for wildfires that could be caused by SDG & E (or, to a lesser extent, SoCalGas) has become increasingly difficult and costly. If these conditions continue or worsen, insurance for wildfire liabilities may become unavailable or may become prohibitively expensive and we may be **denied** ~~challenged or unsuccessful when we seek~~ recovery of insurance cost increases through the regulatory process. In addition, insurance for wildfire liabilities may not be sufficient to cover all losses we may incur, or it may not be available ~~in sufficient amounts~~ to meet the $ 1. 0 billion of primary insurance required by the Wildfire Legislation. We are unable to predict whether we would be able to recover in rates or from the Wildfire Fund the amount of any uninsured losses. A loss that is not fully insured, is not sufficiently covered by the Wildfire Fund and / or cannot be recovered in customer rates could materially adversely affect Sempra' s and one or both of SDG & E' s and SoCalGas' results of operations, financial condition, cash flows and / or prospects. ~~2022 Form 10- K | 46~~ Wildfire Mitigation Efforts Although we expend significant resources on measures designed to mitigate wildfire risks, these measures may not be effective in preventing wildfires or reducing our wildfire- related losses and their costs may not be fully recoverable in rates. SDG & E is required by ~~applicable~~ California law to submit ~~annual~~ wildfire mitigation plans for approval by the OEIS and could be subject to increased risks if these plans are not approved in a timely manner or the measures set forth in the plans are not implemented effectively, as well as fines or penalties for any failure to comply with the approved plans. One of our wildfire mitigation **strategies** ~~and safety tools~~ is to de- energize certain ~~of our facilities~~ **circuits for safety** when ~~weather conditions become extreme and~~ there is elevated **weather- related** wildfire ignition risk. These " public safety power shutoffs " have been subject to scrutiny by various stakeholders, including customers, regulators and lawmakers, which could increase the risk of liability for damages associated with these events. Such costs may not be recoverable in rates. Unrecoverable costs, adverse legislation or rulemaking, scrutiny by key stakeholders, ineffective wildfire mitigation measures or other negative effects associated with these efforts could materially adversely affect Sempra' s and SDG & E' s results of operations, financial condition, cash flows and / or prospects. The electricity industry is undergoing significant change, including increased deployment of DER, technological advancements, **evolving procurement service standards,** and political and regulatory developments. Electric utilities in California are experiencing increasing deployment of DER, such as solar generation, energy storage and energy efficiency and demand management technologies, and California' s environmental policy objectives are accelerating the pace and scope of these changes. This growth of DER ~~and demand management~~ will require further modernization of the electric ~~distribution~~ grid to, among other things, accommodate increasing two- way flows of electricity and increase the grid' s capacity to interconnect these resources. In addition, ~~enabling~~ **attaining** California' s clean energy goals will require sustained investments in **transmission and distribution** grid modernization, renewable integration projects, energy efficiency programs, ~~energy storage options,~~ operational and data management systems, and electric vehicle **and energy storage** infrastructure. The growth of third- party energy storage alternatives and other technologies also may increasingly compete with SDG & E' s traditional transmission and distribution infrastructure in delivering electricity to consumers. **Certain FERC transmission development projects are open to competition, allowing independent developers to 2023 Form 10- K | 44 compete with incumbent utilities for the construction and operation of transmission facilities.** The CPUC is conducting ~~several~~ **various** proceedings regarding DER ~~and demand management~~ , including the evaluation of ~~various projects~~ **special programs** and pilots; changes to the planning and operation of the electric ~~distribution~~ grid to prepare for higher penetration of DER; future grid modernization ~~and grid~~ investments; the deferral of traditional grid investments by DER; and the role of the electric ~~distribution~~ grid operator. These proceedings and the broader changes in California' s electricity industry could result in new regulations, policies and / or operational changes that could materially adversely affect SDG & E' s and Sempra' s results of operations, financial condition, cash flows and / or prospects. **Most of** SDG & E **' s** ~~provides bundled electric procurement service through various resources that are typically procured on a long- term basis. Although SDG & E currently provides such procurement service for a portion of its customer load, most~~ customers receive **electric** procurement service from a load- serving entity other than SDG & E through programs such as CCA and DA ~~, in which case SDG & E no longer procures energy for this departing load~~ . CCA is only available if a customer' s local jurisdiction (city or county) offers such a program **, as is the case with the City of San Diego and certain other jurisdictions in SDG & E' s service territory,** and DA is currently limited by a cap based on gigawatt hours. **As a result**

~~Several jurisdictions in SDG & E' s territory, including the City~~ of **customers electing** ~~San Diego, have implemented~~ CCA ~~,~~ and **DA services,** ~~additional jurisdictions are in the process of implementing or considering CCA.~~ SDG & E' s historical energy procurement **commitments** for future deliveries ~~exceeds~~ - **exceed** the needs of its remaining bundled customers ~~as customers have elected CCA and DA services~~. To help achieve the goal of ratepayer indifference (as to whether ~~or not~~ customers' energy is procured by SDG & E or by CCA or DA), the CPUC revised the Power Charge Indifference Adjustment framework. The purpose of the framework is to help ensure SDG & E' s procurement cost obligations are more equitably shared among customers served by SDG & E and customers now served by CCA and DA. ~~SDG & E implemented the framework on January 1, 2019.~~ If the framework or other mechanisms designed to achieve ratepayer indifference do not perform as intended, if the law changes, or if the law is not interpreted or enforced as expected, SDG & E' s remaining bundled customers could experience large increases in rates for commodity costs under commitments made on behalf of CCA and DA customers prior to their departure or, if all such costs are not recoverable in rates, SDG & E could experience material increases in its unrecoverable commodity costs. Any of these outcomes could have a material adverse effect on SDG & E' s and Sempra' s results of operations, financial condition, cash flows and / or prospects. Natural gas **has** ~~and natural gas storage have~~ increasingly been the subject of political and public ~~scrutiny~~ **debate**, including a desire by some to **eventually** reduce or eliminate reliance on natural gas as an energy source. Certain California legislators **and other** ~~, as well as stakeholder~~ **stakeholders** ~~, advocacy and activist groups,~~ have expressed a desire to limit or eliminate reliance on natural gas as an energy source by advocating increased use of renewable electricity and electrification ~~in lieu of the use of natural gas~~. Reducing methane emissions also has become a major focus of certain local ~~and~~ **,** state **and federal** agencies ~~and the U. S. Administration, as well as the CPUC~~, resulting in passed or proposed legislation, regulation, policies and ordinances to prohibit or restrict the use ~~and consumption~~ of natural gas in new buildings, appliances and other applications. These actions could have the effect of reducing natural gas use over time. ~~2022 Form 10- K | 47~~ CARB, California' s primary regulator for GHG emissions reduction programs, **has proposed** ~~continues to pursue plans for reducing GHG emissions in line with California' s climate goals that include proposals~~ to reduce natural gas demand through ~~proposed~~ building decarbonization measures ( **such as** ~~for example,~~ zero- emission standards for space and water heaters) ~~,~~ or ~~through promoting~~ legislation ~~for~~ **requiring** increased renewable electricity generation. Additionally, the CEC' s Title 24 requirements mandate that new construction include electric- ready buildings and heat pump technologies beginning in 2023. The CPUC has an ongoing proceeding that seeks to establish a state- wide process to help utilities plan appropriate gas infrastructure portfolios as natural gas usage in the state is expected to **change with overall consumption expected to** decline. This includes a ~~new gas infrastructure~~ General Order ~~(GO 177)~~ requiring site- specific approvals for certain gas infrastructure projects ~~as well as issuance of a CPUC staff proposal to develop a gas distribution infrastructure decommissioning framework~~. The CPUC may ~~similarly~~ **continue to** enact measures to reduce natural gas demand (such as more aggressive energy efficiency programs), promote fuel substitution (such as replacement of natural gas appliances with electric appliances), and order **other** changes (such as its ~~recent~~ decision to eliminate gas line extension allowances for new applications submitted on or after July 1, 2023). A substantial reduction in or the elimination of natural gas **use** ~~as an energy source~~ in California without adequate ~~and appropriate~~ recovery of investments could result in impairment of some or all of SoCalGas' and SDG & E' s natural gas infrastructure assets if they were not permitted to be repurposed for alternative fuels, were required to be depreciated on an accelerated basis or were to become stranded, which could have a material adverse effect on SoCalGas', SDG & E' s and Sempra' s results of operations, financial conditions, cash flows and / or prospects. SDG & E may incur significant costs and liabilities from its partial ownership of a nuclear facility being decommissioned. SDG & E has a 20 % ownership interest in SONGS, which we discuss in Note 15 of the Notes to Consolidated Financial Statements. SDG & E and each of the other owners of SONGS is responsible for financing its share of the facility' s expenses and capital expenditures, including those related to decommissioning activities. Although the facility is being decommissioned, SDG & E' s ownership interest in SONGS continues to subject it to risks, including: ▪ the potential release of radioactive material ▪ the potential harmful effects from the former operation of the facility ▪ limitations on the insurance commercially available to cover losses associated with operating and decommissioning the facility **2023 Form 10- K | 45** ▪ uncertainties with respect to the technological and financial aspects of decommissioning the facility SDG & E maintains the SONGS NDT to provide funds for nuclear decommissioning. Trust assets **generally** have been ~~generally~~ invested in equity and debt securities, which are subject to market fluctuations. A decline in the market value of trust assets, an adverse change in the law regarding funding requirements for decommissioning trusts, or changes in assumptions or forecasts related to decommissioning dates, technology and the cost of labor, materials and equipment due to inflationary pressures or otherwise could increase the funding requirements for these trusts, which costs may not be fully recoverable in rates. In addition, CPUC approval is required to make withdrawals from the NDT, and CPUC approval for certain expenditures may be denied if the CPUC determines the expenditures are unreasonable. In addition, decommissioning may be materially more expensive than we currently anticipate and therefore decommissioning costs may exceed the amounts in the NDT. Rate recovery for overruns would require CPUC approval, which may not occur. The occurrence of any of these events could result in a reduction in our expected recovery and have a material adverse effect on SDG & E' s and Sempra' s results of operations, financial condition, cash flows and / or prospects. SDG & E and SoCalGas are subject to extensive regulation ~~by federal, state and local legislative and regulatory authorities, which may materially adversely affect Sempra, SDG & E and SoCalGas~~. Rates and Other Financial Matters The CPUC regulates SDG & E' s and SoCalGas' customer rates, except for SDG & E' s electric transmission rates that are regulated by the FERC, and conditions of service. The CPUC also regulates SDG & E' s and SoCalGas' sales of securities, rates of return, capital structure, rates of depreciation, long- term resource procurement and other financial matters in various ratemaking proceedings. The CPUC periodically approves SDG & E' s and SoCalGas' customer rates based on authorized capital expenditures, operating costs, including income taxes, and an authorized rate of return on investments while incorporating a risk- based decision- making framework, as well as **certain** settlements with third parties. The outcome of ratemaking proceedings can be affected by various ~~2022 Form 10- K | 48~~

factors, many of which are not in our control, including the level of opposition by intervening parties; any rejection by the CPUC of settlements with third parties; ~~potential rate impacts;~~ increasing levels of regulatory review; changes in the political, regulatory, or legislative environments; and the opinions of regulators, ~~consumer~~ **customers** and other ~~stakeholder~~ **stakeholders** ~~groups and customers~~ . These ratemaking proceedings include decisions about major programs in which SDG & E and SoCalGas make investments under an approved CPUC framework, such as wildfire mitigation and pipeline and storage integrity and safety enhancement programs, but which investments may remain subject to a CPUC filing or reasonableness review ~~with~~ **based on** potentially unclear standards or other factors as described above that may result in the disallowance of incurred costs. SDG & E and SoCalGas also may be required to ~~incur costs and~~ make investments **and incur other costs** to comply with proposed legislative and regulatory requirements and initiatives, including those related to California' s climate goals and policies, and ~~their~~ -- **the** ability to recover these costs and investments may depend on the final form of the legislative or regulatory requirements and the **corresponding** ratemaking mechanisms ~~associated with them~~ . Recovery **may** ~~can also~~ be **delayed** ~~affected by the timing~~ and ~~process of~~ **/ or insufficient if** the **applicable** ratemaking mechanism **involves** ~~, in which there can be~~ a significant time lag between when costs are incurred and when those costs are recovered in ~~customers'~~ rates ~~and~~ **or if there are** material differences between the ~~forecasted and~~ authorized costs embedded in rates (which are set on a prospective basis) and the actual costs incurred. **Delays** ~~The CPUC~~ may also **result from the administrative process,** ~~experience delays in its decisions on recovery~~ or **the CPUC** may deny recovery altogether on the basis that costs were not reasonably or prudently incurred or for other reasons **, such as customer affordability** . Even if recoverable, **investing** ~~the cost of investments~~ to support the ~~clean~~ **regulatory requirements and demand for lower carbon, reliable** energy ~~transition~~ in California **and** ~~while also investing~~ in necessary safety and reliability **at the same time** may negatively impact the affordability of SDG & E' s and SoCalGas' customer rates and their and Sempra' s results of operations, financial condition, cash flows and / or prospects. In addition, a CPUC cost of capital proceeding every three years determines a utility' s authorized capital structure and ~~authorized~~ return on rate base, and the CCM applies in the interim years and considers changes in the cost of capital based on changes in interest rates for each 12- month period ending September 30 (the measurement period) **, subject to regulatory approval** . Alternatively, each of SDG & E and SoCalGas ~~are~~ **is** permitted to file a cost of capital application **to have its cost of capital determined in lieu of the CCM** in an interim year in which an extraordinary or catastrophic event materially impacts its cost of capital and affects utilities differently than the market as a whole ~~to have its cost of capital determined in lieu of the CCM~~ . Any such rate change due to a downward **trigger of the CCM or the denial by the CPUC of an automatic upward** trigger of the CCM could have a material adverse effect on Sempra' s and the applicable utility' s results of operations, financial condition, cash flows and / or prospects. We discuss the CCM in " Part I – Item 1. Business- Ratemaking Mechanisms – Sempra California – Cost of Capital Proceedings, " and in Note 4 of the Notes to Consolidated Financial Statements. The FERC regulates electric transmission rates, the transmission and wholesale sales of electricity in interstate commerce, transmission access, the rates of return on investments in electric transmission assets, and other similar matters involving **2023 Form 10- K | 46** SDG & E. These ratemaking mechanisms are subject to many risks similar to those described above regarding the CPUC ratemaking proceedings. CPUC Authority Over Operational Matters **Our operations are subject to CPUC rules (and similar FERC rules), commonly referred to as " affiliate rules, " relating to transactions among SDG & E, SoCalGas and other Sempra businesses.** ~~The~~ **These rules primarily impact market transactions and marketing activities involving transmission supply and capacity, including sales or other trades of natural gas or electricity between or among SDG & E and SoCalGas and Sempra and its covered affiliates. These rules, as well as any changes to these rules or their interpretations or additional more restrictive CPUC or FERC rules related to transactions with affiliates, could materially adversely affect our operations and, in turn, our results of operations, financial condition, cash flows and / or prospects. Additionally, the** CPUC has regulatory authority related to safety standards and practices, **reliability and planning,** competitive conditions ~~, reliability and planning, affiliate relationships~~ and a wide range of other operational matters, including citation **and enforcement** programs concerning matters such as safety activity, disconnection and billing practices, resource adequacy and environmental compliance. Many of these standards and citation **and enforcement** programs are becoming more stringent and could ~~impose~~ **subject a utility to** significant penalties **and** ~~, including enforcement programs under which the CPUC staff can issue citations that in some cases can impose substantial~~ fines **, as well as higher operating costs** ~~. The CPUC also continues to explore expansion of its programs to provide additional oversight~~ . The CPUC conducts reviews and audits of the matters under its authority and ~~could~~ **may** launch investigations or open proceedings at ~~any time on any such matter it~~ **its discretion** ~~deems appropriate~~ , the results of which could **include** ~~lead to~~ citations, disallowances, fines and penalties, as well as corrective or mitigation actions ~~required~~ to address any noncompliance ~~that~~ **, any of which** may not be sufficiently funded by customer rates or at all. Any such occurrence could have a material adverse effect on...... regulatory bodies with authority over their operations could have a material adverse effect on SDG & E' s, SoCalGas' and Sempra' s results of operations, financial condition, cash flows and / or prospects. ~~effect on Sempra' s,SDG & E' s and SoCalGas' results of operations,financial condition,cash flows and / or prospects.~~ We discuss various CPUC proceedings relating to SDG & E and SoCalGas in Notes 4 and 16 of the Notes to Consolidated Financial Statements. ~~Potential~~ Regulatory Changes and Influence of Other Organizations SDG & E,SoCalGas and Sempra may be materially adversely affected by revisions or reinterpretations of existing or new legislation,regulations,decisions,orders or interpretations of the CPUC,the FERC or other regulatory bodies,any of which could change how SDG & E and SoCalGas operate,affect their ability to recover various costs through rates or adjustment mechanisms,require them to incur additional expenses or otherwise materially adversely affect their and Sempra' s results of operations,financial condition,cash flows and / or prospects.SDG & E and SoCalGas are also affected by numerous advocacy groups,including California Public Advocates Office,The Utility Reform Network,Utility Consumers' Action Network and the Sierra Club.Any success by any of these groups in directly or ~~2022 Form 10- K | 49~~ indirectly influencing **legislators and regulators could have a material adverse effect on SDG & E' s,SoCalGas' and Sempra' s results of operations,financial**

**condition,cash flows and / or prospects.** SoCalGas has incurred and may continue to incur significant costs, expenses and other liabilities related to the Leak. From October 23, 2015 through February 11, 2016, SoCalGas experienced the Leak, which we describe in Note 16 of the Notes to Consolidated Financial Statements. Litigation In September 2021, SoCalGas and Sempra entered into an agreement with counsel to resolve **approximately 390** lawsuits **including** ~~filed by~~ approximately 36, 000 plaintiffs (the Individual Plaintiffs) **then pending** against SoCalGas and Sempra related to the Leak **for** ~~resulting in~~ a payment of ~~approximately~~ **up to** $ 1. 8 billion **. Over 99 % of the Individual Plaintiffs participated and submitted valid releases, and SoCalGas paid $ 1. 79 billion in 2022 under the agreement** . The Individual Plaintiffs who ~~do~~ **did** not participate in ~~that~~ **the** settlement (the ~~Remaining~~ **Non- Settling** Individual Plaintiffs) **are** ~~will be~~ able to continue to pursue their claims. As of February ~~21~~ **20** , ~~2023~~ **2024** , ~~lawsuits filed by the~~ **there** ~~Remaining~~ **are approximately 100 Non- Settling** Individual Plaintiffs ~~and several shareholder derivative actions are pending~~ **remaining. In addition, as of February 20, 2024, new lawsuits related to the Leak on behalf of approximately 413 new plaintiffs have been filed** against SoCalGas **and** ~~related to the Leak, some of which have also named~~ Sempra **since the September 2021 settlement. This litigation seeks compensatory** and ~~/ or certain officers~~ **punitive damages, property damage** and ~~directors of SoCalGas~~ **diminution in property value, injunctive relief** and ~~Sempra~~ **civil penalties** . Additional litigation may be filed against us related to the Leak or our responses to it. The costs of defending against, settling or otherwise resolving the pending lawsuits or any new litigation could materially adversely affect SoCalGas' and Sempra' s results of operations, financial condition, cash flows and / or prospects. We discuss ~~these~~ -- **the** risks **associated with litigation** above under " Risks Related to All Sempra Businesses – Legal and Regulatory Risks " and in this risk factor below under " ~~Estimated Costs, Insurance and~~ Accounting and Other Impacts. " ~~Regulatory Proceedings SoCalGas has been subject to an OII to investigate and consider, among other things, what damages, fines or other penalties, if any, should be imposed against SoCalGas in connection with the Leak (the Leak OII). In October 2022~~ **2023 Form 10- K | 47** ~~, SoCalGas executed a settlement agreement with SED and the Public Advocates Office at the CPUC to resolve all aspects of the Leak OII, which is subject to CPUC approval. The settlement agreement provides for financial penalties, certain costs that SoCalGas will reimburse, a violation of California Public Utilities Code section 451, and costs previously incurred by SoCalGas for which it will not seek recovery from ratepayers, among other provisions. Other investigations related to the Leak could result in additional findings of violations of laws, orders, rules or regulations as well as fines and penalties, any of which could involve substantial costs and cause reputational damage. In addition, SoCalGas may incur higher operating costs and additional capital expenditures as a result of new investigations or new laws, orders, rules and regulations arising out of this incident, or our responses thereto, which may not be recoverable through insurance or in customer rates. The occurrence of any of these risks could materially adversely affect SoCalGas' and Sempra' s results of operations, financial condition, cash flows and / or prospects.~~ Natural Gas Storage Operations and Reliability In February 2017, the CPUC opened ~~a~~ proceeding ~~pursuant to~~ SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, including analyzing alternative means for meeting or avoiding the demand for the facility' s services if it were eliminated. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, incur materially higher than expected operating costs and / or be required to make material additional capital expenditures (any or all of which may not be recoverable in rates), and natural gas reliability and electric generation could be jeopardized. Any such outcome could have a material adverse effect on SoCalGas' and Sempra' s results of operations, financial condition, cash flows and / or prospects. ~~Cost Estimate, Insurance and Accounting and Other Impacts~~ At December 31, ~~2022~~ **2023** , ~~SoCalGas estimates certain costs related to the Leak are~~ $ **31** ~~3, 486~~ million ~~(the cost estimate), including $ 1, 279 million of costs recovered from insurance. Other than insurance for directors' and officers' liability, we have exhausted all of our insurance for this matter. We continue to pursue other sources of insurance coverage for costs related to this matter, but we may not be successful in obtaining additional insurance recovery for any of these costs. At December 31, 2022, $ 129 million of the cost estimate~~ is accrued in Reserve for Aliso Canyon Costs and $ ~~4~~ **2** million ~~of the cost estimate~~ is accrued in Deferred Credits and Other on SoCalGas' and Sempra' s Consolidated Balance Sheets. ~~The~~ **These accruals do** ~~civil litigation that remains pending against us related to the Leak seeks compensatory, statutory and punitive damages, restitution, and civil and administrative fines, penalties and other costs. We also could be subject to damages, fines or other penalties as a result of the pending regulatory investigation related to the Leak. Except for the amounts paid or estimated to settle 2022 Form 10- K | 50 certain pending legal and regulatory matters as we describe in Note 16 of the Notes to Consolidated Financial Statements, the cost estimate does~~ not include any amounts **in excess of what has been reasonably estimated to resolve certain matters that we describe in " Litigation " above, nor any amounts that may be** necessary to resolve ~~pending~~ **threatened** litigation ~~or regulatory proceedings~~ , other potential litigation or other costs ~~, in each case to the extent it is not possible to predict at this time the outcome of these actions or reasonably estimate the possible costs or a range of possible costs~~ . **We** ~~Further, we~~ are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued **, which** ~~. The costs or losses not included in the cost estimate~~ could be significant and could have a material adverse effect on SoCalGas' and Sempra' s results of operations, financial condition, cash flows and / or prospects. Any failure by the CPUC to adequately reform SDG & E' s **electric** rate structure could **negatively impact** ~~have a material adverse effect on~~ SDG & E and Sempra. The NEM program is an electric billing tariff mechanism designed to promote the installation of on- site renewable generation (primarily solar installations) for residential and business customers. Depending on when the on- site generation ~~was~~ **is** installed, NEM customers receive a full retail rate or a reduced retail rate for energy they generate but do not use that is fed to the utility' s power grid, which results in these customers not paying their proportionate share of the cost of maintaining and operating the electric transmission and distribution system, subject to certain exceptions, but still receiving electricity from the system when their self- generation is inadequate to meet their electricity needs. As more and higher electric- use customers switch to NEM and self- generate energy, the burden on remaining non- NEM customers, who effectively subsidize the unpaid NEM costs, increases, which in turn encourages more self- generation and further increases rate pressure on remaining non- NEM customers. The current electric residential rate structure in California is primarily based on consumption volume, which places a higher rate burden on customers with higher electric use while subsidizing lower- use customers. In ~~August~~ **December** ~~2020~~ **2023** , ~~the CPUC initiated a rulemaking to further develop a successor to the existing NEM tariff. In November 2022, a previous proposed decision was withdrawn and a new proposed decision was issued, recommending substantial reform of the NEM program through the establishment of~~ a new Net Billing Tariff **was implemented for** ~~that would apply to new net metered~~ customers **who interconnect their qualifying on- site renewable generation after April 2023** . The new Net Billing Tariff ~~revises~~ **revised** the ~~current~~ NEM structure for new customers with a retail export compensation rate that is better aligned with the value provided to the grid by behind- the- meter energy generation systems and retail import rates that encourage electrification and adoption of solar systems paired with storage. The new Net Billing Tariff is designed to compensate customers for the value of their exports to the grid based on avoided cost. ~~In December 2022, the CPUC approved the new Net Billing Tariff for customers who interconnect their qualifying on- site renewable generation after April 14, 2023.~~ Additionally, in response to California legislation adopted in 2022, the CPUC has initiated a rulemaking to broadly restructure the way fixed costs are collected, moving **away** from volumetric **only** charges ~~to~~ **and incorporating** an income- graduated fixed charge for default residential rates ~~by July 1, 2024~~ . The intent of such a fixed charge **is** ~~would be~~ to ~~further help reduce~~ **establish a rate structure that allows the utility to collect a greater portion of its fixed** ~~cost~~ **costs** ~~shifts~~ **on a non- volumetric basis, achieve the state' s climate goals** through **end- use electrification** ~~an~~ **and** ~~equitable approach to~~ **provide a more affordable rate design on average for lower- income customers. We expect a CPUC decision adopting** the ~~distribution~~ **fixed charge by July 2024 with implementation occurring as early as the second half** of **2025** ~~electric costs~~ . Depending on the effectiveness of the new Net Billing Tariff and ~~any new rules related to~~ fixed ~~charges~~ - **charge** , which are uncertain, the risks associated with the existing NEM tariff **and rate design** could continue or increase. SDG & E believes the establishment of a charge independent of consumption volume for residential customers is critical to help distribute rates among all customers that rely on the electric transmission and distribution system, including those participating in the NEM program. The absence of a charge independent of consumption volume coupled with the continuing increase of solar installation and other forms of self- generation **and DER** , as well as ~~the progression of DER and~~ energy efficiency initiatives that could also reduce delivered volumes, could adversely impact electricity rates and the reliability of the electric transmission and distribution system. Any such impact could subject SDG & E to increased customer dissatisfaction, increased likelihood of noncompliance with CPUC or other safety or operational standards and increased risks attendant to any such noncompliance, as we discuss above, as well as increased costs, including power procurement, operating and capital costs, and potential disallowance of recovery for these costs. If the CPUC does not ~~continue to~~ adequately reform SDG & E' s residential rate structure ~~for all customers~~ to better achieve reasonable, cost- based electric rates that are competitive with alternative sources of power and adequate to maintain the reliability of the electric transmission and **2023 Form 10- K | 48** distribution system, such failure could have a material adverse effect on SDG & E' s and Sempra' s results of operations, financial condition, cash flows and / or prospects. ~~2022 Form 10- K | 51~~ RISKS RELATED TO SEMPRA TEXAS UTILITIES Certain ring- fencing measures, governance mechanisms and commitments limit our ability to influence the management, operations and policies of Oncor. Various " ring- fencing " measures, governance mechanisms and commitments are in place that create legal and financial separation between Oncor Holdings, Oncor and their subsidiaries, on the one hand, and Sempra and its affiliates and subsidiaries, on the other hand. These measures are designed to enhance Oncor' s separateness from its owners and mitigate the risk that Oncor would be negatively impacted by a bankruptcy or other adverse financial development affecting its owners. These measures subject us and Oncor to various restrictions, including: ▪ seven members of Oncor' s 13- person board of directors must be independent directors in all material respects under the rules of the NYSE in relation to Sempra and its affiliates and any other owners of Oncor, and also must have no material relationship with Sempra or its affiliates or any other owners of Oncor currently or within the previous 10 years; of the six remaining directors, two must be designated by Sempra, two must be designated by Oncor' s minority owner, TTI, and two must be current or former Oncor officers ▪ Oncor will not pay dividends or other distributions (except for contractual tax payments) if (i) a majority of Oncor' s independent directors or any of the directors appointed by TTI determines that it is in the best interest of Oncor to retain such amounts to meet expected future requirements, (ii) the payment would cause Oncor' s debt- to- equity ratio to exceed the debt- to- equity ratio approved by the PUCT, or (iii) unless otherwise allowed by the PUCT, Oncor' s senior secured debt credit rating by any of the Rating Agencies falls below BBB (or Baa2 for Moody' s) ▪ there must be certain " separateness measures " maintained to reinforce the legal and financial separation of Oncor from Sempra, including a requirement that dealings between Oncor and Sempra or Sempra' s affiliates (other than Oncor Holdings and its subsidiaries) must be on an arm' s- length basis, limitations on affiliate transactions and a prohibition on pledging Oncor assets or membership interests for any entity other than Oncor ▪ a majority of Oncor' s independent directors and the directors designated by TTI that are present and voting (with at least one required to be present and voting) must approve any annual or multi- year budget if the aggregate amount of capital expenditures or O & M in the budget differs by more than 10 % from the corresponding amounts in the budget for the preceding fiscal year or multi- year period, as applicable As a result of these measures, we do not control Oncor Holdings or Oncor, and we have limited ability to direct the management, **operations and** policies ~~and operations~~ of Oncor Holdings and Oncor, including the deployment or disposition of their assets, declarations of dividends **or other distributions** , strategic planning and other important matters ~~. We have limited representation on the Oncor Holdings and Oncor boards of directors, which are each controlled by independent directors~~ . Moreover, all directors of Oncor, including the directors we have appointed, have considerable autonomy and have a duty to act in the best interest of Oncor consistent with the approved ring- fence and Delaware law, which may in some cases be contrary to our interests. To the extent the directors approve or Oncor otherwise pursues actions that are not in our interest, our results of operations, financial condition, cash flows and / or prospects may be materially adversely affected. Industry- Related

Risks Changes in the regulation **of Oncor or the regulation** or operation of the electric utility industry and / or the ERCOT market ~~, as well as the outcome of regulatory proceedings,~~ could **negatively** ~~materially adversely~~ affect Oncor ~~, which could materially adversely affect us~~ . Oncor operates in the electric utility industry and, as a result, it is subject to many of the same or similar risks as Sempra California as we describe above under " Risks Related to Sempra California, " particularly with respect to regulation by federal, state, and local legislative and regulatory authorities regarding rates and other financial matters as well as operational matters. Oncor operates in the ERCOT market. In ERCOT, rates are set by the PUCT based on a historical test year, and as a result, the rates Oncor is allowed to charge generally will not exactly match its costs at any given point in time and there is no assurance that it will be able to **timely or fully recover its actual costs and / or** earn its full return on invested capital. Further, the ~~PUCT may not approve~~ **approved** ~~all items~~ **levels of recovery could be significantly less than the** requested **levels** ~~by Oncor in any rate proceeding~~ , ~~such as~~ **and the approved timing for recovery could differ from proposed timelines. In addition to requests to recover its costs,** Oncor' s ~~base~~ rate **proceedings may contain** ~~review currently pending with the PUCT, including, among~~ other **requests** ~~things, recovery of all costs in rates, capital structure and authorized ROE~~ . Failure to receive **2023 Form 10- K | 49** approval of its requests in any rate proceeding could adversely impact Oncor, which could adversely impact us, and those impacts could ~~potentially~~ be material. The costs and burdens associated with complying with the various legislative and regulatory requirements to which Oncor is subject at the federal, state, and local levels and adjusting Oncor' s business and operations in response to legislative and ~~2022 Form 10- K | 52~~ regulatory developments, including changes in ERCOT, and any fines or penalties that could result from any noncompliance, may have a material adverse effect on Oncor. In addition, ~~any economic weakness in~~ **insufficient electric capacity within ERCOT or significant changes within ERCOT or to** the ERCOT market **structure that impact transmission and distribution utilities** ~~or slowing growth in Oncor' s service territory could lead to reduced electricity demand~~ , ~~which~~ **including additional regulatory requirements or oversight,** could materially adversely affect Oncor. Moreover, legislative, regulatory, market or industry activities could adversely impact Oncor' s collections and cash flows and jeopardize the predictability of utility earnings. For instance, the PUCT has instituted various projects reviewing the regulatory framework regarding DER and other non- traditional technologies. As DER usage continues to grow, **related** regulatory decisions ~~made with respect to DER~~ , including with respect to ERCOT market rules and transmission and distribution utilities' ability to invest in non- traditional electricity delivery solutions, could adversely impact Oncor' s revenues and operations. If Oncor does not successfully respond to ~~any~~ **applicable** legislative, regulatory, market or industry **developments** ~~changes applicable to it~~ , Oncor could suffer a deterioration in its results of operations, financial condition, cash flows and / or prospects, which could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. Oncor could have liquidity needs that necessitate additional investments. Oncor' s business is capital- intensive, with significant **and increasing** capital spending expected in future periods, and it relies on external financing as a significant source of liquidity for its capital requirements. In the past, Oncor has financed much of its cash needs from operations and with proceeds from indebtedness, but these sources of capital may not be adequate or available ~~on reasonable terms or~~ at reasonable prices **or on other reasonable terms** in the future. Because our commitments to the PUCT prohibit us from making loans to Oncor, we may elect to make capital contributions to Oncor if it fails to meet its capital requirements or is unable to access sufficient capital from other sources to finance its ongoing needs. Any such investments could be substantial, would reduce the cash available to us for other purposes **, may not be recovered** , and could increase our indebtedness, any of which could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. Sempra could incur substantial tax liabilities if EFH' s 2016 spin- off of Vistra is deemed to be taxable. As part of its ongoing bankruptcy proceedings, in 2016, EFH distributed all the outstanding shares of common stock of its subsidiary Vistra Energy Corp. (formerly TCEH Corp. and referred to herein as Vistra) to certain creditors of TCEH LLC (the spin- off), and Vistra became an independent, publicly traded company. Vistra' s spin- off from EFH was intended to qualify for partially tax- free treatment to EFH and its shareholders under Sections 368 (a) (1) (G), 355 and 356 of the U. S. Internal Revenue Code of 1986 (as amended) (collectively referred to as the Intended Tax Treatment). In connection with and as a condition to the spin- off, EFH received a private letter ruling from the IRS regarding certain issues relating to the Intended Tax Treatment, as well as tax opinions from counsel to EFH and Vistra regarding certain aspects of the spin- off not covered by the private letter ruling. In connection with the signing and closing of the merger of EFH ~~(now Sempra Texas Holdings Corp. and a subsidiary of Sempra)~~ with an indirect subsidiary of Sempra (the Merger), EFH sought and received a supplemental private letter ruling from the IRS and Sempra and EFH received tax opinions from their respective counsels that generally provide that the Merger will not affect the conclusions reached in, respectively, the IRS private letter ruling and tax opinions issued with respect to the spin- off described above. Similar to the IRS private letter ruling and opinions issued with respect to the spin- off, the supplemental private letter ruling is generally binding on the IRS and any opinions issued with respect to the Merger are based on factual representations and assumptions, as well as certain undertakings, made by Sempra and EFH. If such representations and assumptions are untrue or incomplete, any such undertakings are not complied with, or the facts upon which the IRS supplemental private letter ruling or tax opinions (which will not impact the IRS position on the transactions) are based are different from the actual facts relating to the Merger, the tax opinions and / or supplemental private letter ruling may not be valid and could be challenged by the IRS. Even though Sempra Texas Holdings Corp. would have administrative appeal rights if the IRS were to invalidate its private letter ruling and / or supplemental private letter ruling, including the right to challenge any adverse IRS position in court, any such appeal would be subject to uncertainties and could fail. If it is ultimately determined that the Merger caused the spin- off not to qualify for the Intended Tax Treatment, Sempra, through its ownership of Sempra Texas Holdings Corp., could incur substantial tax liabilities, which would materially reduce the value associated with our indirect investment in Oncor and could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. ~~2022~~ **2023** Form 10- K | ~~53~~ **50** RISKS RELATED TO SEMPRA INFRASTRUCTURE Project development activities may not be successful, projects under construction may not be completed on schedule or within budget, and completed projects may not operate at expected levels ~~, any of which could materially adversely affect us~~ . ~~All~~ Energy Infrastructure Projects We are involved in a number of energy infrastructure projects in various stages of development and construction, which subject us to numerous risks. Success in developing each project **depends on** ~~is contingent upon~~ , among other things: ▪ our financial condition and cash flows and other factors that impact our ability to invest sufficient funds in the project, including for preliminary activities **conducted** ~~that may need to be accomplished~~ before we ~~can~~ determine whether the project is feasible or economically attractive ▪ project assessment and design and our ability to foresee and incorporate new and developing trends and technologies in the energy industry, such as our pursuit of projects and design solutions to help enable our and our customers' climate goals ▪ our ability to reach a final investment decision or meet other milestones, which may be influenced by external factors outside our control, including the global economy and energy and financial markets, actions by regulators, achieving necessary internal and external approvals ~~from project partners (if applicable) and others~~ , and many of the other factors described in this risk factor ▪ negotiation of satisfactory EPC agreements **and** ~~, including any~~ renegotiation ~~that may be required~~ in the event of delays in final investment decisions or failures to meet other specified deadlines ▪ **identification of suitable partners, customers, suppliers and other necessary counterparties ▪** progressing relationships from MOUs, HOAs or similar arrangements, which are non- binding ~~and generally do not impose obligations on any of the parties~~ , to execution of **binding,** definitive agreements and participation in the project ▪ ~~identification of suitable partners, customers, suppliers and other necessary counterparties,~~ negotiation **and maintenance** of satisfactory equity, purchase, sale, supply, transportation and other appropriate commercial agreements, and satisfaction of any conditions to effectiveness of such agreements, including reaching a positive final investment decision within agreed timelines ▪ timely receipt and maintenance of required governmental permits, licenses and other authorizations ~~that do not impose material conditions and are otherwise granted~~ under terms we find reasonable ▪ our project partners', contractors' **, equipment providers'** and other **vendors' and** counterparties' willingness and financial or other ability to make their required investments or fulfill their contractual commitments on a timely basis ▪ timely, satisfactory and on- budget completion of construction, which could be negatively affected by engineering problems, work stoppages, unavailability or increased costs of materials, equipment, labor and commodities due to inflation or supply chain or other issues, ~~contractor nonperformance~~ and a variety of other factors, many of which we discuss above under " Risks Related to All Sempra Businesses – Operational Risks " and elsewhere in this risk factor ▪ implementation of new or changes to existing laws or regulations that impact our infrastructure or the energy sector generally ▪ obtaining **satisfactory** ~~adequate and reasonably priced~~ financing for the project, particularly **when** ~~in light of rising~~ inflation and interest rates **are rising** ▪ the absence of hidden defects **on** or inherited environmental liabilities for the site of the project ▪ fast and cost- effective resolution of any litigation or unsettled property rights affecting the project ▪ geopolitical events and other uncertainties ~~, such as the war in Ukraine~~ Any failures with respect to the above factors or other factors material to any particular project could involve additional costs, otherwise negatively affect our ability to successfully complete the project and force us to impair or write off amounts we have invested in the project. If we are unable to complete a development project, if we experience delays, or if construction, financing or other project costs exceed our estimated budgets and we are required to make additional capital contributions, we may **not** ~~never recover or~~ receive an adequate or any return on our investment and other resources expended on the project and our results of operations, financial condition, cash flows and / or prospects could be materially adversely affected. The operation of existing facilities and any future projects we ~~are able to~~ complete involves many risks, including the potential for unforeseen design flaws, engineering challenges, ~~equipment failures~~ or the breakdown for other reasons of facilities, equipment or processes; labor disputes; fuel interruption; environmental contamination; **increasing regulatory requirements, including from regulations aiming to reduce GHG emissions;** and the other operational risks that we discuss above under " Risks Related to All Sempra Businesses – Operational Risks. " Any of these events could lead to our facilities being idle for an extended period of time or operating below expected levels, which may result in lost revenues or increased expenses, including higher maintenance costs and penalties. Any such occurrence could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. ~~2022~~ **2023** Form 10- K | ~~54~~ **51** LNG Export Projects In addition to the risks described above that are applicable to all our energy infrastructure projects, we are exposed to additional risks in connection with our LNG export projects, including the ECA **LNG Phase 1 project and PA** LNG Phase 1 project under construction and our potential development of additional LNG export facilities. We discuss our LNG export projects in " Part II – Item 7. MD & A – Capital Resources and Liquidity – Sempra Infrastructure. " Each of these projects faces numerous risks. Our ability to reach a final investment decision for each project and, if a positive decision is made and a project is completed, the overall success of the project ~~are dependent~~ --- **depend in part** on global energy markets ~~, including natural gas and oil supply, demand and pricing, the ability to reach advantageous agreements with our counterparties, including our partners, off- takers, and EPC contractors, risks inherent in construction, and the ability to obtain and maintain government approvals, among other things~~ . In general, depressed natural gas and LNG prices in the markets we intend to serve ~~due to shifts in supply or other factors~~ could reduce the pricing and cost advantages of exporting domestically produced natural gas and LNG, which could lead to decreased demand. In addition, global oil prices and their associated current and forward projections could reduce demand for natural gas and LNG in some sectors. Although demand for natural gas is currently strong due to ~~the geopolitical consequences of the war in Ukraine and~~ increased recognition of the importance of energy security **and climate aims** , a reduction in natural gas demand could also occur from higher penetration of alternative fuels in new power generation, **reduced economic activity in general,** or as a result of calls by some to limit or eliminate **global** reliance on natural gas ~~as~~ **. Both the U. S.** ~~an~~ **and Mexico will hold federal elections in 2024 and** ~~energy source globally. Oil prices could also make~~ LNG ~~projects~~ **exports face increased political scrutiny** in **connection** ~~other parts of the world more feasible and competitive~~ with **these elections** ~~LNG projects in North America, thus increasing supply and competition for any available LNG demand~~ . Moreover, because LNG projects take a number of years to develop and construct, it is difficult to match current and expected demand with the projected supply from projects under development **. Additionally, shifts in U. S. and foreign energy policy could impact supply, demand and**

**other matters critical to LNG projects, such as permitting and other approval processes. The current Administration has temporarily paused LNG export approvals while the DOE reviews the economic and environmental analyses it uses to evaluate LNG export applications to non- FTA countries, and the DOE has recently implemented changes to its approach to requests for extensions of time to commence LNG exports under existing non- FTA approvals. These actions, as well as other market factors such as oil prices, could delay or hamper the development of U. S. LNG export facilities and make LNG projects in other parts of the world more feasible and competitive with LNG projects in North America, thus increasing supply and competition for global LNG demand** . Any of these occurrences could impact competition and prospects for developing LNG export projects and negatively affect the performance and prospects of any of our projects that are or become operational. Our projects may face distinct disadvantages relative to some LNG projects being pursued by other project developers, including: ▪ The proposed Cameron LNG Phase 2 project is subject to certain restrictions and conditions under the financing agreements for the Cameron LNG Phase 1 facility and requires unanimous consent of all JV members, including with respect to the equity investment obligations of each partner. We may not be able to satisfy ~~these~~ -- **the** conditions ~~and requirements~~ **under the financing agreements, receive members' consent or obtain the extension of our non- FTA approval** , in which case our ability to develop the Cameron LNG Phase 2 project would be jeopardized. ▪ The ECA LNG projects under construction and in development are subject to ongoing land and permit disputes that could obstruct efforts to find or maintain suitable partners, customers and financing arrangements and hinder or halt construction and, if the projects are completed, operations. We discuss these risks below and under " Risks Related to Sempra Infrastructure – Legal **and Regulatory** Risks. " In addition, the Mexican regulatory process and overlay of U. S. regulation for natural gas exports to LNG facilities in Mexico are not well developed, which, among other factors, contributed to delays **in** obtaining a necessary permit from the Mexican government for the ECA LNG Phase 1 project and could cause similar delays or other hurdles in the future and lead to difficulties finding or maintaining suitable partners, customers and financing arrangements. **Further** ~~We have entered into contracts with affiliates and third parties~~ , **while we do not expect** ~~subject to certain conditions, to supply and transport gas across~~ the **construction or operation** ~~U. S.- Mexico border to meet the requirements~~ of the ECA LNG Phase 1 project ~~if and when it becomes operational. If affiliates or third parties experience delays or fail~~ to ~~obtain and maintain necessary permits and arrangements to provide such supply or transportation services or if we fail to maintain adequate gas supply and transportation agreements to support the project fully, it could cause additional costs or delays to the ECA LNG Phase 1 project. Finally, although we have planned measures to not~~ disrupt operations at the ECA Regas Facility ~~with the construction or operation of the ECA LNG Phase 1 project, these measures may not be effective. Moreover~~ , we expect construction of the proposed ECA LNG Phase 2 project ~~to~~ **would** conflict with **the current operations at the** ECA Regas Facility ~~operations~~ , ~~making~~ **which currently has long- term regasification contracts for 100 % of the regasification facility' s capacity through 2028. This makes** the decisions on whether, when and how to pursue the **proposed** ECA LNG Phase 2 project dependent in part on whether the investment in this project would, over the long term, be more beneficial **financially** than continuing to ~~provide~~ **supply** regasification services under **our** existing contracts ~~for 100 % of~~ **. In addition,** the **Baja California region does not have extensive sources of natural gas, and our development opportunities in Mexico, including the proposed** ECA **LNG Phase 2 project, would require significant upgrades in natural** ~~Regas~~ -- **gas** ~~Facility' s capacity through 2028~~ **transportation infrastructure that would be costly and time- consuming** . ▪ The PA LNG **Phase 1** ~~projects~~ - **project under construction and the PA LNG Phase 2 project** in development are ~~to be~~ located at a greenfield site and therefore are subject to disadvantages relative to projects being **constructed or** developed at brownfield sites, including increased time and costs to develop and construct the **projects. Additionally, in February 2020, Sempra Infrastructure filed an application with the DOE to permit LNG produced from the proposed PA LNG Phase 2** project **to be exported to all current and future FTA and non- FTA countries. We do not expect the DOE to act on this application until after the conclusion of the temporary pause on the DOE' s LNG export approvals** . Development of these or any other LNG export projects will depend on the ~~ability~~ **expansion** of our existing pipeline interconnections ~~to be expanded~~ or the ability to permit and construct new pipeline facilities, each of which may require us to enter into additional pipeline interconnection agreements with third- party pipelines **, which** ~~. We and third parties~~ may not be **possible** ~~able to successfully develop and construct such new pipeline facilities, or we may not be able to secure such additional pipeline interconnections~~ on commercially reasonable terms or at all. **2023 Form 10- K | 52** The capital requirements for **our** LNG export projects ~~that we decide to pursue~~ can be significant, even if we ultimately decide not to make a positive final investment decision. In addition, our proposed facilities may not be completed in accordance with estimated timelines or budgets or at all as a result of the above or other factors, and delays, cost overruns or our inability to complete one or more of these projects could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. ~~2022 Form 10- K | 55~~ Financing Arrangements We **are and** may **continue to** become involved in various financing arrangements with respect to ~~any of~~ our energy infrastructure projects, **including** ~~such as~~ guarantees, indemnities ~~or~~ **and** loans. These arrangements could expose us to additional risks, including exposure to losses upon the occurrence of certain events related to the development, construction, operation or financing of the applicable projects ~~that~~ **, which** could have a material adverse effect on our future results of operations, financial condition, cash flows and / or prospects. ~~We are dependent on the equipment provided by third parties to operate the Cameron LNG Phase 1 facility and the failure of such equipment may adversely impact our business and performance. Cameron LNG JV has experienced operating issues with equipment provided by third- party vendors, which have caused reductions in operating capacity and the declaration of force majeure events by Cameron LNG JV under its tolling agreements for its Cameron LNG Phase 1 facility. Certain of Cameron LNG JV' s customers have raised objections regarding these force majeure declarations, and Cameron LNG JV' s customers may raise objections in the future regarding these declarations or other force majeure declarations for similar operating issues. Cameron LNG JV' s customers have obtained certain, and may in the future obtain additional, quantities of excess LNG production in connection with these and certain other force majeure events, and future force majeure events may also lead to the~~

~~additional accrual of similar rights. The requirement to deliver excess LNG production to these customers in connection with these force majeure events has had, and in the future could have, an adverse impact on Sempra Infrastructure' s and our business and cash flows because Cameron LNG JV loses fees related to the excess production. These and other operational issues arising from equipment or facilities provided by third- party vendors may require us to undertake remediation, repair or equipment replacement activities that could result in reductions or cessations in production from our facilities. Although we are seeking to enforce warranty and other claims against our EPC contractors and other equipment vendors and suppliers, we may face challenges in successfully enforcing these claims against these third parties. Any such occurrence could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects.~~ Fixed- price long- term contracts for services or commodities expose our businesses to inflationary pressures. Sempra Infrastructure seeks to secure long- term contracts for services and commodities in an effort to optimize the use of its facilities, reduce volatility in earnings and support the construction of new infrastructure. ~~If~~ **Certain of** these contracts are at fixed prices, **and** their profitability may be negatively affected by inflationary pressures, including increased labor, materials, equipment, commodities and other operational costs, rising interest rates that affect financing costs and changes in applicable exchange rates. We ~~may~~ try to mitigate these risks by, among other things, using variable pricing tied to market indices, anticipating and providing for cost escalation when bidding on projects, contracting for direct pass- through of operating costs and / or entering into hedges. However, these measures may not fully or substantially offset any increases in operating expenses or financing costs caused by inflationary pressures and their use could introduce additional risks, any of which could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. **We face risks from** ~~Increased~~ **increased** competition ~~could materially adversely affect us~~ . The markets in which we operate are characterized by numerous ~~strong and~~ capable competitors, many of which have extensive and diversified development and / or operating experience domestically and internationally and financial resources similar to or greater than ours. In particular, the natural gas pipeline, storage and LNG market segments recently have been characterized by strong and increasing competition for winning new development projects and acquiring existing assets ~~. In addition, our Mexican natural gas distribution business faces increased competition now that its former exclusivity period with respect to its distribution zones has expired and other distributors are legally permitted to build and operate natural gas distribution systems and compete to attract customers in the locations where it operates~~ . These competitive factors could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. We may not be able to enter into, maintain, extend or replace long- term supply, sales or capacity agreements. The ECA Regas Facility has long- term capacity agreements with a limited number of counterparties, and also may enter into short- term and / or long- term supply agreements to purchase LNG to be received, stored and regasified for sale to other parties. In addition, Cameron LNG JV has long- term liquefaction and regasification tolling agreements with three counterparties that collectively subscribe for the full nameplate capacity of the Cameron LNG Phase 1 facility **, and long- term sale and purchase agreements are in place for the expected capacity at the ECA LNG Phase 1 and PA LNG Phase 1 projects under construction** . The long- term nature of these agreements and the small number of customers at each of these facilities exposes us to risks, including increased risk if these counterparties fail to meet their contractual obligations on a timely basis, increased credit risks, and risks associated with ~~the long- term nature of~~ our relationships with these counterparties, including increased impacts of disputes or other similar issues which we have experienced in the past. Any such issues that arise in the future with respect to our long- term contracts ~~, including any that may be caused by or related to the war in Ukraine,~~ could lead to significant legal and other costs, result in cancelation of certain key contracts or otherwise adversely affect our relationships with long- term customers, suppliers or partners, and could negatively ~~2022 Form 10- K | 56~~ impact the reliability of revenues from the applicable projects and the prospects for any implicated development projects. Any such event could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Sempra Infrastructure' s ability to enter into new or replace existing long- term capacity agreements for its natural gas pipeline operations ~~is dependent~~ **depends** on, among other factors, demand for and supply of LNG and / or natural gas from its transportation customers, which may include our LNG export facilities. A decrease in demand for or supply of LNG or natural gas from such customers or the occurrence of other events that hinder Sempra Infrastructure from maintaining such agreements or establishing new ones could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. The electric generation and wholesale power sales industries are highly competitive. As more plants are built, supplies of energy and related products may exceed demand, competitive pressures may increase and wholesale electricity prices may decline or become more volatile. Without long- term power sales agreements, our revenues may be subject to increased volatility, and we may be unable to sell the power that Sempra Infrastructure' s facilities are capable of producing ~~or sell it~~ at favorable prices **or at all** , any of which could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. **2023 Form 10- K | 53** We rely on transportation assets and services, much of which we do not own or control, to deliver natural gas and electricity. We depend on electric transmission lines, natural gas pipelines and other transportation facilities and services owned and operated by third parties to, among other things: ▪ deliver the natural gas, LNG, electricity and LPG we sell to customers or use for our LNG export facilities ▪ supply natural gas to our gas storage and electric generation facilities ▪ provide retail energy services to customers If transportation is disrupted, ~~if~~ the construction of **necessary** ~~new or modified~~ interconnecting infrastructure is not completed on schedule or ~~if~~ **at all or** capacity is inadequate, we may ~~not~~ be **delayed in completing projects under development and / or** ~~able~~ **unable** to **meet** ~~move forward with~~ our **contractual obligations to customers of those** projects ~~on schedule, we may be unable to sell and deliver our~~ - **or** ~~commodities~~ **existing projects** , **in which case** ~~electricity and other services to our customers,~~ we may be responsible for damages **they** ~~incurred~~ --- **incur** ~~by these customers~~ , such as the cost of acquiring alternative supplies at then- current spot market rates, and we could lose customers that may be difficult to replace ~~in competitive market conditions~~ . Any such occurrence could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. Our international businesses and operations expose us to foreign currency **exchange**

**rate** and inflation risks. Our operations in Mexico pose foreign currency **exchange rate** and inflation risks. Exchange and inflation rates with respect to ~~the Mexican~~ **Mexico** ~~peso~~ and fluctuations in those rates may have an impact on the revenue, ~~costs and~~ cash flows **and costs** from our international operations, which could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. We may attempt to hedge cross- currency transactions and earnings exposure through various means, including financial instruments and short- term investments, but these hedges may not fully achieve our objectives of mitigating earnings volatility that would otherwise occur due to exchange rate fluctuations. Because we do not hedge our net investments in foreign countries, we are susceptible to volatility in OCI caused by exchange rate fluctuations for entities whose functional currencies are not the U. S. dollar. Moreover, Mexico has experienced periods of high inflation and exchange rate instability in the past, and severe devaluation of the Mexican peso could result in governmental intervention to institute restrictive exchange control policies, as has occurred before in Mexico and other Latin American countries. We discuss our foreign currency exposure at our Mexican subsidiaries in " Part II – Item 7. MD & A " and " Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk. " Our businesses are exposed to ~~market risks, including~~ fluctuations in commodity prices ~~, that could materially adversely affect us~~ . We buy energy- related commodities from time to time for pipeline operations, LNG facilities or power plants to satisfy contractual obligations with customers. The regional and other markets in which we purchase these commodities are competitive and can be subject to significant pricing volatility as a result of many factors, including **inflation,** adverse weather conditions, supply and demand changes, availability of competitively priced alternative energy sources, commodity production levels and storage capacity, energy and environmental legislation and regulations, and economic and financial market conditions. Our results of operations, financial condition, cash flows and / or prospects could be materially adversely affected if the prevailing market prices for natural gas, LNG, electricity or other commodities we buy change in a direction or manner not anticipated and for which we have not provided adequately through purchase or sale commitments or other hedging transactions. ~~2022 Form 10- K | 57~~ Our international businesses and operations expose us to increased legal, regulatory, tax, economic, geopolitical and management oversight risks and challenges. ~~Overview~~ We own or have interests in a variety of energy infrastructure assets in Mexico, and we do business with companies based in foreign markets, including particularly our LNG export operations. Conducting these activities in foreign jurisdictions subjects us to complex management, security, political, legal, economic and financial risks that vary by country, many of which may differ from and potentially be greater than those associated with our wholly domestic businesses, and the occurrence of any of these risks could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. These risks include the following and the other risks discussed in this risk factor below: ▪ compliance with tax, trade, environmental and other foreign laws and regulations, including legal limitations on ownership in some foreign countries and inadequate or inconsistent enforcement of regulations ▪ actions by local regulatory bodies, including setting rates and tariffs that may be earned by or charged to our businesses **2023 Form 10- K | 54** ▪ adverse changes in social, political, economic or market conditions or the stability of foreign governments ▪ adverse rulings by foreign courts or tribunals; challenges ~~to or difficulty~~ obtaining, maintaining and complying with permits or approvals; difficulty enforcing contractual and property rights; **and** differing legal standards ~~for lawsuits or other proceedings; and unsettled property rights and titles in Mexico~~ ▪ expropriation or theft of assets **▪ demand for hydrocarbon fuels, such as natural gas imported from the U. S., may be impacted by geopolitical factors** ▪ with respect to our non- utility international business activities, changes in the priorities and budgets of international customers, which may be driven by many of the factors listed above, among others Mexican Government Influence on Economic and Energy Matters The Mexican government exercises significant and increasing influence over the Mexican ~~economy and~~ energy sector and has adopted or proposed additional changes that, in each case, could ~~fundamentally~~ impact private investment in this sector. Mexican governmental actions in the past several years in the electricity market include resolutions, orders, decrees, regulations and proposed and adopted amendments to Mexican law that could, among other things, threaten the prospects for private- party renewable energy generation in the country, limit the ability to dispatch renewable energy and receive or maintain operational permits, and increase costs of electricity for legacy renewables and cogeneration energy contract holders. ~~The President~~ **We discuss some** of ~~Mexico also proposed constitutional reform in September 2021 that would have eliminated the~~ **these actions** ~~wholesale electricity market~~ in **Note 16** ~~Mexico and significantly limited the ability~~ of ~~private parties to participate in electricity generation. Although~~ the **Notes** ~~proposed constitutional reform did not reach the two-~~ **to Consolidated Financial Statements. Moreover** ~~- third majority required for its approval and was therefore rejected by Mexico' s Chamber of Deputies~~ , ~~other similar~~ reforms to centralize and de- privatize the electricity market in Mexico **have been proposed previously and** could be ~~proposed~~ **reintroduced** in the future. With respect to midstream and downstream activities, ~~amendments to~~ Mexico' s Hydrocarbons Law ~~that give~~ **gives** SENER and the CRE ~~additional~~ **significant** powers to suspend ~~and revoke~~ permits ~~became effective in May 2021. The amendments provide that suspension of permits will be determined by SENER or the CRE~~ when a danger to national security, energy security, or the national economy is foreseen ~~,~~ and **to revoke** ~~also provide new grounds for the revocation of~~ permits under certain other circumstances ~~related to~~ **, including for** a ~~permit holder' s use of illegally imported products,~~ failure ~~to comply with provisions applicable to quantity, quality and measurement of products, or unauthorized modification of the technical condition of its infrastructure. Additionally, the amendments direct authorities to revoke permits that fail~~ to comply with certain minimum storage and other requirements or ~~violate~~ **for violations of certain** provisions established by SENER or the ~~amended~~ Hydrocarbons Law, as applicable. ~~We discuss these Mexican governmental actions in Note 16 of the Notes to Consolidated Financial Statements. We cannot predict whether proposed governmental actions will ultimately be passed or otherwise become effective in their current forms, nor can we predict the nature or level of their impact on the various segments of the energy sector in which we participate. We also cannot predict whether pending actions to enjoin enforcement or suspend or overturn existing laws and other governmental actions will be successful. More generally, we cannot predict the impact that the political, social and judicial landscape in Mexico will have on that country' s economy and energy sector and our business in Mexico.~~ If **future** ~~any of the proposed~~

governmental actions are **proposed and** passed or otherwise become effective, if efforts to enjoin enforcement or suspend or overturn adopted governmental actions fail, or if other similar ~~moves~~ **actions** by the Mexican government are taken to curb private- party participation in the energy sector, including through further amendments to Mexican laws, rules or the constitution or increased investigative and enforcement activities, it may impact our ability to operate our facilities at existing levels or at all, ~~may~~ result in increased costs for Sempra Infrastructure and its customers, ~~may~~ adversely affect our ability to develop new projects, ~~may~~ result in decreased revenues and cash flows, and ~~may 2022 Form 10- K | 58~~ negatively impact our ability to recover the carrying values of our investments in Mexico, any of which may have a material adverse effect on our business, results of operations, financial condition, cash flows and / or prospects. U. S. and Mexican Laws and Foreign Policy ~~, including Trade and Related Matters~~ Our international business activities are subject to U. S. and Mexican laws and regulations related to foreign operations or doing business internationally, including the U. S. Foreign Corrupt Practices Act, the Mexican Federal Anticorruption Law in Public Contracting (Ley Federal Anticorrupción en Contrataciones Públicas) and similar laws, and are sensitive to U. S. and Mexican foreign policy, trade policy and other geopolitical factors. The current and the last U. S. Administrations have taken different stances with respect to international trade agreements, tariffs, immigration policy and other matters of foreign policy that impact trade and foreign relations. Shifts in foreign policy could **create uncertainty and** result in or increase adverse effects ~~on our businesses and create uncertainty, making it difficult to predict the impact these policies could have~~ on our businesses. Violations or alleged violations of the laws referred to above, as well as foreign policy positions that adversely affect imports and exports between the U. S., Mexican and other ~~economies and~~ foreign companies with ~~whom~~ **which** we conduct business, could materially adversely affect our results of operations, financial condition, cash flows and / or prospects. ~~Our businesses are subject~~ **We face risks related** to **unsettled** ~~various legal actions challenging our~~ property rights and **titles** ~~permits, and our properties~~ in Mexico ~~could be subject to expropriation by the Mexican government~~ . We are engaged in disputes regarding our title to the property in Mexico where our ECA Regas Facility is situated and our ECA LNG projects ~~under construction and in development~~ are expected to be situated, which we discuss in Note 16 of the Notes to Consolidated Financial Statements. In addition, we may have or seek to obtain long- term leases or rights- of- way from governmental agencies or other third parties to operate our energy infrastructure on land we do not own. In addition to the risks associated with such property ownership and use that we describe above under “ Risks Related to All Sempra Businesses – Operational Risks, ” disputes regarding **ownership or rights to** any of these properties could lead to difficulties finding or maintaining suitable partners, customers and project financing arrangements and could hinder or halt our ability to construct and, if completed, operate the affected facilities or proposed projects. Any of these outcomes could have a material adverse effect on our results of operations, financial condition, cash flows and / or prospects. **2023 Form 10- K | 55** Sempra Infrastructure' s energy infrastructure assets may be considered by the Mexican government to be a public service or essential for the provision of a public service, in which case these assets and the related businesses could be subject to expropriation or nationalization, loss of concessions, renegotiation or annulment of existing contracts, and other similar risks. Any such occurrence could materially adversely affect our results of operations, financial condition, cash flows and / or prospects.