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Southern California Energy Reliability

May 2017 Summary

Southern Californians have gone through a full summer and winter without Aliso Canyon. Since a massive natural gas leak was discovered on October 23, 2015, the facility has been nearly shuttered and a minimum amount of natural gas remains available for withdrawal at critical times. By implementing the [2016 Summer Action Plan](#) and the 2016-2017 [Winter Action Plan](#), state and local energy agencies and grid operators continue to enhance their management of energy reliability in the wake of the operational limitations at Aliso Canyon.

This new assessment for the upcoming summer was prepared by the California Energy Commission (Energy Commission), California Public Utilities Commission (CPUC), California Independent System Operator (California ISO), and the Los Angeles Department of Water and Power (LADWP). The assessment includes a [technical analysis](#), an independent review of gas-system modeling provided by Southern California Gas Company (SoCalGas), and an update on [mitigation measures](#).

A joint technical analysis by the California ISO and LADWP found expected demand can be met assuming the pipeline supply is at 100 percent and adequate storage inventory remains available, excluding Aliso Canyon. If pipeline supply is reduced, system reliability is dependent on the availability of natural gas at the Honor Rancho, La Goleta and Playa del Rey storage facilities. Withdrawal from Aliso Canyon remains an option. As of May 1, 2017, Aliso Canyon held roughly 14.8 billion cubic feet (Bcf) of natural gas. Reliability risk increases with other variables, such as prolonged hot weather or unexpected interruption to electricity imports. The modeling used in the technical analysis was verified by independent reviewers at Los Alamos National Laboratory and the consulting firm Walker & Associates.

The analysis indicated that reducing the risk of low inventory of natural gas stored at Honor Rancho and La Goleta must be addressed (Playa del Rey's inventory is full and is minor). On April 1, 2016, the end of last year's winter season, the total storage inventory at the three fields was 43.7 Bcf. One year later, on April 1, 2017, the storage level was 24.7 Bcf. To fill the void, SoCalGas indicated in a March 30th letter to the CPUC that it expected significant injections during the transitional months of April through June. However, injections for April amounted only to 1.9 Bcf. Recognizing the risk of low inventory at these storage fields, the CPUC issued a directive to SoCalGas to increase storage injections to the Honor Rancho and La Goleta storage fields to maintain reliable delivery to customers during peak summer days. In addition the CPUC, Energy Commission, California ISO, and LADWP will continue discussions to reduce any remaining barriers to achieve adequate injection rates. This work has been included as a new mitigation measure.

[Mitigation measures](#) developed during the past winter and last summer have improved the outlook for energy reliability for the coming summer. The measures included changing the gas balancing rules to encourage customers to buy natural gas to meet their demand on a daily basis rather than relying on gas storage, the possible use of existing natural gas at Aliso Canyon, operational coordination, customer conservation, and identifying steps to increase gas supply.

Additionally, the CPUC has updated its Aliso Canyon Demand-Side Resource Impact Report <http://www.cpuc.ca.gov/aliso/>. The report examines steps taken to reduce the demand for natural gas. To get a more accurate assessment, the report updates metrics used to measure demand savings. It also

refines the estimates of demand-side resources unrelated to the Aliso mitigation efforts that reduce the demand for natural gas in the region. The CPUC has also undertaken a long-term, statewide study of the viability of natural gas storage with the California Council for Science and Technology, and started a process to [investigate](#) the feasibility of reducing or eliminating the use of Aliso Canyon.

The California ISO has noted that planned improvements at four of its transmission projects will strengthen Southern California energy reliability.

In conclusion, the assessment found summer reliability risks exists if the electric system is not fully available or gas or electric supplies are limited. The mitigation measures being implemented, including continued conservation by Southern Californians, should help meet energy needs. However, prolonged periods of hot weather and other unpredictable events can pose problems to electricity delivery.

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