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**SoCalGas Comments on May 22, 2017 Joint Agency Workshop on Energy Reliability
in Southern California**

Additional submitted attachment is included below.



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California Energy Commission
Dockets Office, MS 4
1516 Ninth Street
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Subject: Joint Agency Workshop on Energy Reliability in Southern California, Docket Number 17-IEPR-11

Dear Chairman Weisenmiller and fellow Commissioners:

Southern California Gas Company (SoCalGas) thanks the California Energy Commission (CEC) for conducting the May 22, 2017 Joint Agency Workshop (Joint Agency Workshop), as part of the *2017 Integrated Energy Policy Report (IEPR)* proceeding (Docket Number: 17-IEPR-11). The Joint Agency Workshop addressed energy reliability in Southern California, with focus on energy reliability for the upcoming summer season.

To assess energy reliability in Southern California this summer, prior to the Joint Agency Workshop, on May 19, 2017, the CEC, California Public Utilities Commission (CPUC), California Independent System Operator (CAISO), and Los Angeles Department of Water and Power (LADWP) (collectively the Joint Agencies), issued their *Aliso Canyon Risk Assessment Technical Report Summer 2017 Assessment* (Summer Assessment). SoCalGas appreciates the Joint Agencies' leadership in developing the report, and thanks the Joint Agencies for allowing SoCalGas to present at the recent Joint Agency Workshop.

The Aliso Canyon natural gas storage facility (Aliso Canyon) plays a critical role in providing reliable energy service to Southern California. SoCalGas appreciates the continued efforts from the Governor, Joint Agencies, and other parties to help support energy reliability and minimize the possibility of natural gas service interruptions as we work to safely restore normal injection and withdrawal operations at the facility. The discussion at the Joint Agency Workshop generally represents a further positive step in this direction. To support the establishment of an accurate record for consideration by the Joint Agencies, SoCalGas clarifies three statements made by other Workshop participants in the comments below.

The Withdrawal Capacity Rate Used in the Hydraulic Assessment Does Not Take Into Account Unplanned Outages.

SoCalGas worked closely with the Joint Agencies to provide input to the Summer Assessment regarding the capacity of its transmission system to serve demand without supply from Aliso Canyon. As instructed by the CPUC Energy Division, SoCalGas conducted a hydraulic analysis assuming full receipt point utilization—1.470 billion cubic feet per day (Bcfd) of storage withdrawal rates—and no withdrawals from Aliso Canyon. By basing the Summer Assessment on these assumptions, the assessment assumes near-perfect conditions and provides only one optimistic bookend to assess our system’s capabilities, while failing to consider impacts from unplanned events related to compressor stations, pipeline and storage field outages, in-state or out-of-state supply interruptions, and supply imbalances.

Planning around best-case scenario assumptions is unreasonable and increases risk. Prudent planning for safe and reliable operations requires accounting for contingencies, especially when the energy reliability of Southern California is at stake. These concerns were presented at the workshop by SoCalGas and further validated by the third-party independent review¹ conducted by the Los Alamos National Laboratory:

“The IRT also finds that the effects of gas system unplanned outages should be included in the 2017 Summer Reliability Assessment to provide a more complete understanding of the risks to the combined CalISO and LADWP electrical system.”

During remarks to SoCalGas’ presentation, CEC staff stated that the 1,470 million cubic feet per day (MMcfd) withdrawal capacity rate used in the hydraulic assessment took unplanned outage reductions into consideration because the actual withdrawal capacity of the SoCalGas storage fields is 1,640 MMcfd. This assertion is not accurate. As documented in the March 30, 2017 letter to the CPUC, SoCalGas expects the maximum withdrawal rate at Honor Rancho to be 840 MMcfd, which reduces the actual available withdrawal capacity to 1,480 MMcfd. This does not provide for any other storage outages, in contrast to the 2016 Summer Assessment, where the technical group included losses due to unplanned outages.

Tighter Balancing Rules Are Not Anticipated to Fully Offset the Limited Availability of Aliso Canyon.

The Joint Agencies’ presented an updated table[1]², which describes the estimated impacts of the Mitigation Measures. The table indicates the impact of gas balancing to be 0.469 Bcf[2], or 95.5% of the mitigation volumes. SoCalGas agrees that the revisions to the gas

¹ http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN217657_20170519T141559_Independent_Review_of_Southern_California_Gas_Hydraulic_Modeling.pdf; page 10.

² http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN217638_20170519T104759_Joint_Staff_Presentation_on_Aliso_Canyon_Status_of_Action_Plans.pdf; slide 15.

balancing requirements are the most meaningful of the mitigation measures, but notes that 0.469 Bcf of additional supply delivered to the SoCalGas system over the span of a summer season represents an insignificant fraction of the 2.5 Bcf average system throughput during that period. Tighter balancing rules will not compensate for the lack of Aliso Canyon for purposes of ensuring reliable service and operations.

EDF's Comments on the 3.875 Bcfd of Receipt Point Capacity are Not Supported by the Record.

At the workshop, the Environmental Defense Fund (EDF) stated that the capacity and supply figures used in the Summer Assessment conflict with the information in the 2016 California Gas Report³ (CGR) and asked that SoCalGas update this information in the CGR. The information provided by SoCalGas in the Summer Assessment is correct, however, and does not conflict with the CGR.

EDF mentioned a 336 MMcfd under-estimate of capacity in the Summer Assessment and a 462 MMcfd under-estimate of supply from CGR. Combining the supply and capacity numbers together, EDF argued that “almost 800 MMcfd should be added to the Summer Assessment.” This is not reasonable and reflects a misunderstanding of capacity and supply, as they are fundamentally different and cannot simply be added together. “Capacity” is the ability of the SoCalGas transmission system to receive supplies and move them to the load centers. “Supply” is the amount of natural gas that is brought to the SoCalGas system, either via a receipt point or out of storage assets.

While the basis for how EDF's 336 MMcfd of capacity reduction is unclear, the Summer Assessment details the basis for the 3,185 MMcfd of receipt point capacity:

- 3,875 MMcfd total system receipt point capacity
- 200 MMcfd reduction at Blythe
- 240 MMcfd for the Northern Zone due to Line 3000 being out of service
- 250 MMcfd CA production
- 3,185 MMcfd available capacity**

The Injection Capability of Aliso Canyon Needs to be Restored

Restoring injections at Aliso Canyon to support energy reliability for the summer is critical. Without Aliso Canyon, our ability to meet demand is reduced, increasing the risk of natural gas curtailments for the entire region, potentially affecting all customers. Merely “hoping” for mild weather conditions—like those last year—is not a prudent way to operate a system that provides natural gas to over six million customers in the greater Los Angeles region alone. This is particularly true now, as the National Oceanic and Atmospheric Administration is forecasting a 60 to 70 percent chance for above-normal temperatures throughout California this summer.

³ http://docketpublic.energy.ca.gov/PublicDocuments/16-BSTD-06/TN212364_20160720T111050_2016_California_Gas_Report.pdf

As you are aware, currently, the ability of our storage fields to fulfill their critical role in supporting our system is diminished. Even as we work to replenish supplies in those facilities, withdrawals from Aliso Canyon may still be necessary this summer to avoid electric curtailments. Our ability to withdraw supplies from Aliso Canyon diminishes as the capacity of the field decreases. Without the ability to reinject adequate supplies into Aliso Canyon, its ability to serve the region this summer is greatly diminished.

Closing Comments

SoCalGas appreciates the opportunity to participate in the May 22, 2017 Joint Agency Workshop, and we appreciate the continuing efforts of the Joint Agencies to help minimize the possibility of natural gas service interruptions this summer. Experience has shown that failure to address our system's need for resiliency and flexibility risks energy shortages and the attendant safety issues. SoCalGas will continue to work diligently to provide safe, reliable, and affordable natural gas service to our 21 million customers across our service territory and stands ready to support the state's efforts to ensure a reliable supply of energy to fuel California's residents, businesses, and economy.

Sincerely,

A handwritten signature in blue ink that reads "Rodger R. Schwecke". The signature is written in a cursive style with a large initial "R".

Rodger Schwecke
Senior Vice President
Gas Transmission and Storage