

DOCKETED

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June 16, 2017

Mr. Stephen Berberich, President and CEO, California Independent System Operator
Mr. Michael Picker, President, California Public Utilities Commission
Mr. Robert Weisenmiller, Chair, California Energy Commission

Dear Messrs. Berberich, Picker, and Weisenmiller:

Current forecasts indicate that over the next 5-7 days Southern California will experience this year's first sustained heat wave. In light of this, we want to provide you a brief update on the progress of some of the actions we are taking to support energy reliability for the region.

With the current restrictions imposed on Aliso Canyon, we have been working to maximize injection at our remaining storage fields: Honor Rancho, La Goleta, and Playa del Rey. We have been successful so far in achieving the June 1 inventory targets for these three storage fields, as outlined in the plan submitted to the California Public Utilities (CPUC). We remain hopeful we can achieve the targets for July 1 and August 1, but this remains dependent upon weather and system conditions. Achieving these inventory targets, however, does not fully address the region's energy needs or ease concerns that unplanned events could lead to energy shortages.

As part of preparing for this week's heat wave, we have been in daily discussions with the California Independent System Operator (CAISO) to discuss load forecasts and current or expected system issues or outages. From our perspective, we are cautiously optimistic that, based upon the CAISO forecast, we will be able to meet the demands on our system. Of course, this is dependent on there being *no* unplanned outages on either the electric or gas systems.

The heat wave we will experience is occurring in the middle of June, before summer "officially" begins. As highlighted in our April 28, 2017 letter to you, the National Oceanic and Atmospheric Administration (NOAA) is forecasting a 60 to 70 percent chance for above normal temperatures throughout California this summer. This point was reiterated by the Federal Energy Regulatory Commission (FERC) in their "Summer 2017 Energy Market and Reliability Assessment," in which they state: "[w]estern regions are also likely to see above normal temperatures."

We want to reiterate the concerns we raised in our April 28 letter to you about the region's overall energy reliability as we enter the summer season. Unplanned events do happen. Such events have occurred as recently as May 3rd of this year when CAISO issued its first Stage 1 emergency in over 10 years due to weather and unplanned events. In addition, fire season is still months away and yet we have seen wildfires occur over the last two weeks. Prudent planning incorporates the potential for these types of events.

As you consider how best to support energy reliability in the region, it should be noted that agencies and municipalities have raised similar reliability concerns. These include:

1. FERC – in the report described above, FERC states: “the limited availability of the Aliso Canyon natural gas storage facility in Southern California may pose a risk to gas and electric reliability this summer if hotter than normal weather conditions and unplanned gas pipeline outages materialize.”
2. Department of Energy (DOE) – in a letter to CEC Chair Weisenmiller, dated May 19, 2017, the DOE states: “without the availability of Aliso Canyon or some adequate functional equivalent, the region remains vulnerable to energy supply disruptions and possible electricity blackouts triggered by severe weather, unanticipated outages of key facilities, natural or man-made disasters, or a combination of these events.”
3. Burbank Water and Power, Pasadena Water and Power, and Vernon Public Utilities – in a letter to California Senator Henry Stern, dated June 13, 2017, the municipalities highlight their concerns on multiple reliability issues, including that restrictions on Aliso Canyon could “constrain[] the transmission of natural gas which could limit local electric supply, resulting in electric outages, which compromises the public safety of millions of Southern Californians.” (The letter is attached for your reference.)

As an update on the status of Aliso Canyon, SoCalGas has undertaken actions to enhance the safety of the facility and validate its integrity, in compliance with the relevant sections of Senate Bill 380. On November 1, 2016, SoCalGas requested authorization to resume injections at Aliso Canyon and submitted the required documentation and data to the CPUC and the Division of Oil, Gas, and Geothermal Resources (DOGGR). On January 17, 2017, the CPUC and DOGGR determined that SoCalGas had fully satisfied the requirements necessary to request authorization to resume injection. SoCalGas is currently awaiting final authorization to resume injections.

We continue to stand ready to support you and your agencies’ efforts to ensure a reliable supply of energy for California’s residents and businesses.

Sincerely,



Bret Lane
President and Chief Operating Officer

cc: Kevin De León, President pro Tempore, California State Senate
Anthony Rendon, Speaker of the Assembly, California State Assembly
Patricia Bates, Senate Minority Leader, California State Senate
Chad Mayes, Minority Floor Leader, California State Assembly
Nancy McFadden, Executive Secretary to California Governor Edmund G. Brown, Jr.
Edward Randolph, Energy Division Director, CPUC
Mark Roethleder, Vice President, Market Quality and Renewable Integration, CAISO



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June 13, 2017

The Honorable Henry Stern
State Capitol, Room 3070
Sacramento, CA 95814

RE: CONCERNS Senate Bill 57 – Natural Gas Storage: Moratorium.

Dear Senator Stern:

Burbank Water and Power, Pasadena Water and Power, and Vernon Public Utilities join to express serious concerns regarding Senate Bill 57, which continues the moratorium on the injections at the Aliso Canyon Storage Facility until a root-cause analysis of the methane leak is identified. We recognize the need to better understand the cause of the leak and to provide insight for future protection and prevention. However, the need for a root cause analysis of the outer casing has been alleviated given that the wells have been retrofitted and gas is no longer designed to flow in the outer casings. In addition, we are concerned that the bill constrains the transmission of natural gas which could limit local electric supply, resulting in electric outages, which compromises the public safety of millions of Southern Californians.

While we appreciate the reliability safeguard added in recent amendments, which allows the Governor to order incremental natural gas injections at the facility to avoid or respond to an emergency situation, the bill takes a reactive approach. The bill fails to define a notification process for emergency gas injections, suggesting that a response to prevent a blackout might come too late. The Governor's declaration of an emergency will not suddenly produce gas for local power plants to ensure energy supply reliability for affected customers in the Los Angeles region, as natural gas flows slowly through the pipeline system.

To mitigate the increased risk of power outages resulting from the existing moratorium, we recommend a proactive approach based on the March 16th, 2017 letter from the California Public Utilities Commission to the Southern California Gas Company recommending an increase to the current inventory at Aliso Canyon to allow for emergency withdrawals. This would ensure that gas inventories are available to *prevent* (not *react* to) rolling blackouts and disturbances to both gas and electric power supply. We believe a reaction-based contingency plan that addresses emergencies *after they are already in progress* does not protect our customers and communities, and therefore, must be avoided to the greatest extent possible.

As you know, approximately 60% of electricity in California is generated with the use of natural gas. Aliso Canyon supplies natural gas to 17 power plants that serve 10 million residents and businesses. This includes the Cities of Burbank, Pasadena and Vernon. The ability to continue providing our customers with uninterrupted electric service hinges upon having timely delivery of natural gas necessary to operate the plants. Some electric utilities like Pasadena Water and Power are unable to import all of their electricity power needs during high-use periods due to local electric grid capacity limits. These utilities *must* rely on local natural gas-fueled electric generators during peak conditions to keep the lights on, and there currently are no other feasible and cost-effective options that can be implemented quickly. Large consumers of gas such as electric utilities are categorized as "noncore" customers, and are among

the first consumers required to curtail gas use. Thus, electric utility customers are at risk of experiencing rolling blackouts.

Utilities employ rolling blackout protocols that exempt critical facilities such as hospitals, healthcare facilities, and other essential infrastructure from planned block-by-block service outages. However, general residences, businesses and industries, and public areas such as streets are not afforded these same protections and could be subject to significant safety risks. For example, a lack of home cooling during a multi-day heatwave could prove deadly, particularly for the elderly and infirm while traffic signals that stop functioning during a power outage can result in road fatalities.

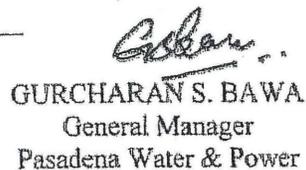
Gas curtailments were mitigated during 2016 due to moderate summer temperatures and the extraordinary response by customers to the utilities' calls for conservation. However, as the warm months quickly approach, utilities must again prepare for the extreme temperature swings that occur during a typical Southern California summer. It is imperative that they can rely on adequate resources or, at the very least, a well-defined emergency response process that ensures proactive management of potential electric reliability issues. Until SB 57 is amended to contain these assurances, electric utilities and communities they serve will have ongoing concerns.

We are hopeful that we are able to come to a mutual agreement that will provide your constituents as well as all affected utility customers with the safety assurances and electric reliability they deserve.

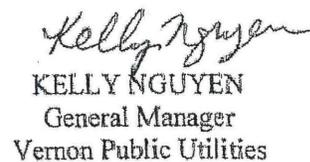
Sincerely,



JORGE SOMOANO
General Manager
Burbank Water & Power



GURCHARAN S. BAWA
General Manager
Pasadena Water & Power



KELLY NGUYEN
General Manager
Vernon Public Utilities

Cc: The Honorable Ricardo Lara, California State Senate
The Honorable Anthony Portantino, California State Senate
The Honorable Sabrina Cervantes, California State Assembly
The Honorable Laura Friedman, California State Assembly
The Honorable Chris Holden, California State Assembly
The Honorable Miguel Santiago, California State Assembly
The Honorable Michael Picker, President – California Public Utilities Commission
Timothy J. Sullivan, Executive Director – California Public Utilities Commission
Kenneth A. Harris, Jr., State Oil and Gas Supervisor – Division of Oil, Gas, and Geothermal Resources
Ms. Nancy McFadden, Executive Secretary, Office of the Governor
Ms. Camille Wagner, Legislative Affairs Secretary, Office of the Governor
Mr. Michael Martinez, Deputy Legislative Secretary, Office of the Governor
Mr. Saul Gomez, Deputy Cabinet Secretary, Office of the Governor
Steve Mermell, City Manager – City of Pasadena
Ron Davis, City Manager – City of Burbank
David Jones, Emanuels Jones & Associates