

DOCKETED

Docket Number:	17-IEPR-11
Project Title:	Southern California Energy Reliability
TN #:	221903
Document Title:	SoCalGas Comments on Aliso Canyon Winter Risk Assessment Technical Report 2017-18 Supplement
Description:	N/A
Filer:	System
Organization:	SoCalGas
Submitter Role:	Public
Submission Date:	12/5/2017 3:00:34 PM
Docketed Date:	12/5/2017

Comment Received From: SoCalGas

Submitted On: 12/5/2017

Docket Number: 17-IEPR-11

**SoCalGas Comments on Aliso Canyon Winter Risk Assessment Technical Report
2017-18 Supplement**

Additional submitted attachment is included below.



A  Sempra Energy utility

December 5, 2017

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 17-IEPR-11
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Southern California Gas Company Comments Regarding Aliso Canyon Winter Risk Assessment Technical Report 2017-18 Supplement

Southern California Gas Company (SoCalGas) has received and reviewed the “Aliso Canyon Winter Risk Assessment Technical Report 2017-18 Supplement” (2017-18 Supplement) prepared by the Staff of the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the California Independent System Operator (CAISO), and the Los Angeles Department of Water and Power (LADWP) (collectively, the Aliso Canyon Technical Assessment Group or “ACTAG”).

SoCalGas shares ACTAG’s concerns regarding energy reliability this winter. SoCalGas has expressed many of these same concerns to the state for several months, most recently in a letter and SoCalGas’ “Winter 2017-18 Technical Assessment” submitted on October 30, 2017. As acknowledged by ACTAG’s 2017-18 Supplement, “the two assessments reach similar conclusions about the risk of gas curtailments this winter and impacts to electric generation.”¹ **Although we may reach similar conclusions on reliability risks this winter, SoCalGas disagrees with the state’s policy decisions to not utilize Aliso Canyon, and rather look to unproven and expensive mitigation measures, including asking electric generators to reduce natural gas usage to minimum levels (“effectively a curtailment of gas service to electricity generators”) and rely on “less-desirable, and more expensive facilities” to generate electricity.**² SoCalGas does not offer comments on every aspect of the 2017-2018 Supplement, but does offer the following comments and clarifications.

¹ 2017-18 Supplement at page 7.

² 2017-18 Supplement at page 10.

The Status of the Pipeline System is not Unprecedented

The 2017-18 Supplement concludes that “Unprecedented pipeline outages (including an October 1, 2017, pipeline rupture) on the SoCalGas system mean that reliable natural gas service this winter to noncore customers, including electric generators, is threatened.”³ This is not accurate. Although the outages SoCalGas is managing are the result of significant unplanned events, the capacity impacts creating these winter reliability risks are not unprecedented.

As SoCalGas has frequently noted, unplanned pipeline outages are known to occur and prudent operations require planning for these types of events. In fact, ACTAG’s initial Aliso Canyon Technical Assessment in 2016 contemplated such a scenario. In support of that earlier assessment, SoCalGas reviewed historical data to forecast planned and unplanned outages and worked with ACTAG to develop different gas system outage scenarios that placed the gas system into stress. As a result, ACTAG included an analysis of a scenario (identified as Scenario 4) where supply shortfalls and outages reduced system capacity by 900 MMcfd,⁴ very much like the situation we are now managing. Additionally, in commenting on ACTAG’s most recent 2017 Summer Reliability Assessment, an independent review team suggested that future analysis include the probability of additional unplanned outages similar to that of the previous studies.⁵

A combination of supply shortfalls and outages on the SoCalGas system, or upstream of SoCalGas’ system, can reduce—and has, in the past, reduced—system capacity to the levels we see today. As noted in the 2017-18 Supplement, “[p]rior reliability action plans looked to withdrawals from Aliso Canyon to reduce this risk.”⁶ As in prior years, Aliso Canyon could reduce many of the reliability risks identified in the 2017-18 Supplement.

Natural Gas Storage Provides Resiliency and Protects Against Outage-Related Reliability Risks

SoCalGas’ system is designed to utilize a combination of flowing pipeline supplies and storage inventory to meet demand and provide resiliency. SoCalGas’ system is designed to use storage assets, particularly Aliso Canyon, to maintain system reliability even when difficult and unexpected conditions arise. The current restrictions on Aliso Canyon, however, limit the system’s resiliency and ability to withstand capacity reductions. If Aliso Canyon was authorized to resume normal operation, consistent with state and federal regulations, and at the inventory levels deemed safe by the Division of Oil, Gas and Geothermal Resources (DOGGR), Aliso Canyon would be able to reduce the curtailment risk identified in the 2017-18 Supplement.

The Safety of Aliso Canyon has been Validated and the Facility is Ready to Support the Region

An important detail is left out in the 2017-2018 Supplement: when comparing last winter to this winter, the safety of Aliso Canyon has been validated and the facility stands ready to support Southern California. The CPUC and DOGGR have determined that Aliso Canyon is safe to operate, risks of failure have been identified and addressed, and well integrity has been verified. As a result, injection operations resumed on July 31, 2017 and Aliso Canyon’s inventory level

³ 2017-18 Supplement at page 27.

⁴ April 5, 2016, Aliso Canyon Risk Assessment Technical Report at page 33 (Scenario 4).

⁵ Independent Review of Southern California Gas Hydraulic Modeling at page 11.

⁶ 2017-18 Supplement at page 6.

has increased accordingly—reaching the maximum inventory allowed pursuant to the Commission’s July 19, 2017, California Public Utilities Code Section 715 Report. SoCalGas does not understand the state’s continuing decision—despite its own comprehensive safety review—not to make greater use of Aliso Canyon to mitigate the serious reliability risks it identifies in the 2017-18 Supplement.

At a minimum, Aliso Canyon can help mitigate the risk of curtailment by offsetting the shortfalls identified by the 2017-2018 Supplement. The 2017-2018 Supplement identifies shortfalls on a 1-in-10 peak day with minimum electric generation and an N-1 contingency⁷ for various timeframes.⁸ The largest identified shortfall is 510 MMcfd. Recent flow testing of the Aliso Canyon facility indicates that the facility can offset that shortfall. Even with Aliso Canyon, however, there remains a risk that other unplanned events will occur that further impact the system’s capabilities, or that storage inventory levels will be depleted below what is needed to maintain reliability throughout the winter season.⁹ Regardless, Aliso Canyon remains the best option to effectively mitigate the risk of curtailments this winter. California, however, has made a policy decision to continue to restrict the use of that facility.

Market Volatility Remains a Concern

Although SoCalGas is pleased to see that your agencies are monitoring natural gas prices for price spikes, SoCalGas remains concerned that the restrictions on Aliso Canyon and the current pipeline outages are creating significant price volatility. SoCalGas’ review indicates that prices at the SoCalGas CityGate are reaching levels that are double what is being paid at the California border.

Closing Comments

SoCalGas appreciates the opportunity to comment on the 2017-18 Supplement, and appreciates the continuing efforts of California’s agencies to help minimize the possibility of natural gas service interruptions this winter. 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 promote a reliable supply of energy to fuel California’s residents, businesses, and economy.

⁷ As part of electric planning assessments, the electric industry plans for upsets under an N-1 condition, which requires electric operators to plan their system to have sufficient resiliency to lose a critical component and continue operating. The natural gas industry does not have that planning requirement. For SoCalGas, our system was designed to use storage assets to create system resiliency and, in effect, provide a similar N-1 contingency.

⁸ See Aliso Canyon Update Winter 2017-18 Presentation at Slide 6.

⁹ October 30, 2017, Winter 2017-18 Technical Assessment at page 5.