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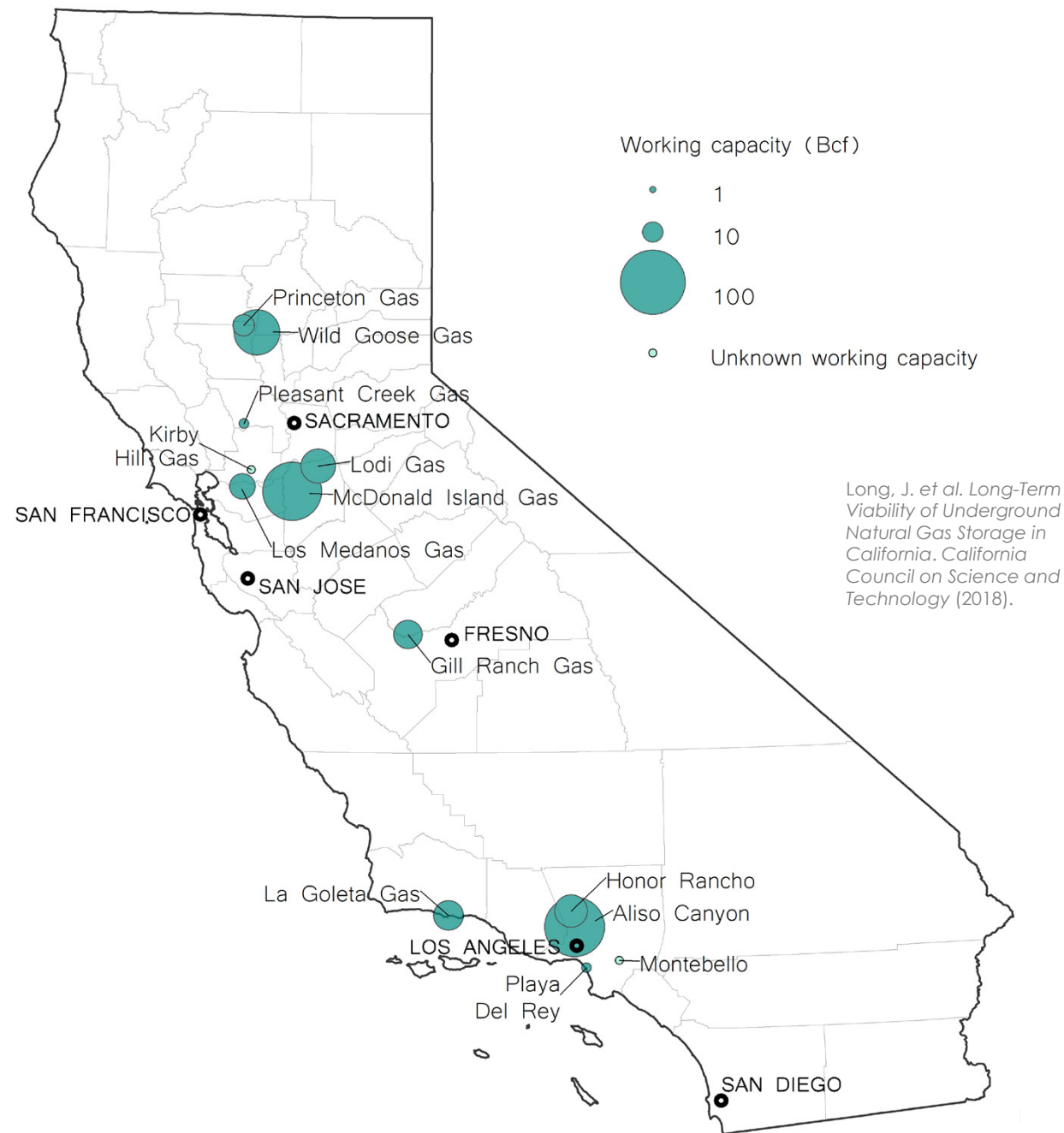
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Assessing Aliso Canyon Natural Gas Facility Closure Options in CPUC Proceeding I.17-02-002

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CPUC Gas Policy and Reliability

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Agenda

- Introduction to Proceeding I.17-02-002
- FTI Analysis
 - Non-Aliso Shortfall
 - Portfolios to Fill Shortfall
- Proceeding Status

Aliso Canyon Proceeding I.17-02-002, Phase 3

- Purpose: Assess potential and options for closure of Aliso Canyon natural gas storage field in 2027-2045 and replacement of its energy services
- Analysis contracted out to FTI Consulting, Inc
 - Draft shortfall analysis completed and four replacement portfolios defined
 - Workshop 1: November 17, 2020
 - Workshop 2: March 30, 2021
 - Final shortfall analysis, fifth portfolio, draft report and final report pending
 - Two further workshops expected later this year

Phase 3 Analytical Approach

- Identify shortfall if Aliso Canyon is closed by 2027 or 2035
 - “Shortfall” is if no action is taken to compensate for closing Aliso Canyon
 - “Shortfall” means quantity of gas demand which couldn’t be filled, or its equivalent in gas-fired electric generation
 - On a 1-in-10-years cold winter day, which is peak planning standard for gas system
- Compare options: 20-year cost-benefit analysis and regulatory feasibility analysis of 5 “portfolios” of resources to fill shortfall
- Scale of analysis: system-wide, analogous to Integrated Resource Planning (IRP)

Preliminary Shortfall Estimates

	2027	2035
Gas	434 MMcf/d	318 MMcf/d
Electricity (if gas power plants curtailed in amount above)	4,768 MW	2,866 MW

- Will be updated with new inputs:
 - Gas storage inventory: forecasted end-of-March levels rather than 90% → potentially higher shortfall
 - Latest IRP TPP Inputs: increased renewable generation, other updates → potentially lower shortfall

Portfolios to Replace Aliso's Services

	GAS INVESTMENTS		ELECTRIC INVESTMENTS		
Target	2027: 434 MMcf/d 2035: 318 MMcf/d		2027: 4,768 MW 2035: 2,866 MW		
	Gas Transmission	Demand Reduction	IRP Mix	Electric Transmission	TBD
Design	Make investments to restore the SCG Northern Zone plus additional increase to the Southern Zone, if necessary. Review interconnection and upstream capacities. Costs based on utility filings to CPUC and other public datasets.	Expansion of gas-side activities plus new investments assumes significant regulatory support from CPUC, mandates from AB3232, and others. Gas-only, based on analysis of current programs plus public planning studies.	Incremental demand response, storage, and renewables added in the same ratio as shown in the current IRP. New builds are scaled <i>pro rata</i> in order to close the MW gap. No new thermal generation is included.	Close the MW gap by adding new electric transmission capability into CA. Scaled up projects that are currently under development. Includes 2035 ISD only since long build times may challenge a 2027 ISD.	A fifth portfolio is to be defined following analysis of the first four infrastructure portfolios based on the results of their analysis. May be a combination of tested portfolios or a new and unrelated investment.

Includes the addition of the electric transmission portfolio, which was added in response to comments received during and after the November Workshop.

Slide 7 of FTI, Inc. March 30 Workshop presentation, available at <https://www.cpuc.ca.gov/alisoii/>.

Portfolio Differences in Implementation Processes

Portfolio	Sector	May Include	Potential Implementation Route if Selected
Gas Transmission	Gas	Repairs/upgrades to gas pipelines, compressors, regulator stations or other infrastructure	Utility files CPUC application and/or includes in 2024 General Rate Case
Demand-Side Gas	Gas	Building electrification	Third party implementer files CPUC application; utility files Advice Letter for funding (see SB 1477 implementation)
Demand-Side Gas	Gas	Energy efficiency	Utilities increase scale of specified third party energy efficiency programs, utilities file Advice Letters for program approval
Demand-Side Gas	Gas	C&I demand response	Utility files CPUC application and/or includes in 2024 General Rate Case
IRP Mix (Electric Generation)	Electric	Solar generation; battery storage; electricity demand response; other new generation sources	CPUC incorporates additional generation resources into IRP planning and directs utilities to procure them; Resource Adequacy incorporates and CAISO process ensures local reliability
Electric Transmission	Electric	New electric transmission project(s) or increases to planned projects, plus any associated generation	CPUC includes in IRP portfolio sent to CAISO Transmission Planning Process, and directs utility procurement; CAISO Transmission Planning Process incorporates and analyses ensure local reliability; Transmission owner files CPUC permitting application; FERC cost recovery
Fifth Portfolio		TBD combination of the above	TBD combination of the above

CPUC Proceeding Next Steps

- FTI, Inc. report will provide 5 portfolios for replacing Aliso Canyon's services
- Subsequent proceeding steps undecided:
 - Will CPUC order Aliso closed? By what process?
 - Will one of the portfolios or another approach be adopted to replace Aliso Canyon's energy services?
 - What other analysis may inform these decisions or their implementation?