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Additional submitted attachment is included below.



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California Energy Commission
Dockets Office, MS-4
Re: Docket No. 15-IEPR-04 -“Electric Reliability”
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Docket No. 15-IEPR-04 Comments of Southern California Gas Company and San Diego Gas & Electric on the AB 1257 Workshop on California’s Natural Gas Infrastructure, Storage, and Supply

Dear Commissioners:

SoCalGas appreciates the opportunity to comment on the CEC’s Workshop on California’s Natural Gas Infrastructure, Storage, and Supply held on November 18, 2014.

Gas-Electric Coordination & Effects of Natural Gas System Reliability

SoCalGas’ Gas Control communicates daily with the CAISO to advise on the availability of gas system capacity to serve electric generation requirements. The objective is to minimize outages and curtailments on both the electric grid and the SoCalGas/SDG&E gas system. Since the initial shutdown of the San Onofre Nuclear Generating Station (SONGS), SoCalGas has worked in continued partnership with CAISO to accomplish this objective even as the demands on the natural gas system have changed. SoCalGas appreciates the hard work and dedication of the employees at CAISO to meet these challenges. With the now permanent shutdown of SONGS, the state lost over 2,000 MW of GHG-free electric generation. Ensuring a reliable energy supply for California will require a mix of natural gas generation as well as solar, wind, and other generation resources.

North-South Project

SoCalGas/SDG&E filed an application with the CPUC (A.13-12-013, December 20, 2013) for authority to, among other things, recover a North-South Project revenue requirement in customer rates. The North-South Project is needed to maintain Southern System reliability and alleviate the potential for curtailments of customers on the Southern System due to a potential mismatch between the demand of customers and the volume of flowing supplies delivered to the Southern System. SDG&E and electric generators are, among other customers, served from the Southern System. With the North-South

Project, SoCalGas/SDG&E expect Southern System natural gas customers to have a greater level of reliability of gas supply by making it physically possible for Southern System customers to access gas supplies from SoCalGas' storage and other receipt points, which can only be achieved through a physical upgrade such as the proposed North-South Project. The project connects the Adelanto compression station and Moreno pressure limiting station with approximately 63 miles of 36-inch pipeline and rebuilds the Adelanto compressor station to support delivery to Moreno pressure limiting station and points east of Moreno, and also minimizes the flowing supplies required at Ehrenberg/Blythe. The CPUC's review of the North-South Project is on-going.

San Diego Pipeline Safety, Reliability and Capacity Enhancements

The gas transmission system in San Diego primarily consists of a 30-inch pipeline constructed in 1960 that provides approximately 90 percent of the gas system capacity, and a 16-inch pipeline constructed in 1949 that supplies the remaining 10 percent. The San Diego region has long been identified as potentially "capacity constrained". SDG&E and SoCalGas are not aware of any other major metropolitan area so dependent on a single pipeline. A forced outage of the 30-inch pipeline would result in a loss of gas service to SDG&E's core and non-core customers (both interruptible and firm).

In CPUC Decision D.11-06-017, SoCalGas and SDG&E were, among other things, ordered to pressure test or replace those pipelines that did not receive a post construction pressure test¹. In the event that pressure testing a line poses unmanageable customer impacts, SoCalGas and SDG&E proposed to replace or abandon the line. Risks associated with removing Line 1600 from service for pressure testing raises further concerns about the lack of redundancy and capacity for the gas transmission system in this area. SoCalGas and SDG&E believe that when addressing Line 1600 the long-standing reliability and capacity issues in San Diego should also be resolved. Per CPUC Decision D.14-06-007, SoCalGas and SDG&E are developing an application to request CPUC approval on the approach to address Line 1600.

California Storage Capacity

The 2014 California Gas Report (CGR) notes that there is abundant gas storage capacity in northern California. SoCalGas believes that there is adequate gas storage capacity in southern California, with the completed inventory expansion in Honor Rancho and the forthcoming turbine replacement project in Aliso Canyon.

Impact of Natural Gas Exports to Mexico on Southern California

Based on projections from multiple sources², natural gas exports from the U.S. to Mexico are likely to substantially increase within the next decade, with many of these exports to be delivered over El Paso's South Mainline. The additional exports to Mexico via the El Paso South Mainline will directly compete with available supplies in Ehrenberg/Blythe. As entities serving the new gas load in Mexico sign long-

¹ Post construction pressure testing was not required until 1961 with the adoption of CPUC General Order 112; Line 1600 was installed in 1949.

² Federal Government of Mexico, the U.S. Energy Information Administration (EIA), El Paso Natural Gas Company (El Paso), various energy consulting firms.

term contracts for capacity with El Paso, the likely result will be substantially lower flowing supplies available to reach Ehrenberg.

In conclusion, SoCalGas and SDG&E support the Energy Commission's efforts to assess California's natural gas infrastructure, storage, and supply.