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GWP Statement Aliso Canyon Action Plan

Additional submitted attachment is included below.

April 21, 2016

On behalf of the City of Glendale and Glendale Water and Power (GWP), a municipally owned utility, I am writing to share our concerns regarding the Draft Aliso Canyon Action Plan. The Aliso Canyon Action Plan explains the difficulties that Southern California electric utilities will be faced with this summer in maintaining electric grid reliability given the uncertain operating status of the Aliso Canyon natural gas storage facility.

As a responsible public utility we work aggressively to mitigate the impacts of climate change while providing safe and reliable power to our customers. The recent gas leak and related issues associated with the Aliso Canyon Storage Project are of concern to us due to the environmental, power supply reliability and potential customer impacts. Natural gas capacity is critical to our power reliability needs especially during the summer months when power is necessary to provide comfort to our customers as temperatures rise. Subsequently, any gas curtailment could be detrimental to our ability to maintain this critical electrical service reliability.

Aliso Canyon provides an important reserve and balancing function to the natural gas supply and demand which is needed to generate power for millions of residents and business customers in Southern California. Aliso Canyon encompasses 63% of the region's gas storage volume and is the largest of the four natural gas storage facilities in the area; the other three facilities are either too small or located too far away to provide timely resource dispatch to the region. For these reasons, we expect considerable challenges in maintaining electric supply reliability this summer without Aliso Canyon. During the summer electric peak period, natural gas is essential for electric grid reliability in Glendale.

We understand that the Aliso Canyon gas leak has proven to be a difficult issue especially for those living in the area and we would not endeavor to further compromise public safety, it however remains a fact that Glendale Water and Power has an obligation to provide reliable service to our customers. In that regard, we believe a less confined and more balanced approach to the Action Plan is both advisable and achievable. This approach would ultimately ensure the overall safety of the public for both those living in the affected area and over 11 million electric customers who rely on the fuel from this facility to realize their critical electric needs. All reasonable measures should be considered in order to limit, if not prevent, any curtailment of natural gas deliveries which could lead to electrical service interruptions.

To that end we would propose the following measures be included in the current Draft Action Plan:

- The current natural gas pipeline infrastructure in the Southern California region is designed to work mutually with storage capacity. Import capability, when restricted/limited, will not meet peak demand without the support provided by Aliso Canyon. We respectfully request that you urge the Southern California Gas Company (SoCalGas) to postpone scheduled maintenance of their transmission pipelines until the

summer electric peak period is over. This will help ensure that we maintain the maximum pipeline capacity available during this critical period.

- We strongly recommend that the state regulatory agencies and SoCalGas adopt a policy that formally sets parameters and processes for safely accessing the remaining gas (approximately 15 billion cubic feet) at the facility to help prevent service interruptions this summer.
- Currently, one-third of the injection wells at the Aliso Canyon natural gas storage field have been approved as reliable/safe for use pending a final integrity test. We would urge the state regulatory agencies, legislators, and SoCalGas to work with impacted stakeholders to immediately evaluate the possibility of phasing-in the operation of those wells that are deemed safe by the Department of Oil, Gas, and Geothermal Resources and independent experts. We feel confident that further evaluation will show that this approach supports the highest priority of ensuring public safety – again both the safety of the local residents living near the facility and the safety concerns associated with impacting power supply reliability for the broader region this summer and beyond.
- We believe that a more equitable approach to the process of balancing the gas delivery system through the Operational Flow Order's (OFO) should be established. While the problems associated with the shortages at Aliso Canyon are not the result of actions undertaken by the electrical utilities we seem to be shouldering the brunt of the ensuing "mitigation" actions. Designated as "Non-Core" customers we and our customers potentially face the most significant impacts both from a quality of life as well as a financial perspective. It is an ongoing challenge for us even in the most stable of times to predict what our required electrical demands will be and subsequently the amount of natural gas fuel we need to meet that load requirement. The current proposal, in addition to exposing us to possible gas curtailments and electrical service interruptions, would result in significant monetary penalties associated with the OFO. These are costs that will be borne by the very customers, our customers who are facing the potential impact of the electrical interruptions and the related impacts associated with those interruptions, while the proceeds of these penalties go to the agency responsible for the problem in the first place. A modicum of fairness in this matter needs to be considered.

Glendale Water and Power stands ready to maintain and continually improve coordination with regulatory agencies, CAISO, and SoCalGas to mitigate the potential impacts of this very important issue as summer approaches and operational conditions so require.



Stephen M. Zurn
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