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March 8, 2016

Robert B. Weisenmiller, Chair
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

RE: California Energy Commission Response to Aliso Canyon Gas Storage Facility Leak

Chair Weisenmiller:

As you may have heard, there was an Assembly Utilities and Commerce Committee hearing held on February 22, 2016 for Senate Bill 380 (Pavley).

At the hearing, we discussed that the leak at the Aliso Canyon gas storage facility has placed electrical reliability in Southern California at risk, particularly since electrical generation will be directly impacted if natural gas deliveries are curtailed.

When asked about system reliability, Mark Rothleder, the representative from the California Independent System Operator ("CAISO"), stated that the risks to grid reliability can be reduced by using "regional coordination measures" to "shift some of the supply of electricity outside" of the Los Angeles Basin, including resources to the north and to the east of the Los Angeles Basin. This will ensure that the CAISO has resources available outside of the Los Angeles Basin to meet grid reliability needs in the event that gas injections into Aliso Canyon cannot resume.

The California Energy Commission ("CEC") has recently acknowledged the need to address the resource adequacy and reliability concerns arising from the moratorium on gas injections into the Aliso Canyon gas storage facility, and the need for short and long-term solutions to maintain the reliability of natural gas and electricity service in the Los Angeles Basin. (*Notice of Request for Public Comments on the Scoping Order for the Draft 2016 Integrated Energy Policy Report Update*, "IEPR Notice".)

The Aliso Canyon leak only further compounds existing resource adequacy and reliability challenges identified in the CEC's 2015 IEPR, which include:

...the impending retirement of several fossil-powered facilities and the closure of the San Onofre Nuclear Generating Station in Southern California ... the State Water Resources Control Board's 2010 policy to phase out the use of once-through cooling [which] affects 10 power plants in the Los Angeles and San Diego basins. Those power plants total just over

11,000 megawatts; taken into consideration along with the 2,200 megawatts lost with the 2013 closure of San Onofre, it is important to ensure that the region does not suffer grid reliability issues.¹

As you may be aware, there is a large power generation facility located in my District east of the Los Angeles Basin. It is my belief that this is the very sort of resource that the CAISO will need for reliability should the use of Aliso Canyon continue to be impaired. That resource is the High Desert Power Project and given its location and gas delivery infrastructure, it is able to produce power without being reliant upon natural gas storage facilities in Southern California.

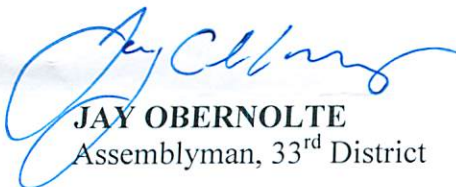
High Desert Power Project's location on the interstate natural gas pipeline system, insulated from any issues related to natural gas storage, is an invaluable resource to the California energy story and can provide great value to a system stressed by the events at Aliso Canyon. For example, in February 2014, the High Desert Power Project enabled the CAISO to avoid declaring a Stage 1 Emergency due to the disruption of natural gas supplies from the Southern California Gas system.²

I appreciate the concerns expressed in the Commission's IEPR Notice regarding the need to ensure the maintenance of a reliable grid in the event of natural gas disruptions. Therefore, I am hopeful that the commitment to ensure grid reliability will be reflected in the Commission's oversight of those facilities, such as the High Desert Power Project, which are subject to the Commission's ongoing jurisdiction.

California has a strong interest in ensuring that resources outside the Los Angeles Basin, such as the High Desert Power Project, are available to the grid in the event of gas supply disruptions such as that at Aliso Canyon. I would appreciate your response on the specific measures that the California Energy Commission is taking to ensure the availability of these facilities, both on a short-term and long-term basis, to respond to grid reliability needs.

Thank you again for your organization's ongoing efforts to ensure the reliability of California's electrical grid, and to ensuring the reliable operation of facilities that contribute to this critical need.

Sincerely,



JAY OBERNOLTE
Assemblyman, 33rd District

Cc:

Commissioner Karen Douglas, JD
Commissioner David Hochschild
Commissioner Andrew McAllister
Commissioner Janea A. Scott
Executive Director Rob Oglesby

¹ California Energy Commission. 2015. *2015 Integrated Energy Policy Report*. Publication Number: CEC-100-2015-001-CMF, p. 21.

² <https://www.aiso.com/Documents/February2014-ExceptionalDispatchCPMDesignationReport.pdf>