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California State Senate

SENATOR
FRAN PAVLEY

TWENTY-SEVENTH SENATE DISTRICT



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April 22, 2016

The Honorable Robert B. Weisenmiller, Ph.D.
California Energy Commission
1516 Ninth Street, MS-33
Sacramento, CA 95814

Dear Chairman Weisenmiller,

Thank you for the opportunity to submit comments in response to your agency's publication of a Reliability Plan and Technical Assessment Working Group—and for your work to address reliability in Los Angeles in the aftermath of the Aliso Canyon disaster.

I have appreciated the opportunity to work with the administration and the Governor's team to make sure residents in Porter Ranch are safe, that the climate impacts of the historic leak in Aliso Canyon are mitigated, and that the state accelerates its plan to move away from the fossil fuels that have created yet another wake-up call in California.

Last week, I wrote a letter to Governor Brown urging him to sound a call to action, and move the state from its continued dependence on oil and gas, and toward the clean energy future we have worked together to envision. Because while the Reliability Plan made an earnest effort to address the question of electric service this summer, it raised some other concerns. Notwithstanding a basic question raised by Plan's having been at least partially designed by the industry its authors seek to regulate, its substance did not go far enough to protect Los Angeles consumers in three areas:

1. Mobilizing the state's resources. The Reliability Plan details a series of mitigation efforts. However, these efforts reflect a priority to bring Aliso Canyon back online, rather than build the incremental programs needed to move the state away from its dangerous dependence on fossil fuels. Additionally, the Plan leaves our most valuable tools inside the toolbox because it does not call on the state's agencies, the utility companies, or the public to contribute to a massive energy saving campaign. Amazingly, public records suggest that SoCalGas has only expended 2% of its ratepayer-funded efficiency dollars this year.

2. Ensuring transparency. The Plan discusses operational mitigation measures associated with the coordination of gas flows in Los Angeles. But its measures do little to allow market participants to share data related to facility maintenance, or gas delivery. This kind of information—including the recently-announced SoCalGas decision to bring Honor Rancho, the region’s second largest storage facility, into planned maintenance during the month of April—is critical to providing ample planning opportunity to avoid outages this summer. Reporting on well inspections in Aliso Canyon should be no less transparent, and must be more clearly articulated. One would imagine that, in light of the risks of blackouts this summer, SoCalGas would work as expeditiously as possible to remediate the wells in Aliso Canyon—and that the Gas Company would spare no expense to do so. But without more information it is difficult to know.

3. Limit consumers’ exposure to more costs. The mitigation measures proposed in the Reliability Plan will likely cost consumers millions of dollars in increased rates. For example, LADWP’s proposed measures under the Plan would adjust the Department’s practices for limiting gas cost exposure to consumers by, among other things, stopping economic dispatch. As these and related costs accumulate, the state must do everything in its power to ensure that consumers are made whole to the extent possible under the law. As you know, these costs will be felt most by communities of color, low-income consumers, and seniors, who already bear the brunt of the pollution our fossil fuel economy creates.

And in response to these concerns, I urged the Governor to pursue the following recommendations:

State-run Energy Conservation Campaign

- Lead a regional energy-saving campaign to meet a target of 10% energy reductions this summer in Los Angeles, using your successful call for conservation during the drought as the example.
- Stand up an interagency task force focused on reducing natural gas demand and reliability dependence in the short term (summer 2016, winter 2017, summer 2017), medium term (2018-2019), and long term (2020-2024). This should include a focus on reducing demand and increasing resilience during ongoing integrated resource plan processes.
- Focus immediate natural gas demand reductions in disadvantaged communities, by implementing, among other things, leak detection, water heater and HVAC efficiency upgrades, and accelerating access to geothermal energy to reduce natural gas demand and excess solar energy.
- Authorize emergency funding for regional deployment of load-shifting and grid-benefitting technology (e.g., solar thermal water heaters, energy storage systems).

- Require IOUs to publish plans to disburse at least 85% of ratepayer-funded efficiency programs this year, prioritizing spending in the Los Angeles area.

Aliso Canyon Remediation and Gas Operations

- Require SoCalGas to publish a daily report describing activities to test and bring wells back online at Aliso Canyon.
- Require SoCalGas to explain in its bi-weekly reports to DOGGR why the company has not hired more rig operators and utilized additional work-over rigs in Aliso Canyon.
- Authorize emergency amendments requiring SoCalGas to openly communicate all planned outages and maintenance with essential market participants (LADWP, SoCalEdison) at least four weeks before known outages and maintenance, to avoid additional summer planning challenges. If such advanced notice is not possible, the Gas Company must be required to justify any delay of notice.
- In the event of summer blackouts, order the CPUC to investigate the root cause of any service interruptions, and direct the CPUC to seek maximum penalties in the event of negligence on the part of any responsible party.

Greenhouse Gas Emissions

- Direct the Attorney General to explore further legal action—under state and federal law, and beyond its existing claims in the state’s action against SoCalGas—to remedy injuries caused by SoCalGas’s unauthorized methane and air contaminant emissions.

I would like to submit these recommendations for your official record. I would be remiss, however, if I did not take this opportunity to address the longer-term issue at play. While the Reliability Plans have noted their limited scope, I believe it is incumbent on the state's leadership to understand how related reliability and long-term planning are. As we plan to reduce our climate pollution, we also reduce our dependence on unreliable infrastructure like this. Therefore, unless the Reliability Plans reflect the state’s longer-term goals—those set under SB 350, AB 32, and the rest of the state’s clean energy laws—we will miss a critical window to recognize that energy reliability and climate planning are two sides of the same coin. As a result, I strongly urge the Commission and its co-authors to provide a larger vision in its thinking. Specifically, I would urge you to include responses to the following questions in the forthcoming summer and winter reliability plans:

- How does the Reliability Plan help ensure that the state is positioned to achieve its greenhouse gas emissions targets under SB 350 and AB 32?
- How does the Reliability Plan relate to the State Air Resources Board’s Mitigation Program, and where are there specific opportunities to provide both reliability and emissions mitigation through singular actions?

- To what extent do the Technical Assessment Reports account for alternative resources in its scenario planning? (For example, do the models include scenarios in which selected dates were modeled with additional available demand-side or renewable energy resources?)

This state is no stranger to crisis. Historically, California has risen to the occasion and found that great challenge also presents great opportunity. In the 1970s, an energy crisis brought long lines at the gasoline pumps, but it also led to the creation of the Energy Commission and, eventually, to our modern efficiency standards. More recently, in 2001, after a gas trading business from Texas brought blackouts to California, we didn't just go back to the way things were. Instead, we created a renewable portfolio standard and began to build a more robust supply of in-state, clean energy resources. Over the last few years, we've seen crises in water, and with the state's leadership, and the people's ingenuity, we tore up our lawns, we talked to our neighbors, and we began to save water.

The Aliso Canyon crisis offers yet another opportunity for the state.

Instead of rushing back to the short-term, short-sighted approach that brought us to this very day, let's turn this disaster around and use it to begin building the clean energy future our constituents brought us to Sacramento to provide.

Sincerely,

A handwritten signature in black ink that reads "Fran Pavley". The signature is written in a cursive, flowing style with a long, sweeping underline.

Fran Pavley
California State Senator
District 27