

DOCKETED

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CALIFORNIA ENERGY COMMISSION

ROBERT B. WEISENMILLER, CHAIR

1516 NINTH STREET, MS 33

SACRAMENTO, CA 95814-5512

(916) 654-5036

FAX (916) 653-9040



April 12, 2016

Diana S. Dooley, Secretary
California Health and Human Service Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

Dear Secretary Dooley;

On October 23, 2015, a significant natural gas leak was detected at the Aliso Canyon natural gas storage facility in Southern California. Governor Edmund G. Brown Jr. declared the leak an emergency situation, issuing an Emergency Proclamation detailing the administration's efforts to stop the leak. The Emergency Proclamation also directed the California Energy Commission (Energy Commission) and California Public Utilities Commission (CPUC), in coordination with the California Independent System Operator (CAISO), to take all actions necessary to ensure continued reliability of natural gas and electric service in the coming months.

The leak has now been stopped and a moratorium is in place prohibiting the operator of the facility, Southern California Gas Company, from injecting natural gas into the underground reservoir until a comprehensive safety review of the facility is completed. This safety review requires that all 114 wells at the facility are either thoroughly tested for safe operation or removed from operation and isolated from the underground reservoir. The implementation of these safety measures means that this facility is not operating under normal circumstances to provide natural gas for electricity generation and to end-use customers in the Los Angeles basin.

Natural gas supply from this critical facility has never before been constrained at current levels, which introduces uncertainty and concerns regarding electricity and natural gas service reliability in the Los Angeles basin. This is extremely concerning during peak natural gas demand in the winter months and peak electricity demand during the summer months. A detailed technical assessment authored by the Energy Commission, CPUC, CAISO, and the Los Angeles Department of Water and Power (LADWP) found that, without any use of the Aliso Canyon facility, the Los Angeles basin faces up to 14 days this summer of natural gas shortages to electric generating facilities that could be large enough to interrupt electric service to customers.

To address this concern and in response to Governor Brown's Emergency Proclamation, the Energy Commission, CPUC and LADWP, as well as the CAISO, recently released the joint Draft Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin (Action Plan). One of the key actions identified in the Action Plan is to encourage the management and overall reduction of electricity and

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natural gas use in the Los Angeles Basin. This is especially relevant for large consumers of both electricity and natural gas, such as hospitals.

Given the essential services hospitals provide and the energy service reliability concerns referenced above, I appreciate your commitment to actively encourage and assist hospitals in the Los Angeles basin to find ways to manage and reduce their electricity and natural gas use through operational improvements, facility equipment upgrades and the deployment of complementary technologies. This energy-supply challenge also presents a unique opportunity for hospitals to demonstrate new and best-practice energy management strategies that not only help ensure energy service reliability but also assist hospitals in managing ongoing operational costs.

I cannot stress enough the importance of engaging in these actions and I thank you in advance for your efforts. Should you have any questions or wish to discuss further please contact my office.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert B. Weisenmiller". The signature is fluid and cursive, with the first name "Robert" and last name "Weisenmiller" clearly distinguishable.

ROBERT B. WEISENMILLER
Chair