

DOCKETED

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ALISO CANYON ACTION PLAN FOR LOCAL ENERGY RELIABILITY IN WINTER

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Maintaining Energy Reliability This Summer

- » Closely coordinating operations with California Independent System Operator (CAISO), Los Angeles Department of Water and Power (LADWP), and other energy providers
- » Mitigation measures help, but do not eliminate risk
- » Constantly adjusting maintenance outages to occur during periods of low demand
- » Customer support in conserving energy is critical
- » These efforts will continue for the remainder of the summer

Technical Report Key Points

- » SoCalGas cannot meet CPUC-mandated design criteria without Aliso Canyon
- » 100% utilization of the receipt points, which is not typical and has ranged between 60-80% in the past
- » All pipelines, compressor stations, and other storage fields in service with no outages
- » Changed balancing rules were successful through financial incentives to have customers align supplies with usage
- » Assumed no issues with availability of supplies
- » Electric Balancing Authorities determined they can maintain grid reliability after required gas curtailments
- » Gas curtailments could affect other customers

About the Action Plan

Findings

- » SoCalGas cannot meet its CPUC-mandated design criteria without Aliso Canyon
- » Customers in Southern California may experience natural gas and electricity supply shortages
- » Hydraulic modeling is needed to examine details not discernable in the gas balance

Concerns

- » Use of system balance analysis
- » Contradicts the Technical Report
- » References our actions with regards to Line 3000
- » Push for natural gas demand response
- » Data from advanced meters
- » Core balancing assumptions

Western U.S. Natural Gas Pipeline System



- » 90% of natural gas used in Southern California produced outside of the state
- » We are at the end of the pipeline
- » Our system was designed to serve our customers through a network of pipelines *and* storage fields
- » Natural gas storage protects against shortages and allows regional energy independence

This schematic is illustrative and represents a high-level overview of the pipeline systems.

Winter Usage of Aliso Canyon

» Between 2012 and 2015, SoCalGas customers relied on natural gas withdrawals from Aliso Canyon on **84 percent** of “winter” days.

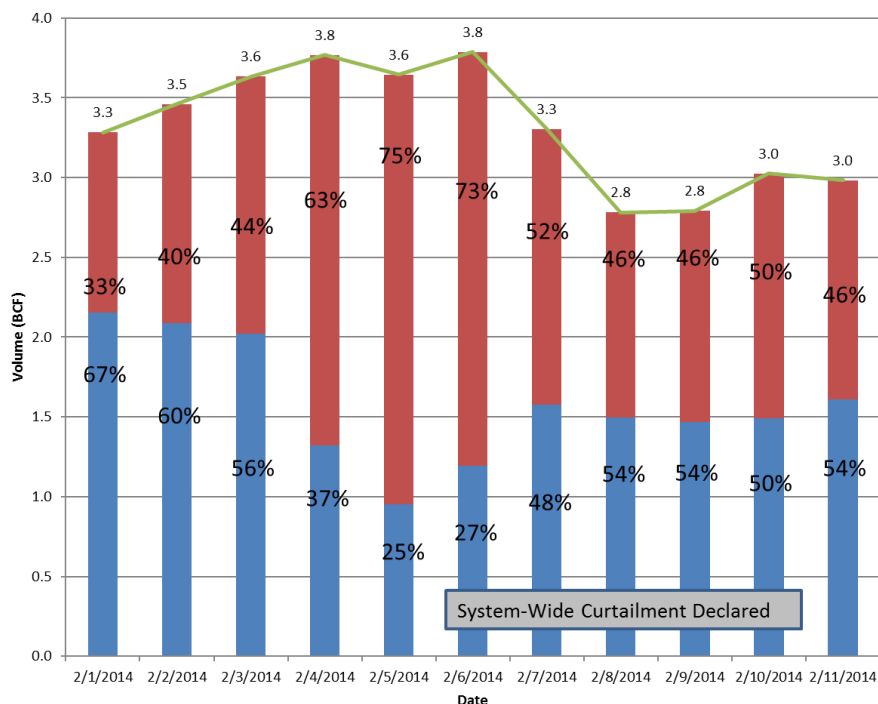
» “Using the gas stored in Aliso Canyon is very important to reducing the risk of gas curtailments and electrical service interruption this coming winter.”

- From the 3rd party independent review

JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
31	21	18	7	3	6	13	18	12	12	26	31	198

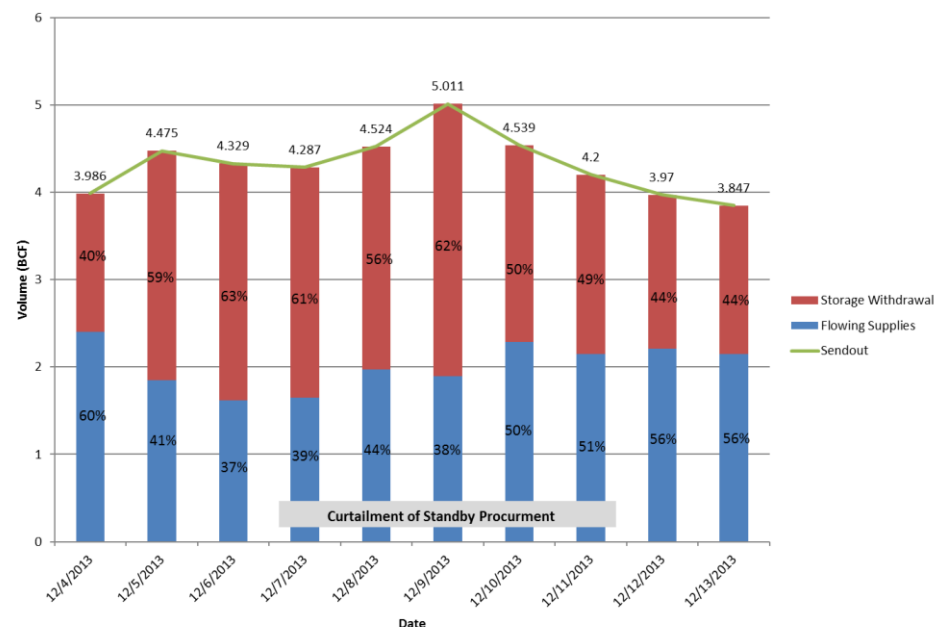
Storage Utilization During Winter Upsets

Up to 75% Storage Utilization - February 2014



» Even with more aggressive balancing rules, well freeze-offs and issues upstream of the SoCalGas System may still require reliance on Storage assets to meet demand

December 2013



Restoring Aliso Canyon

- » Both the summer and winter action plans recognize the need to bring Aliso Canyon back online to support regional energy reliability
- » Well inspections continue in compliance with the Division of Oil, Gas, and Geothermal Resources' (DOGGR) Order 1109 and as required by SB 380
- » 18 wells have received final DOGGR approval
- » DOGGR and California Public Utilities Commission must certify field is safe before injections can begin
- » The goal is to resume full operations as soon as possible



Restoring Aliso Canyon (continued)

- » Use of operational enhancements and tools to monitor field operations:
 - Tubing-only flow well configuration
 - Daily infrared video scanning
 - Continuous pressure monitoring
 - Implemented Air Quality Notification Plan



Questions?

» Thank you for your time and attention.

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