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Comment Received From: Tiffany Roberts

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Western States Petroleum Association comments on Aliso Canyon Winter Plan

Additional submitted attachment is included below.



Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Catherine H. Reheis-Boyd
President

September 8, 2016

The Western States Petroleum Association thanks you for the opportunity to comment on the *Aliso Canyon Gas and Electric Reliability Winter Action Plan* (the companion to an assessment that examined summer reliability issues presented earlier this year). The ability to inject and produce natural gas from the Aliso Canyon facility is critical to the maintenance of reliable energy supply throughout Los Angeles and Orange Counties. Both the summer and winter plans demonstrate that simply decommissioning Aliso Canyon would place all of Southern California at risk of a severe disruption of electricity and natural gas supplies. As customers of the natural gas and electric utilities, we are critically concerned about the reliability of energy supplies.

Service outages, whether gas or electric, will have significant economic consequences and, in some cases, further risk public safety. Steady supplies of natural gas and electricity are necessary and integral components of the management of refineries. The Western States Petroleum Association and its members who operate refineries and other facilities are particularly concerned about the impact any service outages may have on the state's transportation fuel supply – 60% of which is produced in the LA Basin. The availability of gasoline, diesel fuel and aviation fuel is critical to ensuring public safety and health. These fuels are used by police vehicles, ambulances, fire trucks, the military, etc. Virtually all of these customers currently defined as “essential use” are not only consumers of electricity. They are also consumers of transportation fuels. Without these fuels, their ability to operate would be seriously impaired. In addition, rapid shutdown of a refinery can result in excessive flaring and can destabilize refining operations, thus presenting potential safety concerns.

During the electricity crisis in January of 2001, California experienced significant shortages of gasoline, aviation fuel, and diesel fuel caused by the interruption of electric service to terminals and pipelines transporting these fuels to market¹. Frequent interruptions over a period of several days resulted in several pipeline companies being unable to deliver refined products. Production of

¹ AB X1 57 (Dutra)—Committee Analysis, <http://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml>.

gasoline, diesel and jet fuel was curtailed at more than half of the state's refineries due to an inability to transport these products through the distribution system. Based on that experience, we understand that the threat that Aliso Canyon poses to the state's transportation fuel supply is serious.

The most responsible and effective solution to Aliso Canyon will require that all stakeholders do their part to mitigate the risks of natural gas and electric service disruption while safely and incrementally returning Aliso Canyon to full operation. WSPA supports the prompt return of Aliso Canyon to service to the extent it can be done safely. Regulators should continue to explore all alternatives, especially the partial or incremental return to service, and commit all necessary resources to achieve this goal.

WSPA and its member companies have worked and will continue to work collaboratively with the Energy Commission to better understand the implications that the Aliso Canyon issue poses to refining in southern California. We welcome that collaboration and believe that such risk evaluation must also be accompanied by comprehensive monitoring of electricity and natural gas supply to ensure that regulators can effectively forecast any possible reliability issues that could impact transportation fuels. We recommend that to the extent possible, the state should increase their forecasting capacity in order to reduce the risk associated with potential curtailments.

We look forward to continued dialogue with you on this important matter. If you have any questions, please contact me at this office, or Tiffany Roberts of my staff at (916) 325-3088 or by e-mail at: troberts@wspa.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cathy A. Boyle".