

DOCKETED

Docket Number:	16-IEPR-02
Project Title:	Natural Gas
TN #:	213612
Document Title:	Environmental Defense Fund Comments on Alison Canyon Winter Reliability
Description:	N/A
Filer:	System
Organization:	Environmental Defense Fund/Timothy O'Connor
Submitter Role:	Public
Submission Date:	9/9/2016 5:17:15 PM
Docketed Date:	9/12/2016

Comment Received From: Timothy O'Connor

Submitted On: 9/9/2016

Docket Number: 16-IEPR-02

EDF Alison Canyon Winter Reliability Comments

Please see attached document

Additional submitted attachment is included below.



Finding the ways that work

September 9, 2016

Commissioner Weisenmiller
Chair, California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Michael Picker
President, California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Comments of EDF on Aliso Canyon Gas and Electric Reliability Winter Action Plan

Dear Mr. Weisenmiller and Mr. Picker,

Please accept these comments from Environmental Defense Fund on the Aliso Canyon Gas and Electric Reliability Winter Action Plan. EDF has reviewed the plan and technical assessments and appreciates the opportunity to comment as part of the Joint Agency Workshop on Aliso Canyon for Local Energy Reliability for the Winter of 2016 to 2017.

While the comments below outline four recommendations for elaboration and suggestions for additional work, we want to underscore the marked improvement in both transparency and readability of both of these reports as compared to the first set of action plans released earlier this summer. EDF also strongly supports the Commissions' use of independent 3rd party experts for review of the hydraulic analysis to ensure a higher degree of public confidence and diversity of opinion about what the data shows.

Since the summer reliability workshop, like many others EDF has been active in the pursuit to understand the scope and breadth of the problem facing Southern California that Aliso Canyon has brought to light. We've met with numerous stakeholders to understand the energy system's response on peak days during the summer without Aliso; filed detailed comments with DOGGR on the natural gas storage regulations; reviewed much of the inspection materials associated with Aliso Canyon field and wells; filed comments at the CAISO in response to the market rule changes being proposed in response to Aliso Canyon; filed comments at the CPUC on demand response programs and Integrated Resource Plans; filed comments at FERC in response to the balancing rules and flexible ramping product currently proposed by the CAISO; and will also be participating at the upcoming FERC technical conference on Aliso Canyon next week.

From this vantage point, EDF is in a unique position to offer some insights and perspectives on this Winter Action Plan. And from this view, it is clear that while the plan hits many of the high notes for short term reliability, it can still be improved in four distinct ways.

- 1) As mentioned by several presenters at the reliability workshop, the plan does not purport to require additional or transparent regular reporting on weatherization programs and efficiency efforts being performed by utilities – in particular So Cal Gas – including program subscription rates and amounts of gas saved. While the report discusses creating new demand response programs for natural gas, it doesn't require some the most basic of gas burn reduction efforts to be completed by SoCalGas – a requirement which would allow for the direct comparison of SoCalGas' efforts against other utilities. The public, policy makers and local governments need this information available in accessible, transparent reports to know where additional efforts and public outreach can increase participation rates.

As an indicator of the type of transparent reporting possible, one should look at recently reported data by Southern California Edison – released on May 1 for 2016, showing that energy savings assistance programs was undersubscribed in 2015 by over \$20 million, and failed to touch over 30,000 homes for which the utility was authorized. After extensive research, we can find no such reporting on the gas side.

2015 Energy Savings Assistance Program Summary			
2015	Authorized / Planning Assumptions	Actual	%
Budget	\$72,736,630	\$51,331,186	71%
Homes Treated	87,389	54,127	62%
kWh Saved	33,504,938	28,285,308	84%
kW Demand Reduced	7,539	4,416	59%
Therms Saved		N/A	

- 2) While the workshop and Action Plan focuses on things that can be done in the short term to enhance reliability this winter, the Action Plan misses a major opportunity to engage the public and industry in a conversation about more holistic market rule changes (such as that currently underway at CAISO in the Flexible Ramping Product proceeding) which are needed to ensure price formation and investments that can lead to increased diversity of clean energy resources that reduce overreliance on gas supply. As the speedy and impressive deployment of large scale battery systems in Southern California over the last 6-months has demonstrated, these technologies are on the shelf and ready to be deployed right now – meaning California can expect rapidly scaled investment and deployment once the market rules are revised.
- 3) Since the summer reliability workshop, significant work has been performed by the CPUC and the Air Resources Board (in addition to DOGGR) to ensure the safe and environmentally protective operations of oil and gas facilities, including SoCalGas's other storage operations in the basin. These proposed regulations include surface leak detection requirements which can potentially yield early detection of subsurface leakage problems – problems which could otherwise impact regional energy reliability (by shutting down another storage field) if not corrected. As a clear example, just months ago, PG&E shut down its McDonald Island facility after discovering small gas leaks – leading to the

discovery of eight leaking gas storage wells. PG&E corrected the problem and brought the facility back on line in early August – in short, it appears they caught it early.

Unfortunately though, new rules proposed by CARB for leak detection at gas storage facilities are being challenged by gas SoCalGas – who stated in a July 18 letter to CARB that proposed rules for storage fields should be delayed, that leak detection shouldn't be as frequent, that only larger leaks should be fixed – leaving the small leaks to continue at will. Based on this reaction by the gas company, we recommend the reliability report include a discussion of need to finalize leakage detection standards currently under development at CARB without delay – especially at gas storage operations. These standards will protect against further problems at Aliso Canyon and the resultant reliability disruptions that may accrue as a result of further catastrophic incidents.

- 4) Finally, while the plan and reliability analysis does a nice job of discussing the dynamics of the energy system and how power imports can help alleviate some in-basin generation constraints, it doesn't discuss the environmental implications associated with those imports. As California imports electricity to make up for in-basin generation shortfalls, evidence shows coal-fired power plants in other states have been increasingly utilized – meaning the Aliso Canyon failure and the regional energy system overreliance on natural gas is now leading to climate and air pollution out of state – a result that undermines the state's climate progress. Some context setting in the report would be helpful for pointing this out – and will lead to an important discussion of the need to diversify towards higher in basin use of in clean energy resources.

Thank you for your time and consideration of these points. EDF looks forward to continuing the dialogue in the months ahead as California continues to respond to the incident at Aliso Canyon and the attendant reliability concerns it has raised for all Californians.



Timothy O'Connor
Senior Attorney and Director
Environmental Defense Fund