

DOCKETED

Docket Number:	17-IEPR-01
Project Title:	General/Scope
TN #:	221725
Document Title:	Comments of Gill Ranch Storage, LLC on 2017 Draft Integrated Energy Policy Report
Description:	N/A
Filer:	System
Organization:	Ann L. Trowbridge
Submitter Role:	Applicant Representative
Submission Date:	11/13/2017 11:26:09 AM
Docketed Date:	11/13/2017

Comment Received From: Ann L. Trowbridge

Submitted On: 11/13/2017

Docket Number: 17-IEPR-01

Comments of Gill Ranch Storage, LLC on 2017 Draft Integrated Energy Policy Report

Additional submitted attachment is included below.



GILL RANCH STORAGE®

November 13, 2017

David A. Weber
President and CEO
Tel: 503.220.2405
Fax: 503.721.2490
Toll Free: 1.866.537.9245
E-mail: dweber.nwngs@nwnatural.com

SENT VIA U.S. & ELECTRONIC MAIL [docket@energy.ca.gov]

Chair Robert B. Weisenmiller
Lead Commissioner
2017 Integrated Energy Policy Report
California Energy Commission
1516 Ninth Street, MS-31
Sacramento, CA 95814

Re: Comments of Gill Ranch Storage, LLC on *2017 Draft Integrated Energy Policy Report*, Docket No. 17-IEPR-01

Dear Chair Weisenmiller:

Gill Ranch Storage, LLC (“GRS”) appreciates the opportunity to provide comments regarding the *2017 Draft Integrated Energy Policy Report* (“IEPR”).

GRS is an Oregon limited liability company formed in 2007 for the purpose of developing the Gill Ranch Gas Storage Facility (“Facility”), located primarily in Madera, California. GRS owns a 75% undivided interest in the Facility, and Pacific Gas and Electric Company (“PG&E”) owns a 25% undivided interest. The California Public Utilities Commission (“CPUC”) granted GRS’ and PG&E’s consolidated applications for certificates of public convenience and necessity on October 29, 2009, in Decision (“D.”) 09-10-035. With that Decision, GRS became the third independent storage provider (“ISP”) to enter California’s competitive natural gas storage market.¹ GRS is the operator of the Facility, which began commercial operation in October 2010.

GRS has carefully reviewed Chapter 8 of the *Draft IEPR* relating to Natural Gas Trends and Outlook, including the section on natural gas infrastructure. The *Draft IEPR* appropriately recognizes the constraints on the flow of natural gas on peak demand days that can result from the difference between interstate and intrastate pipeline capacity, along with the potential impacts of unexpected changes in weather and temperature on demand. The *Draft IEPR* also

¹ Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. entered the market before GRS. (D.97-06-091 (WGS) and D.00-05-048 (LGS).) Central Valley Gas Storage, LLC is the fourth ISP to provide natural gas storage service in California. (D.10-10-001.)

appropriately recognizes that “[n]atural gas storage plays an important role in satisfying demand requirements.”²

The *Draft IEPR* points out that the recent leak at the Aliso Canyon storage facility, and a low-level leak at PG&E’s MacDonal Island storage facility, have focused attention on safety at storage facilities. In response to the Aliso Canyon incident, the CPUC presently is conducting an investigation to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility, and the California Council on Science and Technology is preparing a report on natural gas storage issues relating to California’s energy future and the environmental impact of natural gas production and storage, as well as the linkages between gas storage, California’s current and future energy needs, and greenhouse gas emission reduction goals.

While GRS agrees that the above topics must be included in any analysis of California’s natural gas outlook, GRS recommends that additional relevant factors also be considered. For example, natural gas-fueled generation will continue to play a role in integrating renewables over the foreseeable future, as large-scale storage technologies, and potentially other integration mechanisms, are further developed and refined.³ Additionally, existing natural gas infrastructure will continue to be necessary and useful as sources of biogas that meets pipeline quality requirements are developed.

Natural gas storage has played and can continue to play a critical role in ensuring a reliable, accessible, and cost-effective supply of natural gas for Californians. To the extent the use of Aliso Canyon is reduced, the ISPs can play a bigger role supporting renewables integration and providing continuity and certainty for California gas customers. As noted in the *Draft IEPR*, the ISP facilities have a combined working gas capacity of 106 Bcf. In order to make the best use of the ISP facilities, which are located in northern California, the existing interconnection between the PG&E and the Southern California Gas Company (“SoCalGas”) pipelines located at Wheeler Ridge would have to be expanded or a new interconnection developed between the interstate system serving SoCalGas and the PG&E system.

Maximizing the use of the ISP facilities will also help mitigate the effect of the proposed new Division of Oil, Gas, and Geothermal Resources (“DOGGR”) regulations. Under the draft DOGGR regulations in their current form, storage operators may withdraw gas only through a well’s inner tubing, instead of through tubing plus the well casing, thereby resulting in a decrease in deliverability.

² *Draft IEPR*, p. 238.

³ *See Draft IEPR*, pp. 101-105 (discussing the use of natural gas generation to integrate renewables).

Notably, the ISP gas storage facilities do not raise the same safety issues as Aliso Canyon or other older investor owned utility facilities. The ISP facilities are located in rural areas. The ISP wells were specifically designed for natural gas storage use, and do not inject and withdraw through any older, repurposed production wells. ISP storage wells were all drilled recently (between 1999 and 2012) and thus represent the best well technology and design for each ISP storage project's individual geologic and geographic conditions. There is not presently any oil or gas production at ISP facilities that could adversely affect ISP storage wells. Finally, the ISPs, unlike the investor owned utilities, do not have captive rate bases for cost recovery; project owners are 100% at risk, and ISP rates are market-based.

GRS appreciates the CEC's consideration of these comments and respectfully requests that the *Draft IEPR* be modified to include discussion of the potential for an expanded role for the ISPs in backstopping any reduced use of the Aliso Canyon facility, including an expansion of the PG&E/SoCalGas interconnection.

Sincerely,



David A. Weber
President & CEO

cc: Heather Raitt [Heather.Raitt@energy.ca.gov]