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PG&E Comments on Energy Reliability in Southern California

Additional submitted attachment is included below.

Pacific Gas and Electric Company™

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California Energy Commission
Dockets Office, MS-4
Docket No. 19-IEPR-09
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket 19-IEPR-09: Pacific Gas and Electric Company Comments on the 2019 Integrated Energy Policy Report Joint Agency Workshop on Energy Reliability in Southern California

Pacific Gas and Electric Company (PG&E) appreciates the productive discussion sponsored by the California Energy Commission (CEC) and California Public Utilities Commission (CPUC) at the May 23, 2019, workshop as part of the 2019 Integrated Energy Policy Report (IEPR) proceeding.

PG&E would like to offer the following comments: i) high costs to electric customers associated with gas limitations is a significant risk; and ii) the most effective means of mitigating this price risk is through additional operational capacity.

i) High costs to electric customers associated with gas limitations is a significant risk
Through the numerous, thoughtful presentations, we understood that Southern California has sufficient tools in place to manage the reliability risk despite the numerous constraints on the SoCalGas system. This is well described in the Joint Agency presentation[1] and is due to the ability for electric generation to be dispatched down to minimum generation; the use of operational flow orders (OFO) to reduce demand and imbalances; and SoCalGas's ability to use Aliso Canyon as a resource of last resort. While these measures ensure reliability, they do not come for free; they have real costs to all Californian gas and electric customers. The CPUC, CEC, and CAISO should continue to monitor the use of these reliability measures (in particular OFOs and EFOs) to ensure that they are used effectively and that all customers (both electric and gas) are not inappropriately hurt by higher costs.

[1] *Exampli gratia*, slide 4 of the Joint Agency presentation titled: *Overall: Base Case Sufficient after July1 but with more outages generation faces curtailment risk.*

ii) The most effective means of mitigating this price risk is through additional operational capacity.

The workshop and its participants clearly demonstrated that the primary driver of the price risk to customers stems from SoCalGas's numerous constraints. While the CPUC has attempted to mitigate this price risk by modifying SoCal Gas's OFO structure,[2] PG&E remains uncertain whether this modification will effectively mitigate the price risk for consumers and believes that the changed OFO structure should be reviewed on an ongoing basis for its effectiveness. PG&E believes the most effective means of mitigating this price risk is through additional operational capacity.

Safety of all Californians must be a top priority. As stated in previous dockets[3], PG&E supports increased utilization of Aliso Canyon if it has met all the safety requirements mandated by the CPUC and the Division of Oil, Gas, and Geothermal Resources (DOGGR). Even temporary expanded use of Aliso through modification of the Aliso Canyon Withdrawal Protocol,[4] would likely do more to mitigate high and volatile gas prices in the SoCalGas service area than anything else. A corresponding reduction in the magnitude and volatility of electricity prices in the CAISO Balancing Authority Area should follow.

PG&E appreciates this opportunity to comment and looks forward to continued participation in this IEPR process.

Sincerely,

Meredith E Allen
Senior Director – Regulatory Relations

[2] CPUC D.16-12-016 in A14-06-021 and A14-12-017.
[3] CEC docket 18-IEPR-03
[4] The temporary expanded use could coincide with the new SoCalGas Summer OFO structure