

DOCKETED

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ITEM 4

CPUC Staff Presents Natural Gas Phase 2
transition analysis and timelines

Long-Term Gas Planning Rulemaking

How do we plan for a decarbonized future while ensuring energy reliability and protecting ratepayers?

October 15, 2021



California Public
Utilities Commission

Outline

- R.20-01-007 Proceeding Overview
- Track 2 Key Scoping Memo Issues
- Environmental Justice Stakeholder Outreach
- Questions

Long-Term Gas Planning Rulemaking

1A

System Reliability Standards

Establish minimum system requirements and ensure gas utilities consistently meet those standards and provide reliable gas service

1B

Market Structure and Regulations

Mitigate the risk that gas supply shortages pose to gas and electric reliability and prices

2

Long-Term Natural Gas Policy and Planning

Ensure safe, reliable, and affordable energy in a time of declining fossil gas throughput

Track 2

- The Scoping Memo was issued on October 14 and includes questions related to the following issues:
 - Gas Infrastructure
 - Safety
 - Data
 - Process
 - Gas Revenues and Rate Design
 - Workforce Issues

Parties to the proceeding may comment on the Scoping Memo and suggest changes. Opening Comments are due November 2. Reply Comments are due November 12.

Gas Infrastructure

How should the CPUC determine the appropriate gas infrastructure portfolio for a decarbonizing future?



- **Transmission** pipelines are similar to highways:
 - Carry large amounts of gas long distances at high pressure
 - Decommissioning impacts a large region
- **Distribution** pipelines are similar to city streets
 - Carry smaller amounts of gas shorter distances at lower pressure
 - Decommissioning impacts a local area

Gas Infrastructure

Key issues:

1. Criteria for when aging pipelines should be repaired, replaced, or taken offline.
2. Priority for decommissioning distribution lines:
 1. Community characteristics
 2. Cost savings
 3. Pipeline safety
3. Consideration of non-pipeline alternatives.
4. Infrastructure needs of customers who are likely to remain on the gas system the longest.

Workshops on these issues will be held on January 10 and 24, 2022.

A decision is expected in September 2022.

Safety

- Gas utilities must comply with state and national regulations.
- Key issues:
 - Should the Commission prioritize decommissioning infrastructure with costly safety requirements?
 - What should the process be for de-rating a transmission pipeline to a distribution pipeline?

A workshop on Safety, Data, and Process issues will be held in October 2022. A decision on Track 2.2 is expected in mid-2023.

Data and Process

- Consideration of changes to utility gas demand forecasting such as:
 - The type of data needed from utilities to assist decisionmakers and stakeholders in long-term gas system planning.
- Should the gas utilities be required to submit a decarbonization plan with a 10-year outlook on a regular schedule?
- Should policy decisions made in this proceeding be reevaluated over an established time interval or in the face of changing conditions?

Cost Allocation and Rate Design

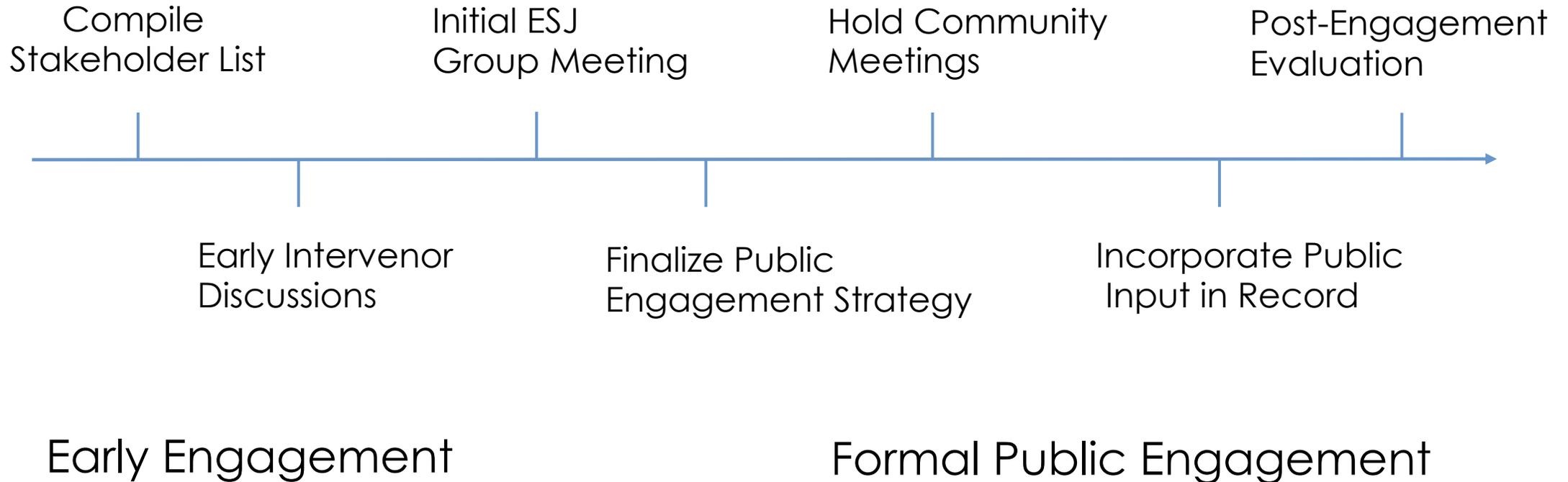
- Mitigation of affordability issues:
 - Should gas rate design and cost allocation methods be changed due to declining fossil gas throughput?
 - Consideration of new financial tools to balance costs between current and future ratepayers.

Cost Allocation, Rate Design, and Workforce issues will be addressed in Track 2.3, likely in 2023.

Workforce Issues

- Consideration of potential negative impacts on gas industry workers from the transition away from gas.
- Types of retraining that should be made available to gas utility employees to provide high road employment.
- Ensuring that gas workers in disadvantaged or low-income communities have equitable access to retraining.

Proposed Engagement Plan



Where We Are Now





Stakeholder List

- Over 70 organizations are expected to have an interest in the proceeding based on organizational goals, population or region represented, and/or interest in natural gas and related proceedings.
- Includes statewide and regional ESJ organizations, past intervenors, thought leaders, environmental groups, and local governments.

Early Intervenor Discussions

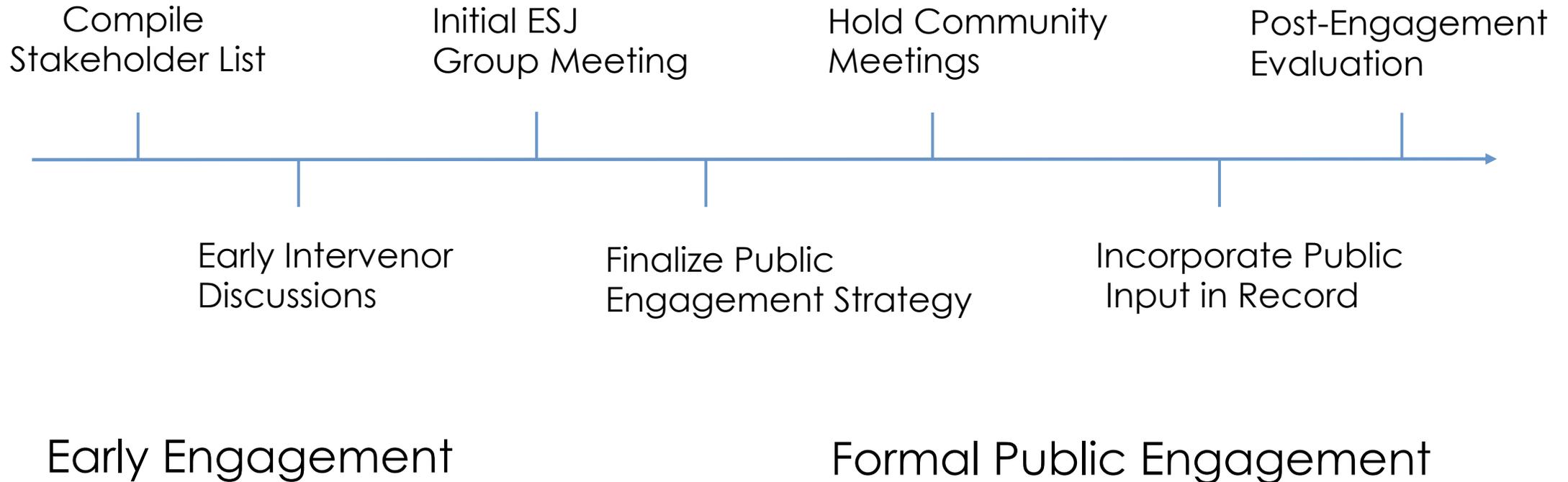
- Early discussions with intervenors and others with knowledge of the ESJ community in order to scope engagement strategy.



Initial ESJ Group Meeting

- Discussion with statewide and regional ESJ groups.
- Aim is to identify those interested in the proceeding and the best means to assist them and incorporate their views.
- Intend to also get their views on community meetings and public engagement strategy for formal public engagement.

Proposed Engagement Plan



Questions?

Appendix Slide

Background: Storage

- **Storage** is like a bank account
 - Intraday demand ~ checking
 - Pipelines deliver the same amount of gas every hour; storage helps meet changes in intraday demand
 - Seasonal demand ~ savings
 - Allows gas to be bought in the spring and fall when it is cheaper and used in the summer and winter when it is more expensive
 - Emergency fund
 - Provides gas when supply is disrupted. Examples:
 - Winter Storm Uri
 - El Paso interstate pipeline outage

Figure 10: December 15, 2015 – Demands & Supplies

