

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.

Investigation 17-02-002
(Filed February 9, 2017)

**CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
NOTICE OF EX PARTE COMMUNICATION**

April 23, 2021

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On Behalf of the
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Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, the Center for Energy Efficiency and Renewable Technologies (CEERT) hereby timely gives notice of an ex parte communication.

The communication was oral and written and took place at 4:00 p.m. on Tuesday, April 20, 2021, by Webex provided by the Commission's office at 505 Van Ness Avenue, San Francisco, California 94102. The meeting lasted approximately 40 minutes.

The communication was initiated by Sara Steck Myers, Chief Regulatory Attorney for CEERT, for an equal time ex parte meeting with Commissioner Martha Guzman-Aceves. Also present at the time of the communication were the following: Jonathan Koltz, Chief of Staff for Commissioner Guzman-Aceves; Maria Sotero and Kerry Fleisher, Energy Advisors for Commissioner Guzman-Aceves; V. John White, CEERT Executive Director; James H. Caldwell, Jr., CEERT Senior Technical Consultant; and Carleigh Osen, CEERT Policy Coordinator. No one else was present at the time of the oral communication.¹

¹ CEERT timely filed and served a Three Working Days' Advance Notice for this meeting on April 14, 2021.

Ms. Myers stated that the purpose of the meeting was to address CEERT's position on the modeling and scope of Phase 3 in I.17-02-002 (Aliso Canyon) and that a summary of that position had been sent by email to the Commissioner and her advisors, which written material is attached and incorporated hereto as Appendix A. Mr. Caldwell indicated that CEERT's position was also reflected in its Opening Comments on the workshop and analysis in Phase 3 of I.17-02-002 (Aliso Canyon) that had been filed this same day.

In this regard, following along the summary provided in Appendix A, Mr. Caldwell began with background on the analysis on ongoing need for the Aliso Canyon gas storage facility that took place in Phases 1 and 2 of this proceeding. Mr. Caldwell indicated that that work merely revealed that if nothing is done to reduce gas demand in the Los Angeles basin in the summer peak electricity demand peaks and the winter peak gas demand season that Aliso Canyon might still be required economically and for reliability. However, Mr. Caldwell pointed out that retaining the facility still creates risks, even with retrofits to improve its safety after the massive 2015 blowout at the facility.

In this vein, Mr. Caldwell stated that, with Phase 3 now underway, he did not dispute the conclusions reported by the consultants in "Workstream #1" that significant reductions in electricity and gas peak demands would be required to allow retirement of Aliso Canyon. However, he did contest the robustness of those findings where they were not based on a full 10-year historic record and required much better documentation of a quantitative finding of need based on that record.

Mr. Caldwell indicated that the "Workstream #2" scope reported at the March 30, 2021 Workshop in I.17-02-002 (Aliso Canyon) required a complete overhaul. In this regard, Mr. Caldwell identified the main deficiencies of this scope, among other things, as failing to include

scenarios responsive to the determination of need from Workstream #1, appearing to question the cost effectiveness of SB 350/SB 100 decarbonization efforts, and ignoring non-CPUC jurisdictional investments, whether made by private companies or municipal utilities.

To correct these errors, Mr. Caldwell stated that CEERT had several recommendations that would be facilitated by a Revised Scoping Memo to ensure an extension of the schedule to complete this work. In this regard, Mr. Caldwell urged that the Commission should make the work accomplished in Phase 3 Workstream #1 better documented and more understandable to the public. To that end, it was Mr. Caldwell's opinion that, among other things, the consultants should be directed to supply additional documentation in support of Workstream #1, including a full 10 year historic record of LA City Gate gas prices, receipt point utilization, Aliso injections/withdrawals, and SP 15 electricity spot prices, plus a full documentation as to how consultants took that record (including Phase 2 and intervenor comments to date) and arrived at the "resource gap" (determination of need) which would then become part of the record in this proceeding.

Mr. Caldwell further recommended that the Workstream #2 analysis look at a range of actions that could be taken or reasonably forecast, including closure of the Playa del Rey gas storage facility, the impact of existing SB 100 studies and pending investment plans on need, and early actions that could affect supply increases and demand reductions. According to Mr. Caldwell, such actions could include reserve sharing by all three "downstream" gas systems, industrial load curtailment during peak periods, and accelerated heat pump space heating fuel switching, among other things. Mr. Caldwell concluded that the focus of consultant modeling in Phase 3 should not be on attempting to remodel the cost effectiveness of State energy policy or investment plans by Los Angeles Basin entities, but rather on mapping the impact of those

policies and plans onto the determination of need that would allow the closure of Aliso Canyon and Playa del Rey.

Respectfully submitted,

April 23, 2021

/s/ SARA STECK MYERS

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APPENDIX A

I.17-02-002 (Aliso Canyon)
Center for Energy Efficiency and
Renewable Technologies (CEERT)
Ex Parte Meeting with
Commissioner Guzman-Aceves

April 20, 2021

Aliso Canyon Phases 1 and 2

CEERT's Opinion

- Phases 1 and 2 have taken almost four years to “document” the obvious: If you do nothing to reduce LA Basin gas demand in both the summer peak electricity demand season and the winter peak gas demand season, then Aliso Canyon is required for at least economics and probably reliability with a “reasonable” reliability standard.
- Because both the summer and the winter peaks are relatively rare events, it is VERY expensive to build pipeline infrastructure without storage to handle those peaks, then the system is still vulnerable to “upstream events” like the recent Texas polar vortex.
- Aliso Canyon itself is much safer after the retrofits following the massive 2015 blowout, but remains a non-zero risk to nearby residents. Playa del Rey along the Coast has higher risk factors than Aliso Canyon but is much smaller. The other two storage fields in the area (Honor Rancho and Goleta) have lower risk factors due to lower population density locations.

Aliso Canyon Phase 3

Workstream #1

- Consultants “completed” this work “in the dark” early this year without significant stakeholder input.
- CEERT, however, does not really contest the two principal findings:
 - The SoCalGas system can be balanced in normal operations w/o Aliso Canyon
 - Significant but not enormous reductions in both summer peak EG demand and winter peak building heat demand are required to allow retirement of Aliso Canyon
- These findings need better public documentation;
 - Full 10 year historic record
 - Better documentation of quantitative “finding of need” (called “resource gap” by Consultants)

Aliso Canyon Phase 3

Workstream # 2

- Was scheduled to be presented as “draft final results” in late spring. March 30 workshop scheduled after Workstream # 2 was developed “in detail” but before actual modeling occurred.
- Workstream # 2 needs a complete overhaul
 - Scenarios need to at least consider changes that are responsive to the determination of need from Workstream 1 (significant reduction in both summer and winter peak gas demand).
 - Cannot be used to “relitigate” or call into question SB 350 decarbonization efforts.
 - Totally ignores non-CPUC jurisdictional investments whether private or municipal utility generated.

Aliso Canyon Phase 3

CEERT Recommendations

- Allow party comments (today w/ Reply on 4/27), supply additional documentation of findings plus full 10 year historic record. Then enter into the record as basis for Workstream #2.
- Add Playa del Rey closure to Scope.
- Use Workstream #2 to “map” existing SB 350 studies and pending investment plans to the determination of need. Do NOT perform “cost/benefit analyses.”
- Consider “soft” approaches to supply increases/ demand reductions as early actions. (e.g.)
 - Reserve sharing pool w/ PG&E/Costa Azul.
 - Industrial load curtailment (EOR and refineries) during peak demand periods.
 - Accelerated heat pump space heating fuel switches
- Requires Revised Scoping Memo, schedule extension.