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)

REPLY OF SOUTHERN CALIFORNIA GAS COMPANY TO RESPONSES TO THE INDICATED SHIPPER'S PETITION FOR MODIFICATION OF D.20-11-044

AVISHA A. PATEL
SETAREH MORTAZAVI

Attorneys for

SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, Suite 1400
Los Angeles, California 90013
Telephone: (213) 244-2954
Facsimile: (213) 629-9620
E-mail: APatel@semprautilities.com
SMortazavi@semprautilities.com

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Pursuant to Rule 16.4(g) of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and Administrative Law Judge Zhen Zhang's May 28, 2021 Ruling permitting Replies, Southern California Gas Company ("SoCalGas") hereby submits its Reply to the Responses to the Petition of the Indicated Shippers for Modification of Decision ("D.") 20-11-044 ("Interim Decision") ("PFM").

I. SOCALGAS AGREES WITH TURN AND SCE THAT THE COMMISSION SHOULD GRANT THE PFM

SoCalGas' storage fields are important system tools. Storage field withdrawals help meet peak demand conditions and provide additional supply when system demand exceeds supply. Storage field injections help provide system flexibility by allowing gas to be injected when supply exceeds demand. Both withdrawal and injection capabilities are a factor of storage inventory, which is why inventory must be closely watched and managed throughout the year. When storage inventory is at higher levels, withdrawal capabilities are increased – enabling higher levels of withdraw for greater periods of time. This helps meet demand, increases system resiliency, and mitigates the need for operational flow orders. When a storage field is full, that

fields injection capacity is no longer available, which restricts system flexibility, can lead to more operational flow orders (OFO), and reduces the ability to inject more gas into the remaining storage fields by lowering overall system capacity. As such, if approved, the PFM's request to increase available storage inventory would enhance future withdrawal and injection capabilities.

The Utility Reform Network ("TURN") strongly supports the request of the PFM to increase the interim storage level authorized for the Aliso Canyon natural gas storage field.[1] SoCalGas agrees with TURN that the Energy Division Staff's Phase 2 Modeling Report provides additional evidence that warrants increasing the interim storage level at Aliso Canyon.[2] As TURN notes, additional gas storage in Aliso Canyon would provide valuable insurance against potential gas and electric reliability problems and price spikes.[3]

TURN highlights the consequences of an extreme event—the likelihood of which is exacerbated by drought conditions—such as increased gas and electric prices and gas curtailments for noncore customers and electric generators, and significant negative impacts on residential customer health and safety if gas-fired electric generation is curtailed, in addition to potential economic impacts due to spikes in electric and gas prices.[4] Thus, as TURN explains and SoCalGas agrees, the Commission should increase the authorized interim level of gas at Aliso Canyon.[5]

[1] TURN Response at 1 (TURN strongly supports the PFM's request but does not opine on the exact amount that should be authorized for the higher interim storage level.).
[2] *Id.* at 2.
[3] *Id*.
[4] *Id*.
[5] *Id*.

Southern California Edison Company ("SCE") correctly notes that Aliso Canyon supports the ability to provide cost effective and reliable electric service to its customers.[6] SCE explains that, given the risks associated with a heatwave event and tight capacity conditions that California is experiencing, the risk to reliability, increased costs to customers, curtailment for noncore customers, and tighter balancing requirements justify the Commission modifying D.20-11-044 to increase the storage inventory as expeditiously as possible.[7] As SCE highlights, D.20-11-044 set interim storage levels based upon analysis of short-term conditions that no longer exist.[8] The Commission published the most recent 715 Report, which is intended to provide analysis of what is required to manage Southern California gas reliability over the *short term*, on July 2, 2018;[9] thus, the Commission's interim storage inventory level is based upon conditions that were present approximately three to four years ago.[10] As SCE explains, heatwave and tight capacity conditions have changed the short-term conditions that the 2018 715 Report was designed to address and, therefore, the 715 Report's short-term recommendation for 34 Bcf of storage inventory is not based upon existing circumstances. Put plainly, the 34 Bcf level is based upon stale information that does not adequately address current conditions affecting the intertwined gas and electric system.[11] Notably, the Protect Our Communities Foundation ("PCF") also recognizes that—the July 2018 715 Report's information is outdated.[12]

SoCalGas also agrees with SCE that D.20-11-044 asserted that the interim 34 Bcf storage inventory level was appropriate only until the Commission issued its Phase 2 Modeling Report,

[6] SCE Response at 1.
[7] *Id.* at 2.
[8] *Id*.
[9] *Id.* at 3.
[10] *Id*.
[11] *Id.* at 2.
[12] PCF Response at 5.

which was issued four months ago.[13] Moreover, even as the Phase 2 Modeling Report relies on overly optimistic assumptions, it still supports the PFM's request to update the interim storage inventory capacity.[14] Similarly, SoCalGas's April 1, 2021 Technical Assessment supports the need to modify the inventory level at Aliso Canyon.[15] Thus, SoCalGas agrees with SCE that the Commission should increase the storage inventory to align with the Energy Division's recommendation and to address current conditions, as expeditiously as possible.[16]

II. PCF AND ISSAM NAJM'S RESPONSES FAIL TO JUSTIFY DENYING THE PFM

A. PCF and Issam Najm Introduce Issues Out-of-Scope and Contradictory to the Purpose of this Proceeding

Issam Najm contends the Commission should dismiss the PFM because it is not aligned with the goals of the State of California and requests from elected representatives to eliminate the Aliso Canyon facility.[17] Separately, PCF continues to reference Governor Newsom's letter to support their position that the Commission should cease using the facility as quickly as possible, without consideration of reliability or affordability impacts. First, the Commission opened this proceeding pursuant to Senate Bill 380 (California Public Utilities Code Section 714 [Section 714]) to determine the *feasibility* of minimizing or eliminating the use of Aliso Canyon while maintaining energy and electric system reliability. Consistent with Section 714, the Assigned Commissioner identified two issues to be addressed in Phase 2 of this proceeding: (1) "the impacts to system reliability and on electric and gas rates of reducing or eliminating the use of Aliso Canyon Natural Gas Storage Facility," and (2) based on those impacts, whether "the

[13] SCE Response at 3.
[14] *Id.* at 3-4.
[15] *Id.* at 4.
[16] *Id*.
[17] Issam Najm Response at 1.

Commission [should] authorize the reduction or elimination of the use of the Aliso Canyon Natural Gas Storage Facility, and if so, under what timeframe and parameters."[18] Moreover, the purpose of Phase 3 of this proceeding is to engage parties and an expert consultant in developing scenarios to examine resources and infrastructure, including renewable and low-carbon generation, energy efficiency, electric storage, demand response, and new gas transmission pipelines, that could be implemented to replace the Aliso Canyon field within two different planning horizons: 2027 and 2045.[19] In other words, what Issam Najm and PCF advocate for is already in consideration. Moreover, the instant PFM only seeks to modify the *interim* inventory level, based on new information and analysis, pending resolution of the proceeding. Second, PCF misleadingly states Governor Newsom directed the Commission to shut down Aliso Canyon to support its position that the PFM conflicts with Governor Newsom's directive;[20] however, this is taken out of context and ignores not only that Governor Newsom emphasized the need to maintain affordability and reliability but also that the very purpose of this proceeding is to assess how reductions to Aliso Canyon would impact reliability and affordability.

PCF also argues that increasing the inventory at Aliso Canyon will lead to less just and reasonable rates for Californians because it will amplify the costs and health consequences of climate change.[21] Issues cited by PCF and Issam Najm are outside the scope of this proceeding and have been, or are being, addressed by other State agencies, in State court, or in other proceedings before the Commission. These matters include: [22]

[18] Assigned Commissioner's Phase 2 Scoping Memo and Ruling at 2.
[19] Assigned Commissioner's Phase 3 Scoping Memo and Ruling at 3.
[20] PCF Response at 2-3.
[21] *Id.* at 10-11.
[22] *See* OII at 8-9.

- Air quality concerns or impacts, with the exception of the impact of the Aliso Canyon facility on meeting SB 32 mandates.
- Any issues related to the cause of the natural gas leak or issues of culpability.
- Any costs associated with discovery, damage and resolution of the natural gas leak, including who will bear responsibility for those costs.
- Acute public health concerns as a result of the Aliso Canyon gas leak.
- Any and all other issues outside of the jurisdiction of the Commission or that are or will be addressed through other Commission actions or proceedings.

PCF's comments are clearly outside the scope of this proceeding, so they are not refuted in detail, but to be clear, SoCalGas refutes each one of PCF's wholly unsupported allegations. As SoCalGas has previously explained, a flexible, resilient, and capable gas system is necessary for widespread renewable deployment and achieving decarbonization goals. The gas system's role is becoming more critical as a supplementary and complementary service while a greater base of renewables is deployed. The intermittency of renewable electric generation, especially in the afternoon and the evening when the sun sets, requires alternative fuels and electric generation to fill the gaps. Natural gas and, in the future, clean gaseous fuels will play an important role in filling these gaps created by daily and hourly solar and wind generation intermittency.

Moreover, PCF's statements about the safety of the facility are flatly wrong. PCF has decided to substitute its own uninformed opinion against the California agency with the most experience regulating underground storage fields, California Geologic Energy Management Division ("CalGEM"). Pursuant to state statute, a multi-year comprehensive safety review of the field was completed in 2017. CalGEM certified that the field was safe to operate and stated that it had undergone one of the most comprehensive safety reviews of any field in the nation. The

Commission's Executive Director at the time, Tim Sullivan, concurred with CalGEM's conclusion that the field is safe.[23]

B. PCF Fails to Provide Support for Its Ratepayer Benefit Calculation

PCF continues to argue that the closure of Aliso Canyon will provide a ratepayer benefit of approximately $70 million per year.[24] Although PCF contends it has calculated "rate reductions" associated with the closure of Aliso Canyon, PCF fails to provide any real support for its calculations. Unlike the Energy Division's econometric modeling, PCF's estimate seems to be based solely on a sum of what Bill Powers in 2016 surmised was the cost of operating and maintaining Aliso Canyon. The Energy Division's modeling confirmed what SoCalGas has consistently stated—that reducing or eliminating Aliso Canyon increases price volatility, raises core customer gas bills, and increases energy costs.[25] Thus, PCF's comments are misguided and fail to recognize the significant economic impacts if Aliso Canyon is reduced or eliminated.

C. PCF's Comments Related to the Energy Division's Modeling Report Are Misguided

PCF argues that because of the errors and outdated assumptions used in the Modeling Report, the Commission must not rely on the report to establish new interim Aliso Canyon storage limits.[26] Specifically, PCF notes that the inaccurate assumptions led to an overstated need for storage and the PFM's conclusion that increased Aliso Canyon storage is needed.[27] As SoCalGas has previously explained, the Energy Division's Modeling Report concluded Aliso

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[23] *See* Joint Division of Oil, Gas, and Geothermal Resources and California Public Utilities Commission Open Letter (July 19, 2017), available at https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/OpenLettertoSoCalGasandPublic.pdf.
[24] PCF Response at 12-13
[25] *See* I.17-02-002: Phase 2 Reliability Modeling Report.
[26] PCF Response at 14.
[27] *Id*.

Canyon is necessary to maintain reliability and it recommended increasing Aliso Canyon's inventory levels to ensure reliability.[28] While SoCalGas agrees with the overall conclusion that Aliso Canyon is needed and provides value to ratepayers, as SoCalGas has repeatedly noted, the analysis remains optimistic, incomplete in assessing Aliso Canyon's value and role, and, in fact, further analysis would show an even *greater* need for Aliso Canyon.

PCF also continues to argue that if minimum local generation were used on just 34 days per decade, that Aliso Canyon could be shut down without affecting gas or electric system reliability.[29] Under the Minimum Local Generation (MinLocGen) Scenario modeled by the Energy Division, thermal electric generation in the SoCalGas system was curtailed down to the minimum needed to meet the Local Reliability Criteria according to the Federal Energy Regulatory Commission (FERC), with all other noncore subclasses curtailed. The MinLocGen Scenario produced "significant degradation to electric reliability in the summer and for all study years relative to the unconstrained scenario" as measured by Loss of Load Expectation (LOLE).[30] The MinLocGen Scenario also "increased electric production costs 3.3 percent, or about $121 million, relative to the Unconstrained scenario even though not all electric demand was met, due to increased dispatch of more expensive generation and imported electricity."[31] In addition, PCF provides that the Energy Division's Modeling Report stated that, when modeling the 1-in-35 year peak day design standard with minimum local generation, the hydraulic modeling simulations for winter in all years were successful without the use of Aliso Canyon.[32] This is simply misleading and incomplete. The 1-in-35-year peak day design standard assumes

[28] *See* I.17-02-002: Phase 2 Reliability Modeling Report.
[29] PCF Response at 13.
[30] I.17-02-002: Phase 2 Reliability Modeling Report at 11.
[31] *Id*.
[32] PCF Response at 13-14.

that all noncore customers are fully curtailed, and the Energy Division followed that with the exception of minimum local generation, when winter peak day demand scenarios were modeled without curtailing any customers, Aliso Canyon was needed. Seemingly, PCF is arguing that the Commission should find it acceptable that all noncore customers are curtailed – including electric generators (beyond that needed for minimum local generation), refineries, hospitals, airports, and others. This is neither reasonable nor consistent with a core tenet in this proceeding, namely that reliability is to be maintained.

Moreover, PCF goes on to conflate the Energy Division's effort with a separate analysis—the *2016 Aliso Canyon Winter Risk Assessment Technical Report*—that was not intended for the same purpose.[33] The modeling performed by Energy Division in Phase 2 of this proceeding was based on forecasted needs from the California Independent System Operator (CAISO) and the Los Angeles Department of Water and Power (LADWP) and was designed to meet FERC Local Capacity Area Resource Requirements for transmission reliability in the Los Angeles Basin. In contrast, the 2016 Technical Risk Assessment was prepared by the Staff of the California Public Utilities Commission, the California Energy Commission, CAISO, and LADWP, and was designed to only assess the upcoming season. LADWP and CAISO described the technical assessment seasonal minimum generation figure as follows:

> It is the absolute, extreme minimum that electricity generators must have to maintain electric reliability. This reduction in gas use from normal to minimum levels is effectively a curtailment of gas service to electricity generators. Replacing the generation that would have occurred with this gas means the electricity balancing authorities have replaced generation to other, less-desirable, and more expensive facilities in order to reduce their gas requirement and the stress on the gas system.[34]

[33] *Id.* at 20.
[34] Aliso Canyon Winter Risk Assessment Technical Report 2017-2018 Supplement (November 28, 2017) at 10, available at https://efiling.energy.ca.gov/getdocument.aspx?tn=221863.

Further, in acknowledgement of the various negatives and significant risks of operating at any seasonally identified minimum generation, subsequent Technical Risk Assessments included numerous caveats about the risks of relying on that seasonal minimum generation calculation that were lacking in the 2016 Technical Risk Assessment, for example:[35]

- To be clear, moving electric generators to minimum generation is not easy or desirable.[36]
- It means shifting generation to less desirable sources and, depending on notice timing and available resources, places both the California ISO and LADWP into one or more levels of Energy Emergency Alerts.[37]
- It is an accommodation [that] should be limited to extreme circumstances on the gas system.[38]
- The minimum gas burn by electricity generators calculated here is significantly lower than the electricity-generator gas burn under normal circumstances. It is the minimum that the balancing authorities must have to maintain electricity reliability.[39]

PCF's suggestion that the Commission rely on outdated and unrelated minimum generation figures to replace CAISO and LADWP forecasts designed to meet minimum reliability standards is irresponsible and jeopardizes energy reliability.

Second, the Energy Division's analysis included optimistic assumptions for levels of gas supply delivered to the SoCalGas system from the interstate pipeline. When assessing the adequacy of energy reliability, it is prudent to be conservative and assume realistic flowing

[35] *Id*.
[36] *Id*. at 5.
[37] *Id.* at 5-6.
[38] *Id.* at 6.
[39] *Id*. at 10.

supplies will be available--not the higher levels assumed by the Energy Division. For example, as SoCalGas has previously noted and explained, herein during the February 2021 cold weather event in Texas, flowing supplies fell to less than 50% of SoCalGas's receipt capacity.

Third, the Energy Division's analysis included optimistic inventory assumptions for SoCalGas's remaining storage fields. It is not reasonable to assume that SoCalGas's storage fields would be at maximum inventory levels through the peak winter demand months of January and February or during the middle of the summer injection season. The Commission's Phase 3 consultant in this proceeding has seemingly come to this same conclusion: "The Phase 2 analysis included an assumption for 90% storage inventory, resulting in 1,329 MMcfd/d in withdrawal capacity at the non-Aliso storage facilities. The balancing analysis indicates that winter storage inventories will fall below this level in each of Winter 2027/28 and Winter 2035/36. . . . At lower inventory levels, the amount of new infrastructure needed to facilitate Aliso's retirement increases. Within the range of possible adjustments, impacts to final findings could be large."[40]

Fourth, the Energy Division's analyses assumed no storage field or transmission pipeline outages beyond those already in effect (namely the pressure reductions on pipeline in SoCalGas's Northern and Southern Systems). As SoCalGas has previously commented, regulations require routine inspections of transmission pipeline and storage infrastructure as part of planned maintenance work. Further, when assessing system capabilities, it is reasonable to assume some level of unplanned outages to assess the capabilities of the system.

Finally, as noted above, PCF ignores that the Energy Division was not able to meet the 1-in-10-year cold day design standard without the use of Aliso Canyon.[41] This occurred even with

[40] Aliso Canyon OII Phase 3 Research, Workstream #2 Approach: Portfolios Framework and Research Methods, FTI Consulting at Slide 43.
[41] I.17-02-002: Phase 2 Reliability Modeling Report at 11 (1-in-10 winter simulations demonstrated that Aliso Canyon is necessary to provide gas reliability in the 1-in-10-year winter reliability condition.).

lower levels of gas-fired generation by relying on electric imports, which are expected to decrease; full pipeline receipts; unrealistic withdrawal capacities from SoCalGas's other storage fields; and no storage or transmission pipeline outages beyond those currently in effect. Based on their analysis, Energy Division concluded that Aliso Canyon is needed and recommended the inventory be increased.[42]

D. PCF Has Had an Opportunity to Be Heard and Formally Commented on the Energy Division's Reports

PCF argues that the disputes recognized by the Commission in D.20-11-044 have not yet been resolved and that the Commission cannot lawfully change the interim storage level without providing a full and fair opportunity to PCF to make its case. SoCalGas disagrees with PCF's premise. This ignores that PCF has had an opportunity to be heard. PCF provided formal comments on the Energy Division's Phase 2 Modeling Report. As SoCalGas has previously noted, D.20-11-044 states that "[t]he Energy Division's recommendations for higher inventory storage limits discussed at the October 15, 2020 workshop have not been finalized, issued as part of the Phase 2 reports, or formally commented upon by the parties" as the reason for why the recommendations were not used as the basis of an interim inventory storage limit at the time.[43] The Commission's production cost and hydraulic modeling have been completed, and the Commission has already provided an Aliso Canyon inventory recommendation.[44] Moreover, parties have now had an opportunity to formally comment on the reports as envisioned by D.20-11-044.

[42] *Id.* (The Feasibility Study showed the Aliso Canyon inventory levels needed for sustained cold periods. Aliso Canyon inventory of between 41.2 and 68.6 Bcf would be needed to ensure reliability depending on the pipeline capacity assumptions used.).
[43] D.20-11-044 at 14.
[44] I.17-02-002: Phase 2 Reliability Modeling Report at 84.

E. PCF's Argument that the Commission Should Reduce Rather than Increase the Storage Limit Is Misguided

PCF agrees that the July 2018 715 Report's information is outdated; however, PCF goes on to argue that recent information should lead the Commission to reduce the storage limit rather than increase the storage limit.[45] Specifically, PCF argues that the September 2021 expected completion date of Line 4000 remediation will increase flowing supplies and enable reduction of the existing storage limit.[46] PCF argues that after the Line 235 rupture, the 715 Report published July 2018 recommended the Aliso Canyon capacity be increased to 34 Bcf due to (1) continuing pipeline outages on the system; (2) consideration of the impact that declines in inventory at the non-Aliso storage fields have on their withdrawal capacity; (3) an examination of whether monthly 1-in-10 peak day demand can be met with forecasted storage inventory levels; and (4) limited injection capacity at the non-Aliso fields, which makes it difficult to inject gas into storage.[47] Although the Commission identified multiple reasons for increasing the inventory level to 34 Bcf, PCF suggests the pipeline outages are the sole reason the Commission increased the inventory level and that the Commission should lower the interim storage limit to 24.6 Bcf when both lines are back in service. This argument is fundamentally flawed. First, as noted, the Commission identified *multiple* grounds for why the inventory level was to be increased to 34 Bcf, including withdrawal and injection capacities at the non-Aliso storage fields. Second, PCF's Response inappropriately assumes these pipelines will be full or close to full operating pressure, resulting in the Northern Zone approaching its full rated capacity, since this information is not known at this time. Moreover, SoCalGas understands the Energy Division's Phase 2 Modeling included pipeline supply assumptions that correspond to some restoration of

[45] PCF Response at 5.
[46] *Id*.
[47] *Id.* at 6.

the Northern Zone and, notably, still found that the maximum level of inventory at Aliso Canyon should be increased.

PCF also argues that the price spike arguments in the PFM fail to account for Lines 235 and 4000 remediation and OFO rules.[48] Specifically, PCF argues that flowing pipeline capacity will dramatically increase for the 2021-2022 winter and the OFO structure will be in place for the winter, so the price spike issues identified in the PFM are unfounded.[49] SoCalGas operates four storage fields—Aliso Canyon, Honor Rancho, La Goleta, and Playa del Rey—as an essential part of an integrated transmission system. The system is prudently designed to mitigate pipeline outages and reductions on the SoCalGas system that may occur from time to time. For SoCalGas, underground natural gas storage is designed and intended to be a key mitigation measure by allowing a quick response to manage inevitable supply and demand mismatches. The Energy Division's Economic Analysis Report found that market volatility in 2018 was due to a combination of both pipeline interruptions and the State's restrictions on the use of Aliso Canyon. Specifically, the Energy Division stated that "the volatility and higher prices were caused by both the pipeline outages and the limitations on the use of Aliso Canyon, and not one or the other reasons in isolation."[50] Underground storage, in particular Aliso Canyon, enables the system to quickly respond to variable hourly and daily demand and supply, to serve as an on-system supply source to maintain service during both peak and prolonged high demand conditions, and to operate as a supply buffer to maintain and operate the system with contingencies to guard against the effect of maintenance and operational outages. Without the ability to fully use SoCalGas' storage assets as they were intended to be used, these pipeline

[48] *Id.* at 7.
[49] *Id.* at 10.
[50] I.17-02-002: Phase 2 Economic Analysis Report at 41.

outages have had a more noticeable impact on system operations and the market.[51] With regard to the OFO structure, price spikes are due to supply and demand issues, and the OFO process is to incentivize customers to bring in gas supply to meet its demand. Price spikes at SoCalGas Border and Citygate occurred this past February despite the current OFO structure approved in D.19-05-030. Furthermore, the OFO structure that was approved in D.19-05-030 will only remain in effect until October 31, 2021, unless modified by a subsequent Commission decision. The issue of whether to extend or make permanent the revised OFO structure is being addressed in Rulemaking (R.) 20-01-007.

F. The 2021 Arctic Blast Supports Increasing the Aliso Canyon Inventory Level

The system must be prepared for a scenario in which high gas demand within California is met with limited gas supply from outside California, such as the cold weather events in February 2021. In February 2021, Winter Strom Uri, an arctic blast, impacted large areas east of California, causing gas and power disruptions which led to extreme reliability degradation in Texas and prices to spike across the central United States. PCF mistakenly argues that the arctic blast fails to support increasing the Aliso Canyon inventory level. However, PCF seemingly ignores the upstream supply disruptions caused by the weather event.[52] In California, SoCalGas's Receipt Point Utilization (RPU) drastically decreased due to the conditions outside of California. Daily RPU in February dropped from a high of over 90% early into the month to as low as 47% during the event. Due to limited gas being made available at the border, the SoCalGas system was *heavily* reliant on storage withdrawals for support, evidencing the

[51] It should be noted that the pipeline interruptions and restricted use of Aliso Canyon should not be conflated as having the same limitations. The pipelines were not operational as a result of ongoing safety-related pipeline maintenance work. In contrast, whereas Aliso Canyon was operationally available, State policy restrictions limited its usefulness for mitigating system gas price volatility.
[52] PCF Response at 15-16.

importance of local natural gas storage. As system receipts fell, storage field withdrawals increased and accounted for *approximately 40% of system supply* on some days. In addition to the system's daily total demand variations, demand varied over the course of the day, sometimes drastically. SoCalGas also notes that California was fortunate in that it had mild temperature conditions during the 2021 arctic blast. However, if gas demand had also been high in California, the limitations on upstream supply and storage could have led to curtailments.

III. CONCLUSION

For the foregoing reasons, PCF and Issam Najm have not raised any pertinent arguments to oppose the Indicated Shippers' PFM, and the PFM should be granted expeditiously. SoCalGas appreciates the opportunity to provide this Reply to the Responses to the Indicated Shippers' PFM.

Respectfully submitted,

/s/ *Setareh Mortazavi*

Setareh Mortazavi

SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, Suite 1400
Los Angeles, California 90013
Telephone: (213) 244-2954
Facsimile: (213) 629-9620
E-mail: APatel@semprautilities.com
SMortazavi@semprautilities.com

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