

**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 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)

**THE JOINT COMMUNITY ADVOCATES, CONSUMER ADVOCATES, AND
ENVIRONMENTAL PARTIES REPLY COMMENTS ON THE PROPOSED DECISION
GRANTING IN PART AND DENYING IN PART THE JOINT PETITION FOR
MODIFICATION OF DECISION 21-11-008**

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TABLE OF CONTENTS

1. Introduction	1
2. Aliso Canyon remains unsafe.	2
3. The PD contradicts the purpose of the proceeding.	3
4. SoCalGas erroneously claims that The Utility Reform Network supports the PFM.....	4
5. The Commission appropriately declines to modify the Aliso Canyon Withdrawal Protocol.	4
6. The Commission should reject the PD.	5

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On July 28, 2023, the Commission issued a proposed decision (PD) that, if adopted, will increase the storage limit at Aliso Canyon from 41.16 Bcf to 68.6 Bcf.¹ Of the 27.44 Bcf of additional storage capacity, 27 Bcf would be reserved for the Unbundled Storage Program, 0.44 Bcf for load balancing, and 0 Bcf for Core customers.² On August 17, 2022, parties filed comments on the PD. Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the Joint Community Advocates, Consumer Advocates, and Environmental Parties submit the following reply comments on the PD. The joint parties include Dr. Issam Najm (Dr. Najm), The Protect Our Communities Foundation, the Center for Energy Efficiency and Renewable Technologies, and the Utility Consumers’ Action Network (“Joint Parties”).

1. Introduction

Several parties filed comments on the PD including investor-owned utilities and a party representing gas interests. Utilities and fossil fuel parties asked the Commission to approve the PD.

The other five parties to submit comments asked the Commission to reject the PD, parties that represent the community, consumers, and the environment. These parties include the Joint Community Advocates, Consumer Advocates, and Environmental Parties as well as Sierra Club. These parties documented factual errors in the PD including gas injection capabilities, safety claims, and price mitigation claims.³ The opening comments also documented legal error in the PD and explained that the PD officially notices an outdated and erroneous SoCalGas document.

The following reply comments refute the claims in the opening comments filed by the utilities and parties representing commercial and fossil fuel interests. Parties in favor of the PD made unsupported assertions in conflict with the best interests of Californians. In reply, the Joint Parties show (1) that Aliso Canyon remains unsafe, (2) that the PD contradicts the purpose of the proceeding, (3) that despite claims by SoCalGas, TURN has never expressed support for the petition for modification (“PFM”), (4) that Aliso Canyon is unable to significantly reduce

¹ I.17-02-002, Proposed Decision Granting in Part and Denying in Part the Joint Petition for Modification of Decision 21-11-008 (“PD”) (July 28, 2023), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M515/K329/515329559.PDF>.

² D.20-02-045, Table 4, p. 18,

³ I.17-02-002, The Joint Community Advocates, Consumer Advocates, And Environmental Parties Comments On The Proposed Decision Granting In Part And Denying In Part The Joint Petition For Modification Of Decision 21-11-008 (“Joint Community Comments”), available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K604/517604707.PDF>.

customers' bills, and is a barrier to California's transition to a clean energy future, (5) that the Withdrawal Protocol must be retained, and (6) a level-pay default rate would immediately eliminate gas price volatility.

For the reasons above, the Commission should reject the PD's Aliso Canyon storage increase.

2. Aliso Canyon remains unsafe.

The Joint Parties opening comments detailed that Aliso Canyon remains unsafe and referenced documentation that Aliso Canyon releases thousands of pounds of known human carcinogens and probable human carcinogens annually.⁴

Southern California Edison ("SCE") conditionally supports the PD, "as long as these change can be safely implemented."⁵ In the year of lowest Aliso operations, 2016, formaldehyde emissions were just 9 pounds, but have spiked to thousands of pounds per year as Aliso operations increased.⁶ Increased use of Aliso Canyon correlates with greater quantities of carcinogens released into the nearby community. These facts demonstrate that increased use of Aliso Canyon would be unsafe, that SCE's condition cannot be met, and thus that SCE does not support the PD.

Sierra Club also expressed its concern that the PD fails to address safety issues. Sierra Club stated that "the PD does not mention the pollution impacts of increasing operations at Aliso Canyon. [citation removed] It is unreasonable for the Commission to move forward with expanding operations at Aliso Canyon without taking local health impacts into account because the facility emits numerous toxic pollutants. [citation removed]"⁷ We agree with Sierra Club that the Commission cannot ignore human health and safety.⁸

Because Aliso Canyon remains unsafe and increasing the storage limit would reduce safety further, the Commission should reject the PD as Sierra Club, and the Joint Community Advocates, Consumer Advocates, and Environmental Parties recommend.

⁴ Joint Community Comments, p. 7.

⁵ I.17-02-002, Opening Comments of Southern California Edison Company (U 338-E) On The Proposed Decision of ALJ Cooke Granting In Part And Denying In Part The Joint Petition For Modification Of Decision 21-11-008 ("SCE Comments"), p. 1, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K621/517621052.PDF>.

⁶ Joint Community Comments, p. 7.

⁷ I.17-02-002, Sierra Club Comments on Proposed Decision Granting In Part And Denying In Part The Joint Petition For Modification Of Decision 21-11-008 ("Sierra Club Comments") (August 17, 2023), pp. 3-4, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K621/517621050.PDF>.

⁸ California Public Utilities Code, Section 451, ("Every public utility shall furnish and maintain... equipment, and facilities... necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."), available at https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=451.&lawCode=PUC.

3. The PD contradicts the purpose of the proceeding.

After SoCalGas's unsafe operation of the Aliso Canyon caused the largest blowout in U.S. history,⁹ the Commission opened Investigation ("I.") 17-02-002 "to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) while still maintaining energy and electric reliability for the Los Angeles region and just and reasonable rates in California."¹⁰ As noted in our opening comments, multiple parties to the proceeding and the Energy Division itself have determined that Aliso Canyon can be closed by 2027 or 2028, or earlier.¹¹ We also provided facts that show the effect of the additional 27.44 Bcf of storage on customers' bill would be less than 1% in a typical year.¹² These two facts, the feasibility of closure and the miniscule price effect of Aliso Canyon, show that the PD's order to increase the storage limit at Aliso Canyon contradicts the purpose of the proceeding.

For the reasons above, the Joint Parties disagree with SoCalGas' and the Indicated Shippers' ("IS") claims that the PD "will not detract from ongoing efforts in I.17-02-002"¹³ and that an increase to the Aliso Canyon storage capacity is "consistent with the scoping memo."¹⁴ In support of its claims, SoCalGas merely parrots statements that remain unsupported by facts. Neither SoCalGas nor IS offer evidentiary support for their contentions.¹⁵ The Commission should make its decision on facts, not assertions.

⁹ I.17-02-002, The Joint Community Advocates, Consumer Advocates, And Environmental Parties Comments On The Proposed Decision Granting In Part And Denying In Part The Joint Petition For Modification Of Decision 21-11-008 ("Joint Community Comments"), pp. 1-2, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K604/517604707.PDF>.

¹⁰ I.17-02-002, *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* ("Aliso OII") (February 17, 2017), p. 1, available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M176/K180/176180991.PDF>; With regards to the requirement that the Commission must open a proceeding on Aliso Canyon, the original language from SB 380 (i.e., Public Utilities Code Section 714) does not caveat "minimizing or eliminating" with the "just and reasonable rate" language that was included in the OII, SB 380 available at https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB380.

¹¹ Joint Community Comments, pp. 13-14.

¹² Id, p. 8.

¹³ I.17-02-002, Joint Comments Of Southern California Gas Company (U 904 G) And San Diego Gas And Electric Company (U 902 G) On Proposed Decision Granting In Part And Denying In Part The Joint Petition For Modification Of Decision 21-11-008 ("SoCalGas Comments") (August 17, 2023), pp. 3, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K610/517610141.PDF>

¹⁴ I.17-02-002, Indicated Shippers Opening Comments On The Proposed Decision ("IS Comments"), p. 3, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K616/517616004.PDF>; SoCalGas Comments, p. 3.

¹⁵ IS Comments, p. 3, (Without citation, IS claimed that "[t]he Indicated Shippers agree that a temporary increase to Aliso Canyon's storage capacity is consistent with the scoping memo, and does not prejudice the Commission's ultimate determination on the elimination or reduction of Aliso Canyon." While IS does cite other parties' assertions in the following sentence, those citations do not provide data to support IS's assertions.).

4. SoCalGas erroneously claims that The Utility Reform Network supports the PFM.

Despite SoCalGas's claims, The Utility Reform Network ("TURN") has not expressed support for the PFM or the PD within the record of the proceeding. Since SoCalGas filed the PFM, TURN has filed a single set of comments in the proceeding.¹⁶ Those comments occurred before the PD and did not express support for the PFM.

In fact, TURN's comments were critical of the PFM and SoCalGas. Its comments provided facts and arguments in direct rebuttal to SoCalGas's PFM claims. TURN provided data that show non-core customers were unlikely to have used storage in the summer of 2022 if it had been available to them.¹⁷ TURN pointed out that SoCalGas's calculations on the hedging value of storage only applies to core customers.¹⁸ Core customers are unlikely to use more storage if available because, even during the high-gas-priced 2022-2023 winter, SoCalGas left 35.7 Bcf of core customers' gas in storage throughout the winter.¹⁹ Finally, TURN stated that SoCalGas's parent company "likely profits from higher gas price," and calls into question SoCalGas's incentive to work in the best interests of its customers.²⁰

5. The Commission appropriately declines to modify the Aliso Canyon Withdrawal Protocol.

The PD states that "the Petition does not request changes to D.21-11-008 related to the Withdrawal Protocol. Therefore, this decision does not address the Withdrawal Protocol."²¹ In violation of procedural rules, SoCalGas's comments attempt to justify revisions to its own PFM in order to change the Withdrawal Protocol. SoCalGas cannot request changes to a PD when those changes remain outside the record of the proceeding.

Not only would changes to the Withdrawal Protocol violate procedural rules, but no evidence suggests that changes would ensure gas price stability as SoCalGas and the IS inaccurately claim. These claims ignore the empirical evidence that Southern California experienced below-average and stable gas prices during the 2016-2017 winter season when Aliso

¹⁶ I.17-02-002, Reply of The Utility Reform Network To Responses To ALJ Ruling Seeking Supplemental Information Concerning The Petition For Modification ("TURN Reply") (May 30, 2023), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K461/510461248.PDF>.

¹⁷ TURN Reply, p. 6, ("[T]he evidence suggests any such injections may have been limited" had it been available to non-core customers.)

¹⁸ TURN Reply, p. 4 ("TURN generally agrees that comparing the average monthly index prices during the injection... versus withdrawal... seasons is the proper measure of hedging value, at least for core customers." This demonstrates that the calculation is inaccurate for the PD because the PD reserves zero additional storage volume for core customers.).

¹⁹ Community Comments, p. 8.

²⁰ TURN Reply, p. 6.

²¹ PD, p. 18.

was not available for use.²² Moreover, other options are available such as Dr. Najm's recommendation that the Commission institute opt-out, level-pay gas rates to immediately and permanently erase volatility.²³

The Commission itself believes it could take 3 years to unravel the cause of the anomalous high 2022-2023 winter gas prices and opened Investigation 23-03-008 to attempt to find the answer.²⁴ The PD's storage increase is outside the scope of I.17-02-002, predetermines and prejudices the findings of Investigation 23-03-008, and should be rejected.

6. The Commission should reject the PD.

The Aliso Canyon facility and the use of gas harm Californians through toxic facility emissions, particulate pollution, greenhouse gas emissions, and high energy prices. The price spikes of the 2022-2023 winter are simply another reminder of why Aliso Canyon should be closed, and California should quickly transition to renewable energy.

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Respectfully submitted,

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²² SoCalGas, Gas Procurement Prices 2009-2023 [last accessed August 21, 2023], available at <https://www.socalgas.com/for-your-business/energy-market-services/gas-prices>; The Commission issued the first withdrawal protocol after the 2016-2017 winter season.

²³ I.17-02-002, Issam Najm Reply to Joint Response of Southern California Gas Company (U 904 G) And San Diego Gas & Electric Company (U 902 G) To Administrative Law Judge Ruling On Joint Petition For Modification Of Decision (D.) 21-11-008 (May 30, 2023), pp. 5-6, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K286/510286954.PDF>.

²⁴ Community Comments, p. 2, ("The Commission's Order Instituting Investigation ("I.23-03-008 OII") stated that it intends 'to resolve this proceeding within 36 months' indicating that the Commission could take years to determine if Commission actions could reduce gas prices.").