Pacific Gas and Electric Company 2027 GRC

A.25-05-009

TURN HEARING EXHIBIT

TURN Ex-307

Ryan Weber

Excerpt from PG&E Testimony in last GRC (A.21-06-021) –

Exhibit PG&E-3, Volume 2 of 3

Application: 21-06-021
(U 39 M)
Exhibit No.: (PG&E-3)
Date: February 28, 2022
Witness(es): Various

PACIFIC GAS AND ELECTRIC COMPANY

2023 GENERAL RATE CASE

EXHIBIT (PG&E-3)

GAS OPERATIONS

CHAPTERS 6-10

[INCLUDES ERRATA THROUGH FEBRUARY 28, 2022]

VOLUME 2 OF 3

(PG&E-3)

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 7

ASSET FAMILY – STORAGE

[INCLUDES AUGUST 27, 2021 REVISED TESTIMONY AND ERRATA THROUGH FEBRUARY 28, 2022]

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- Reserve Capacity – Reserve Capacity Service which provides the PG&E system with emergency intraday supply in case of a significant, unplanned equipment outage or other supply problem to ensure the reliability of the system if such outages occur.[42]

A Memorandum of Understanding (MOU) was also submitted with the 2019 NGSS which addressed a number of additional issues such as operating requirements, rate design, Independent Storage Provider (ISP) responsibilities, tariff modifications, and cost allocation.[43] This chapter does not address issues related to cost allocation. Instead, cost allocation will be addressed in a separate application currently scheduled to be filed in September 2021 referred to as the PG&E GT&S Cost Allocation and Rate Design proceeding.

2. Updated Peak Day Supply Standard

As explained above, a key component of the 2019 NGSS was an analysis of peak day supply needs to determine the necessary amount of storage capacity. In the 2019 GT&S Rate Case, a peak day analysis (referred to by the Commission as the Reliability Supply Standard or Reliability Standard) was presented to determine an appropriate level of PG&E gas storage capacity.[44]

In this proceeding, PG&E is providing an updated Peak Day Supply Standard analysis to reflect current information and forecasts, as well as events which have occurred since the 2019 GT&S Rate Case. Table 7-15 below provides an updated Peak Day Supply Standard analysis and is followed by a narrative description of the information included in Table 7-15.

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42 D.19-09-025, pp. 35, 40.

43 D.19-09-025, pp. 76-84 (describing MOU terms).

44 D.19-09-025, pp. 23-24 (describing analysis).

TABLE 7-15
UPDATED PEAK DAY SUPPLY STANDARD ANALYSIS

			2019	Winter	Winter	Winter	Winter	Winter	Winter
	Demand		**NGSS Design**	**2021-2022**	**2022-2023**	**2023-2024**	**2024-2025**	**2025-2026**	**2026-2027**
1	Core Demand		2493	2571	2580	2589	2600	2612	2622
2	Industrial Demand		522	565	552	556	554	553	553
3	Electric Generation		928	786	740	730	801	889	892
4	Off-System and Shrinkage		123	123	123	123	123	123	123
5	**Total Demand**	Sum Line 1-4	4066	4045	3995	3998	4078	4177	4190
	Supply								
6	Redwood Firm		1936	1957	1957	1957	1957	1819	1819
7	Northern ISPs		764	743	743	743	743	881	881
8	**Total Northern Supply**	Sum Lines 6-7	2700	2700	2700	2700	2700	2700	2700
9	Baja Firm		960	888	888	888	888	888	888
10	Gill Ranch LLC		100	100	100	100	100	100	100
11	California Production		0	35	35	35	35	35	35
12	**Total Southern Supply**	Sum Line 9-11	1060	1023	1023	1023	1023	1023	1023
13	Total Supply Without PG&E	Line 8 plus 12	3760	3723	3723	3723	3723	3723	3723
14	Withdrawal needed to meet demand only	Line 5 minus 13	306	322	272	275	355	454	467
15	Inventory Management and Reserve Capacity		550	550	550	550	550	550	550
16	Total withdrawal needed from PG&E Storage	Line 14 plus 15	856	872	822	825	905	1004	1017
17	Forecast Withdrawal Capacities at McDonald Island and PG&E Gill Ranch before any capacity investments			808	750	662	544	686	623
18	Capacity shortfall	Line 17 minus 16		-64	-72	-163	-361	-317	-394
	Capacity Investments								
19	Retaining Los Medanos			191	180	168	184	184	184
20	Cross Compression			-	94	93	94	-	67
21	Additional Wells at McDonald Island					45	45	45	45
22	Restore PG&E Gill Ranch to 100			22	30	38	46	46	46
23	**Total Capacity Additions**	Sum Lines 19-22		213	304	344	369	275	342
24	Forecast PG&E Storage capacities after investments	Sum 17 and 23		1,021	1,054	1,006	913	961	965
25	Surplus or Shortfall after Identified Investments	Line 24 minus 16		149	232	182	9	(42)	(52)

In Table 7-15, the column entitled "2019 NGSS Design" represents the forecasts that were included in the 2019 NGSS. The columns to the right of the NGSS Design column represent the peak day forecast for 1-year periods (e.g., 2021-2022, 2022-2023, etc.). Below, information included in the Table 7-15 is explained.

- Demand (lines 1-5) – PG&E has updated the demand forecasts for core, industrial, electric generation customers. The Core Demand (line 1) is the forecast demand for core customers anticipated during a 1 day in 10-year peak day event. The Industrial Demand (line 2) is the forecast for noncore industrial demand in the winter months of a 1 in 10-year cold/dry year from the California Gas Report. The Electric Generation demand forecast (line 3) reflects gas demand estimates for the minimum electric generation throughput needed to support electric reliability on a peak winter day.[45] This forecast also reflects the retirement of Diablo Canyon Power Plant in 2024 and 2025, which is expected to have a significant impact on the near-term forecast of gas demand for electric generation.[46] The Off-System and Shrinkage forecast (line 4) is firm off-system contracts under Schedule G-XF, approximately 80,000 MMcf/d and the amount of additional gas that is delivered by the customer to cover the approximately 1.3 percent shrinkage on the system. Finally, line 5 totals lines 1-4.
- Supply (lines 6-13) – PG&E has also updated its supply forecasts, dividing these forecasts between northern and southern supply.[47] For northern supply, PG&E has included updated forecasts for the Redwood transmission pipeline firm supply and Northern ISPs (lines 6-7). However, northern supply is constrained to a total of 2,700 MMcf/d. For southern supply, PG&E has included firm capacity on the Baja transmission pipeline (line 9), as well as Gill Ranch storage. In addition,

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45 The peak winter day uses the 1-in-10 temperature of 34 degrees Fahrenheit. This event occurred on December 8, 2013. The analysis grew electric load from 2013 through 2026 using the California Energy Commission's California Energy Demand 2019-2030 forecast. See California Energy Commission, California Energy Demand 2019-2030 Managed Forecast – Mid Demand/Mid AAEE Case, Form 1.5a.

46 To determine the electric reliability need, PG&E subtracted available in-state non-gas fired electric generation resources and estimated available power imports. The resulting gas-fired generation required to support the peak day state-wide electric demand was apportion between northern and southern California. The proportion estimate uses the NP-26 California Independent System Operator load share less gas-fired generation connected to the Kern River pipeline. Last, the estimate adds gas demand for cogeneration connected to the PG&E gas system. The cogeneration gas demand uses the average the December demands for years 2017 through 2019.

47 Northern supply represents gas supply coming into PG&E's service territory from the northern part of its service territory while southern supply comes from the south.