

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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 December 4, 2020)

**INFORMAL COMMENTS OF ISSAM NAJM
ON WORKSHOP 1 OF PHASE 3 CONDUCTED ON NOVEMBER 17, 2020**

On November 17, 2020, Workshop 1 of Phase 3 of I.17.02.002 proceeding was conducted during which the work to be completed in Phase 3 of the proceeding was presented. This Phase of the proceeding will determine the changes that would need to be made to the gas system to allow for the permanent closure of the Aliso Canyon gas facility (Aliso) owned and operated by SoCalGas by 2027 or 2035. Assigned Administrative Law Judge Zhang noted that the parties to the proceeding may submit informal comments on the presented material and provide input to the contractor to include in their analysis. This document includes my comments and input.

Comment 1 – Hydraulic modeling conducted by CPUC ED staff and presented in previous workshops determined that a hydraulic bottleneck exists between Honor Rancho and the LA Basin that prevents the simultaneous use of the full capacity of the northern pipelines and Honor Rancho. Removal of this bottleneck should be included in the analysis.

Comment 2 – SoCalGas has only recently completed the installation of electric compressors at Aliso. When Aliso is closed, there is a quantifiable residual value to these compressors and other assets at the facility that needs to be accounted for in the economic analysis. If they are going to be considered stranded assets, their residual value must be removed from the rates paid by customers, and this rate reduction will need to be accounted for in the economic analysis. Either way, the economic analysis is incomplete without accounting for the residual value of these assets.

Comment 3 – The reason behind SB380 and all the ensuing activities, including this proceeding, is the protection of public health and safety caused by the continued operation of Aliso and the potential repeat of the blowout of October 23, 2015. There is a clear risk to public health that will be removed once the facility is closed. The monetary value of this reduction in public health risk must be included in the overall economic impact of closing the facility. This value can be determined using USEPA’s BenMAP model, which is a free software available from the USEPA.¹ The USEPA has used this model to quantify the benefits of the 1990 Clean Air Act Amendments (CAAA) and provided a detailed description of its use in a 2011 report.² Several researchers have used the BenMAP model to quantify the economic benefits of risk reduction at localized areas resulting from priority pollutants reduction or reduction in GHG emissions.^{3,4} In another example, one that is more aligned with the Phase 3 analysis, the USEPA used BenMAP to estimate the benefit per ton of reducing PM2.5 precursors.⁵ There is no reason this model cannot be used to quantify the economic benefit of eliminating the existing risk from continued operation of Aliso. The model requires input data that are readily available. For example, the quantity of priority pollutants and methane released by the facility each year are well documented by the South Coast Air Quality Management District (SCAQMD) and others. The facility’s current permit makes no changes to the operation of the facility aimed at reducing those emissions. Moreover, in its decision to allow the resumption of gas injection into the facility, the Department of Gas and Geothermal Resources (DOGGR), which is currently CalGEM, noted that initial flyovers would be required to confirm that the facility does not release more than 250 kg/hr of methane,⁶ suggesting that this is an “acceptable” release from the facility at any time. Either this value, or that reported by other reputable and independent scientific sources can be used for methane release values.

Comment 4 – On slide 70 of the FTI Research Presentation, Question 3 asks: “*Is our selection of 2027 and 2035 as they years to analyze reasonable? If not, is there a preferred option?*”. My answer to the first question is “No”. Two California Governors, Brown and

¹ <https://www.epa.gov/benmap>

² <https://www.epa.gov/clean-air-act-overview/benefits-and-costs-clean-air-act-1990-2020-report-documents-and-graphics>

³ <https://www.sciencedirect.com/science/article/pii/S1309104215305365>

⁴ <https://www.pnas.org/content/106/6/2077.short>

⁵ <https://www.epa.gov/benmap/estimating-benefit-ton-reducing-pm25-precursors-17-sectors>

⁶ <https://www.conservation.ca.gov/calgem/Documents/Aliso/OrderfromStateOilandGasSupervisor.pdf>

