

**CALIFORNIA PUBLIC UTILITIES COMMISSION**

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**CALIFORNIA ENERGY COMMISSION**

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October 17, 2017

Mr. Bret Lane, President and Chief Operating Officer
Southern California Gas
P.O. Box 3150
San Dimas, CA 91773

Dear Mr. Lane:

Given multiple recent and unexpected operational limitations on Southern California Gas Company's (SoCalGas) system, we are concerned with SoCalGas' ability to meet its obligation to provide safe and reliable service this winter.

The Aliso Canyon's Joint Agency Technical Assessment was issued on May 19, 2017 and the California Public Utilities Commission's (CPUC) "715 Report" assumed an import capacity into the Los Angeles Region of 3.185 BCF this winter. The assessment also assumed the ability to withdraw 1.470 BCF from storage. The storage withdraw assumptions include .860 BCF of withdraw capacity from Aliso Canyon.¹ These assumptions of Aliso Canyon were based on SoCalGas' having 69 wells available for withdraw at Aliso Canyon. However, recent events are forcing the CPUC and the California Energy Commission (Energy Commission) to reassess these assumptions:

- Currently, three pipelines critical to importing natural gas into SoCalGas' service territory are out of service. According to ENVOY, one will not be returned to service until the end of December 2017 (line 4000) and another until May 2018 (line 3000). No date for return to service has been established for the third line (line 235-2). Collectively, these pipelines represent 42 percent of the natural gas import capacity into the Los Angeles region.
- As of August 2017, only 39 wells are operationally available to use for withdraw at Aliso Canyon. While more wells could become operational before December 2017, the pace of bringing additional wells through the testing protocols indicates that there will be significantly less than 69 wells. Consequently, the withdraw capacity from Aliso Canyon will be lower than forecasted. Additionally, withdraw protocols limit the usage of Aliso Canyon to a tool of last resort.

¹ This amount incorporates the impact of possible higher outage levels, an additional 400 than that included in the Joint Agency Technical Assessment.

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- On average, SoCalGas has had over 100 BCF in storage at this point in the year. This year, SoCalGas has 65.2 BCF in storage. Given the constraints on the pipelines, it seems unlikely that this number will increase significantly by December 2017.

We are concerned that SoCalGas will not be able to meet demand for core customers if there are high demand days in December 2017 or January 2018. There may also be problems on lower demand days and service to noncore customers appears to be at risk, including electric generators and refineries. Mitigation measures put into place to reduce the risk of natural gas curtailments after the leak at Aliso Canyon were effective in reducing demand and better managing noncore customers' utilization of the gas transmission system, but they may not be sufficient to mitigate the additional constraints on the system caused by the reduction in import capacity. Additional mitigation measures appear to be required.

Ultimately, it is SoCalGas' responsibility to ensure safe and reliable service to all SoCalGas customers, and it is especially important that you avoid curtailment to core customer. To that end, SoCalGas must plan how to meet the challenges it is facing this winter. Details of that planning shall be provided to the CPUC and the Energy Commission, including detailed timelines. Provide both the agencies details of how SoCalGas will continue to provide safe and reliable service taking into account the challenge it will likely face importing gas and withdrawing gas from storage. Please identify and propose any and all potential mitigation measures, such as additional energy efficiency and demand response or operational changes for both core and noncore customers that can ensure reliable service without enhanced reliance on Aliso Canyon.

We expect a response no later than November 1, 2017.

Sincerely,



Michael Picker
President
California Public Utilities Commission



Robert B. Weisenmiller
Chair
California Energy Commission

cc: Saul Gomez, California Governor's Office
Drew Bohan, California Energy Commission
Edward Randolph, California Public Utilities Commission
Ken Harris, Division of Oil, Gas & Geothermal Resources
Stephen Berberich, California Independent System Operator
David Wright, Los Angeles Department of Water and Power