July 11, 2019

Sent via email to Aliso@CPUC.ca.gov

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102-3298

Re: Comments on Proposed Changes in the Gas Withdrawal Protocol from the Aliso Canyon Gas Storage Field[1]

Dear CPUC Staff:

The Porter Ranch Neighborhood Council (PRNC) appreciates the opportunity to provide comments on the proposed revisions to the Aliso Canyon Withdrawal Protocol posted on the California Public Utilities Commission (CPUC) website on July 1, 2019.[2] The PRNC strongly objects to the adoption of the proposed modifications and urges the CPUC commissioners to reject the blatant effort by the Southern California Gas Company (SoCalGas) and its parent company, Sempra Energy, to pressure the CPUC into restoring the operation of the Aliso Canyon field. We submit to you that the rationale behind the need for the change in the withdrawal protocols is ill-founded and should not be taken as factual. The <u>only</u> two reasons for the stress on the system, including the CPUC's concerns over the injection capacity are:

1. Continued outage of SoCalGas' transmission pipelines
2. Inadequate balancing rules for SoCalGas' acquisition department

First, we wish to remind the CPUC that its own analysis presented at the January 2019 joint workshop on gas prices in Southern California clearly showed that the reason for the price volatility had nothing to do with Aliso Canyon's availability, and everything to do with the pipeline failure (see Figure 1). As shown by Figure 1, which was obtained from the CPUC staff presentation at the workshop, gas prices never exceeded $5/MMbtu in 2016 or 2017 (2 years without Aliso), and only became volatile after SoCalGas' pipelines failed in October 2017. If

[1] The opinions expressed in this letter are those of the Porter Ranch Neighborhood Council, and not necessarily those of the City of Los Angeles.

[2] https://www.cpuc.ca.gov/aliso/

the pipeline repairs were treated with the true urgency they deserved, gas prices would have gone back to normal far sooner. Yet, CPUC staff now insist on combining Aliso Canyon and the pipeline condition into a single reason for the price volatility. This change in the CPUC position is alarming.

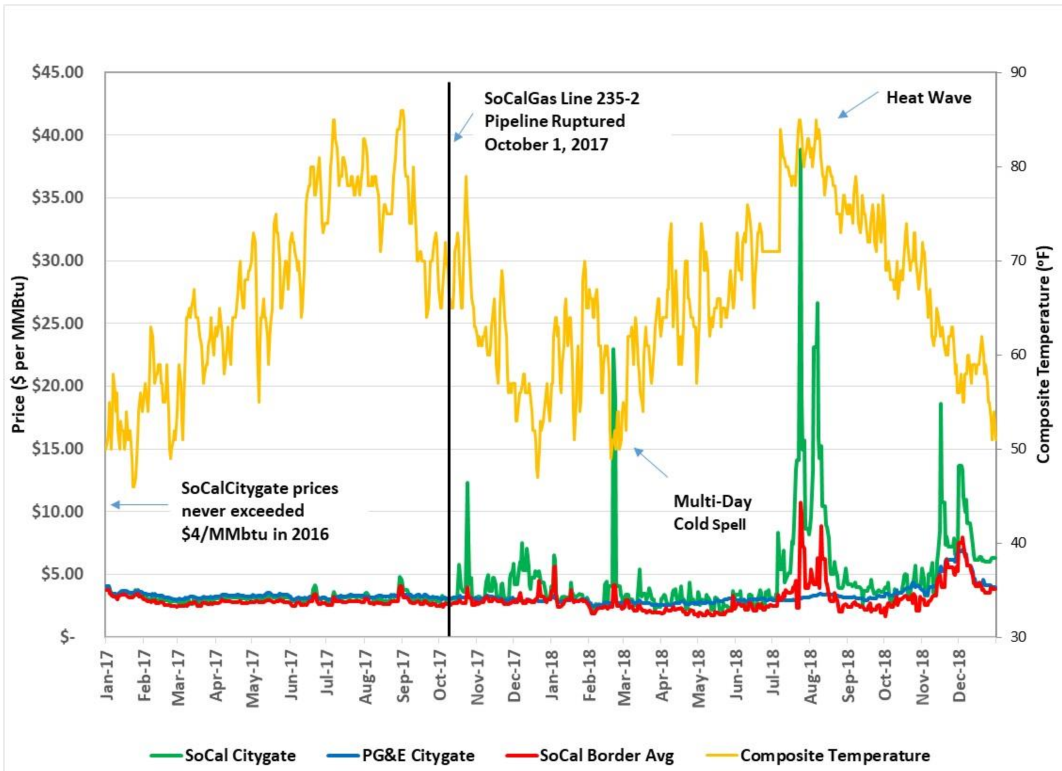

Figure 1 – Direct Impact of Loss of Pipeline Capacity on Gas Prices[3]

Second, contrary to the claims by SoCalGas about high demand days during this past winter season, we remind the CPUC that SoCalGas' own data clearly demonstrate that this winter season was one of the mildest seasons for the past several years. Figure 1 shows the average composite temperature in the SoCalGas system for the last six year. The average composite temperature this past winter was the warmest in the last six years. In addition, Figure 3 shows the Heating Degree Days (HDD) value for the period from the beginning of November to the end of February for the last six winter seasons. CPUC Energy staff is well familiar with this parameter, which is a direct indicator of the winter heating gas demand. As shown in the figure, the HDD for the November-February period this past winter was one of the lowest values in the last six years. The bottom line is that the claim that this was a "severe" winter is a mere fabrication.

3 https://efiling.energy.ca.gov/GetDocument.aspx?tn=226301&DocumentContentId=57064. Joint Workshop on Natural Gas Prices in Southern California, January 11, 2019. CPUC Staff Presentation.

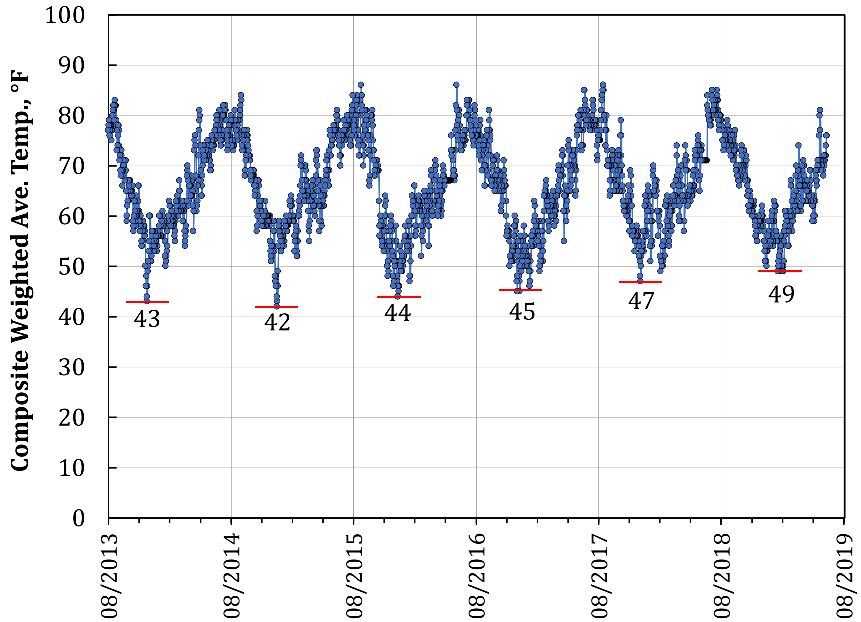

Figure 2 – Average Temperature in the SoCalGas System over the last six Years

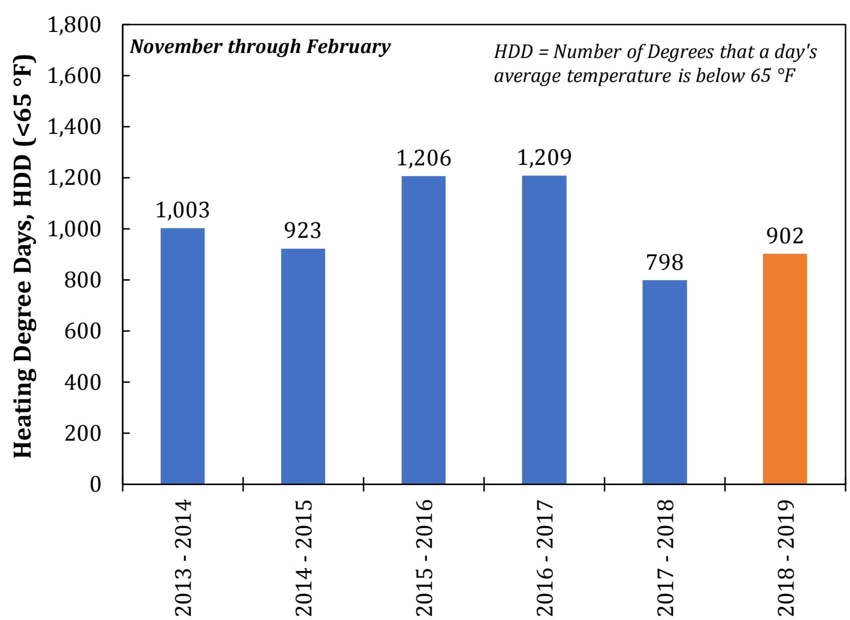

Figure 3 – Heating Degree Days (HDD) for the Last Six Winter Seasons

The main reason given by the CPUC for the need to make the change in the withdrawal protocols is the lack of sufficient injection capacity in the non-Aliso fields when Aliso Canyon is at its maximum allowed capacity. It is only a concern because the non-Aliso injection capacity is lower than what the CPUC wants to set aside for customer balancing. To that end, we wish to remind the CPUC that SoCalGas' non-core customers have to comply with strict balancing rules, and do a fine job doing that. It is SoCalGas' own Acquisition Department serving core customers that has a far lower balancing burden than the non-core customers. Of course, since the separation between core and non-core demand is deemed "confidential" by SoCalGas, we cannot show the data for that. However, we present you with the profiles in Figures 4 and 5 that show the customer imbalance and the composite average temperature for the past nine months. Figure 4 presents the actual daily imbalance quantity, in Bcfd, while Figure 5 shows the same values as a percent of the total sendout (i.e., demand). Marked on both Figures 4 and 5 is the period when the composite average temperature dropped below 60 °F, which is the period when the majority of the demand is that of the core customers. Outside this period, the majority of the demand is from non-core customers.

When examining Figures 4 and 5, it is obvious that when the demand is driven by non-core customers, the imbalance is rarely greater than 0.2 Bcfd. However, when the demand is driven primarily by core customers, the imbalance can be greater than 0.4 Bcfd. It should be obvious to everyone that the high imbalance is only that of SoCalGas' own Acquisition Department, and not other customers on the system. if the CPUC imposes on SoCalGas' Acquisition Department the same balancing rules imposed on all non-core customers, it would reduce the pressure on the injection capacity limitation that is driving these withdrawal revisions.

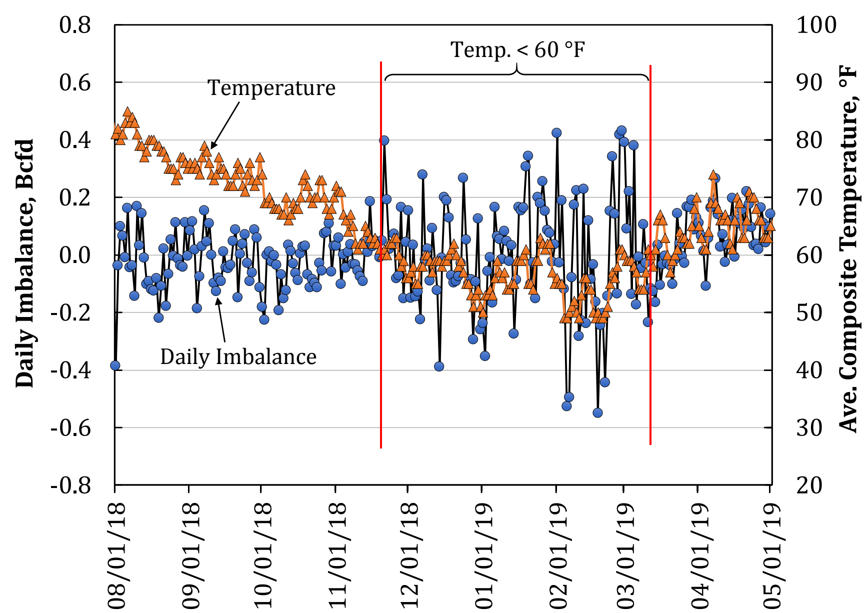

Figure 4 – Daily Customer Imbalance and Average Temperature between August 2018 and April 2019

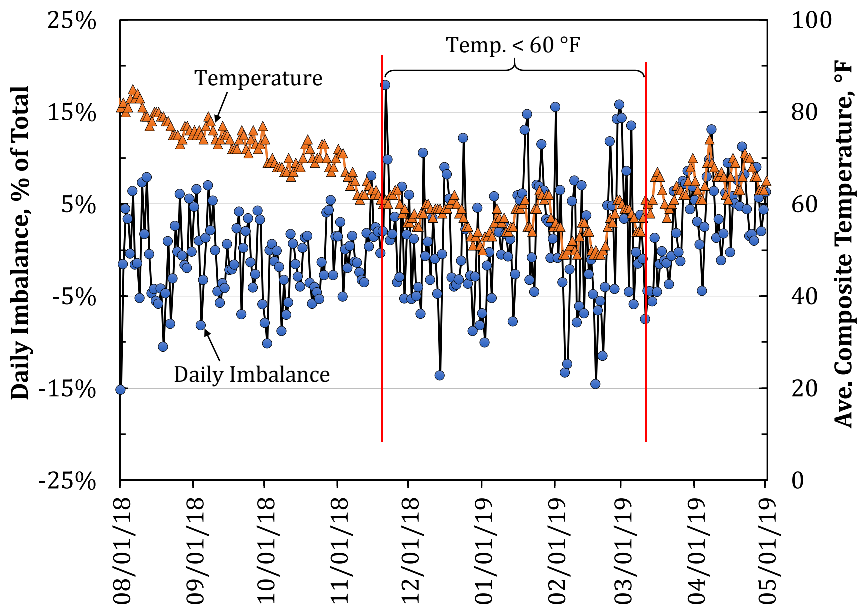

Figure 5 – Daily Customer Imbalance as Percent of Total Gas Sendout (Demand) and Average Temperature between August 2018 and April 2019

Therefore, instead of changing the withdrawal protocols, we ask the CPUC to take the following actions:

1. Impose on SoCalGas' Acquisition Department the same balancing rules currently in place for all non-core customers.

2. Ensure that any penalties paid by the Acquisition Department for violating the balancing rules are not billed to SoCalGas' core customers, <u>and</u> are paid to the CPUC, NOT SoCalGas or any other subsidiary of Sempra Energy.

3. Take a Commission action to ensure that any gas price increase above $5/MMBtu paid by the Acquisition Department since October 1, 2017 until the pipeline capacity is restored to their 2016 value, is paid for by Sempra Energy shareholders and NOT passed through to core customers. We are confident this will greatly incentivize SoCalGas to expeditiously fix its pipelines.

4. It is our understanding that the current rules reserve 345 MMcfd of injection capacity for customer balancing. However, this value was set before the new balancing rules were implemented, and as shown earlier, the customer imbalance is far less than 345 MMcfd when the bulk of the gas usage is by non-core customers. Therefore, the CPUC may want to consider reducing this reserved capacity to 200 MMcfd during specific periods of the year when the gas demand is the lowest and gas injection is required.

This period can be expanded if and when the Acquisition Department begins to comply with the same rules imposed on non-core customers.

If the CPUC rejects our appeal and does change the withdrawal protocols, we ask that the changes be temporary and that they be set to terminate automatically on November 1, 2019. That is the time when the pipelines are supposed to return to normal operation (2 years after the rupture of Line 235-2) and will be past the period when gas injection in the non-Aliso fields will be required. If the CPUC implements any of the recommended changes listed above, it will not need a higher injection capacity, and therefore, should be satisfied with the current protocol.

The Porter Ranch Neighborhood Council wishes to remind the CPUC that our concerns about this field and its operator are about health, life, and safety, which should far outweigh SoCalGas' convenience. We are disheartened by the fact that the CPUC has yet to acknowledge the threat this facility poses to our community and our children. Nonetheless, it is these threats that are the reason the withdrawal protocols are in place now, and we continue to assert that they should be only temporary until the CPUC orders the permanent closure of this facility, which cannot come soon enough for our community.

Respectfully Yours,

Porter Ranch Neighborhood Council

Issam Najm

Issam Najm, Ph.D.
President

cc: The Honorable Gavin Newsom, California State Governor
Mr. Henry Stern, California State Senator, District 27
Mr. Robert Hertzberg, California State Senator, District 18
Ms. Christy Smith, Assemblymember, District 38
Mr. Jesse Gabriel, Assemblymember, District 45
Ms. Katie Hill, United States Representative, California 25th District
Mr. Brad Sherman, United States Representative, California 30th District
Ms. Alice Stebbins, Executive Director, California Public Utilities Commission
Mr. David Hochschild, Chair, California Energy Commission
Ms. Kathryn Barger, Los Angeles County Supervisor
Mr. Eric Garcetti, Mayor, City of Los Angeles