

Application No: A.18-11-005
Exhibit No.: _____
Witness: Paul D. Borkovich

Application of SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G) to Establish a Demand
Response Program

Application 18-11-005
(Filed November 6, 2018)

CHAPTER 8

SOUTHERN CALIFORNIA GAS COMPANY DEMAND RESPONSE PROGRAM

PREPARED REBUTTAL TESTIMONY OF

PAUL D. BORKOVICH

ON BEHALF OF

SOUTHERN CALIFORNIA GAS COMPANY

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

April 26, 2019

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1 **REBUTTAL TESTIMONY OF PAUL D. BORKOVICH**

2 **I. INTRODUCTION**

3 Pursuant to the Assigned Commissioner’s Scoping Memorandum and Ruling issued on
4 February 15, 2019, Southern California Gas Company (“SoCalGas”) hereby submits Rebuttal
5 Testimony in response to the direct testimony filed on March 26, 2019 by the Public Advocates
6 Office (“CalPA”), Small Business Utility Advocates (“SBUA”), Nest Labs (“Nest”), and
7 EnergyHub.

8 **II. THE COMMISSION HAS EXPRESSED THE NEED FOR GAS DEMAND**
9 **RESPONSE PROGRAMS TO MINIMIZE THE RISK OF ELECTRIC SERVICE**
10 **OUTAGES CAUSED BY GAS CURTAILMENTS**

11 Chapter 1 of CalPA’s Direct Testimony states that SoCalGas’ Supplemental Testimony
12 “fails to address the primary question of whether a natural gas DR program is needed.”¹ The
13 following is submitted to describe the California Public Utilities’ Commission (“CPUC” or
14 “Commission”)’s efforts to explore the potential of Gas Demand Response (“DR”) programs to
15 impact the gas system during times of system stress.

16 The Gas DR programs attempt to address the need to reduce the possibility of gas
17 curtailments large enough to cause electricity service interruptions. Gas DR programs can be
18 implemented in an effort to reduce the number of required curtailments, as well as to reduce the
19 amount of dispatchable electric generation load that would otherwise have to be curtailed to
20 maintain system integrity.

21 The need for Gas DR programs for the SoCalGas system was first identified in the
22 August 22, 2016 Aliso Canyon Gas and Electric Reliability Winter Action Plan (“2016 Winter
23 Action Plan”) prepared by CPUC staff, California Energy Commission (“CEC”), the California

¹ Direct Testimony of Alexander Cole on behalf of the Public Advocates Office, pp. 1-2.

1 Independent System Operator (“CAISO”), and the Los Angeles Department of Water and Power
2 (“LADWP”) (“2016 Winter Action Plan”).²

3 The 2016 Winter Action Plan cited the operational limitations of the Aliso Canyon
4 natural gas storage facility (“Aliso Canyon”) in effect at that time “intensified the challenge of
5 assuring the supply of electricity that lights homes and powers appliances, as well as natural gas
6 that provides heat and is used for cooking.”³ The 2016 Winter Action Plan identified that “if
7 balancing authorities (CAISO and LADWP) have no natural gas owing to a gas curtailment, they
8 could “shed load”, which would result in curtailing electricity service to meet the (balancing
9 authorities) reserve requirement.”⁴ The 2016 Winter Action Plan identified ten new measures,
10 including Gas DR Programs, “to reduce, but not eliminate, the possibility of gas curtailments
11 large enough to cause electricity service interruptions this winter.”⁵

12 On September 13, 2016 SoCalGas was directed by the Commission’s Director, Energy
13 Division to develop and submit demand response program proposals “to incent reductions in gas
14 consumption on peak days when its system reliability is anticipated to be stressed.” Thus, began
15 the process involving advice letters, Commission Resolutions, and further direction from the
16 Energy Division Director that led to the development of the natural gas demand response
17 programs that are proposed in this application.

18 Pursuant to Rule 23, SoCalGas curtailment rules prioritize residential and small
19 commercial customers (core load) ahead of dispatchable electric generators, large commercial
20 and industrial loads, large cogenerators, and refinery loads (noncore load). Rule 23 places

² See Aliso Canyon Gas and Electric Reliability Winter Action Plan (updated September 1, 2016).
Available at <https://efiling.energy.ca.gov/getdocument.aspx?tn=213406>.

³ 2016 Winter Action Plan, p. 3.

⁴ 2016 Winter Action Plan, p. 5.

⁵ 2016 Winter Action Plan, p. 5.

1 dispatchable electric generation customers at the lowest priority for gas service among noncore
2 customers.

3 Curtailement procedures first prevent the dispatch of electric generation not forecasted to
4 be operating at the time the curtailment order is effective followed next by the curtailment of up
5 to 60% of the dispatched electric generation gas load during the winter season (November
6 through March) and 40% of the dispatched electric generation gas load during the summer
7 season (April through October).

8 Dispatchable electric generation customers are ideally suited to quickly comply with
9 curtailment orders when natural gas system integrity is threatened due to their relatively large
10 loads and dispatchability. Higher priority noncore loads are inherently less suited to respond to
11 curtailment orders since, typically, most are not subject to dispatch as part of their normal
12 business operation nor do they maintain alternate fuel capability to allow their operation to
13 continue while subject to a curtailment order.

14 Development of Gas DR programs will help determine if it is possible and economically
15 practicable to create a new class of dispatchable natural gas load on the SoCalGas system based
16 on shifting or reducing demand on the gas system during times of system stress. These programs
17 are primarily envisioned for dispatch during the November through March winter season
18 whenever the systemwide curtailment of electric generation gas load is required, however,
19 selected programs could be dispatched when practical during other times to reduce or shift
20 demand when the system is under stress. Implementation of the proposed natural gas DR
21 programs will assist in determining their potential to reduce the curtailment risk for electric
22 generation gas loads required to maintain electric system integrity when the natural gas system is
23 under stress and is consistent with direction from and need expressed by the Commission.

24 This concludes my prepared rebuttal testimony.

1 **III. QUALIFICATIONS**

2 My name is Paul D. Borkovich. My business address is 555 West Fifth Street, Los
3 Angeles, CA 90013-1011. I am employed by SoCalGas as the Energy Markets Segment
4 Manager in the Capacity Products Support Department. My responsibilities are to manage
5 transportation services provided to suppliers and marketers who provide gas to SDG&E and
6 SoCalGas customers. I also manage the Backbone Transportation Service program, the
7 California Energy Hub back office, policies and procedures for scheduling and nominations on
8 the SDG&E and SoCalGas systems, daily operation and enhancements to SoCalGas' Electronic
9 Bulletin Board, and all aspects of SoCalGas' and SDG&E's interconnect and operational
10 balancing agreements with pipelines delivering natural gas into their integrated transmission
11 system.

12 I have been employed by SoCalGas in numerous positions including: Capacity Projects
13 Support Manager, Senior Accounts Manager, Project Manager, Market Strategy Manager, Senior
14 Market Advisor, Gas Scheduling Manager, Regulatory Affairs Administrative Manager, Account
15 Executive Supervisor, Account Executive, Market Analyst, and Energy Systems Engineer. I
16 have been responsible for various aspects of utility operations, sales and marketing, regulatory
17 matters, and customer relations.

18 I graduated in 1981 from University of California Santa Barbara with a Bachelor of
19 Science Degree in Mechanical Engineering and in 1985 from the University of Southern
20 California with a Master of Science Degree in Petroleum Engineering.

21 I have previously testified before the California Public Utilities Commission.