

SoCalGas-61

**Letter from Timothy Sullivan to Rodger Schwecke (March 16, 2017), re:
Aliso Canyon Natural Gas Storage Facility**

I.19-06-016

ALJs: Hecht/Poirier

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PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 16, 2017

Rodger Schwecke, Vice President
Transmission and Storage
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013
RSchwecke@semprautilities.com

Re: Aliso Canyon Natural Gas Storage Facility

Dear Mr. Schwecke:

Your letter of February 15, 2017, updated as of February 17, indicated Southern California Gas Company's (SoCalGas) intent to implement its Storage Safety Enhancement Plan. After review of this plan and consultation with the California Energy Commission, the California Independent System Operator and the Los Angeles Department of Water and Power, the Commission has determined that the plan, as presented, will limit the withdrawal capacity of SoCalGas storage facilities to a level that is demonstrably insufficient to meet the expected energy needs of SoCalGas customers this summer, and fails to minimize energy reliability risks and, in turn, the safety-related risks associated with curtailment of electricity supply.

The Storage Safety Enhancement Plan initiates changes at SoCalGas storage facilities that include reconfiguring wells at its La Goleta, Honor Rancho and Playa Del Rey storage fields to tubing flow-only. The plan indicates that work will begin on March 1, 2017. By April 1, any well that has not been converted will have been temporarily plugged and isolated from the storage reservoir. As indicated in the letter and update of February 17, the plan will reduce the injection capacity and withdrawal capacity of each gas storage field. The letter notes that the reductions will be most significant during the conversion process, and that although capacity will recover some as wells are returned to service, the transition to tubing flow-only will have a significant permanent impact on withdrawal capacity.

The reduced withdrawal capacity is significantly below the withdrawal capacity needed to address the risks identified in the Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin and further detailed in the Aliso Canyon Risk Assessment Technical Report, including after incorporating the impact of mitigation measures that have been undertaken to better match supply to demand and improvements on the electric system reducing potential gas demand for electric generation.¹ Importantly, the plan as presented does not address how these energy reliability and safety risks will be managed during the implementation of the plan nor after its completion.

¹ As documented in the Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin for the Summer of 2016.

To minimize the risk of energy vulnerabilities this summer and provide for sufficient winter inventory levels, SoCalGas should maintain a system wide storage withdrawal capacity level of 2.065 Bcf per day beginning June 1, 2017, and throughout the balance of the safety enhancement project. That amount should be increased as quickly as possible to 2.420 Bcf per day using improvements to withdrawal capacity at each of the fields, including the management of inventory levels and increases to wells in service at all fields. The allocation of the withdrawal capacity across the fields must consider the relative reliability role and impact of each of the fields.

Further, the limitations on inventory level and injections and any protocols currently in place or developed to manage withdrawals from Aliso Canyon must be maintained. The Storage Safety Enhancement Plan needs to be modified to assure that this level is maintained throughout the summer season. Concurrently, SoCalGas should implement actions consistent with its plan that prioritize the conversion of wells based on safety tests.

SoCalGas should submit a revised plan no later than March 30, 2017, indicating the actions it will take and modifications to the current plan in order to meet the specified minimum withdrawal capacity levels.

Thank you for your continued efforts to provide safe, reliable energy service.

Sincerely,



Timothy J. Sullivan
Executive Director

Cc: Edward Randolph
Dan Skopec