



PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

July 1, 2019

Re: CPUC Proposed Revisions to Aliso Canyon Withdrawal Protocol

Dear Stakeholders and Parties to Proceedings I.17-02-002, A.18-07-024, and A.17-10-007,

The California Public Utilities Commission's (CPUC) Energy Division is considering revisions to the November 2, 2017, Aliso Canyon Withdrawal Protocol. The goal of the proposed revisions is to address gas reliability challenges and electric and gas price impacts in Southern California.

There are several reasons for the proposed revisions, which are further explained in the proposed revisions document. In summary, the current Withdrawal Protocol:

1. Combined with natural gas pipeline outages, and operational restrictions on Aliso Canyon has led to extraordinarily high natural gas and electricity prices. The relationship between natural gas prices and electricity prices is especially apparent during high electricity demand days, because a significant portion of peak electricity supply is generated from generators burning natural gas;
2. Contributed to critically low inventory levels at the non-Aliso storage fields this past winter because SoCalGas had to rely primarily on those fields to meet customer demand. Under the current Withdrawal Protocol, Aliso Canyon is considered an "asset of last resort" and cannot be utilized until there is a threat to system reliability; and
3. Increases the likelihood that Aliso Canyon will reach and remain at its maximum allowable capacity during the summer and fall injection season with the resultant loss of injection capacity. Without Aliso Canyon's injection capacity, it is difficult to build up winter storage inventory at the non-Aliso fields because their injection capacity is reserved primarily for balancing.

If revisions are made to the existing Withdrawal Protocol, they are in the spirit of a short-term operational solution, as suggested in the Joint Agency Summer 2019 Technical Assessment.¹ Long-term operations and the future of Aliso Canyon will be determined in the open proceeding, I.17-02-002.

The proposed changes in the Withdrawal Protocol are focused on improving short-term reliability and price stability in the Southern California region. The changes are not intended to signal a need for Aliso Canyon in the long term. The issue of the long-term role of Aliso Canyon in providing reliable gas service in Southern California and the question of whether the storage facility can be shut down entirely are issues for I.17-02-002. The proposed changes to the Withdrawal Protocol will not impact the outcome of that proceeding.

Comments will be accepted on the proposed revisions by e-mail to Aliso@cpuc.ca.gov. Comments must be submitted by 5:00 P.M. PST Tuesday, July 9, 2019, to be considered.

¹ The Summer Technical Assessment can be found here:

https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/News_Room/NewsUpdates/2019/TN228349_20190521T145912_Aliso%20Canyon%20Risk%20Assessment%20Technical%20Report%20Summer%202019.pdf