

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 23, 2019

Subject: 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 shared proposed changes to the Aliso Canyon Withdrawal Protocol (Withdrawal Protocol) with stakeholders and interested parties on July 1, 2019. Stakeholders and interested parties were asked to provide comments on the proposed changes by 5:00 P.M. PST on Thursday, July 11, 2019. Energy Division received 11 comments, which are posted to www.cpuc.ca.gov/aliso along with Energy Division's responses.

The 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 changes to the Withdrawal Protocol will not impact the outcome of that proceeding.

After review and analysis of the comments, Energy Division has made the following changes to the draft Withdrawal Protocol issued on July 1, 2019:

- 1) A footnote was added to define the word "preliminary" in Condition 1 to clarify when SoCalGas should determine low OFO calculations for each cycle.
- 2) Condition 3 was revised to allow withdrawals from Aliso Canyon if Honor Rancho and/or La Goleta declines to 110% of its month-end minimum inventory requirements. Comments filed by SoCalGas raised the issue that allowing Honor Rancho and/or Goleta to decline to 105% of their month-end minimum inventory, especially prior to the end of the month, would only permit a few days of withdrawal before the system is at risk. Analysis of winter 2018-19 conditions leads Energy Division staff to agree with this assessment. During the 2018-19 winter season, the non-Aliso storage fields reached critically low inventory levels, which impacted their ability to respond to steep changes in intraday demand. Furthermore, since the non-Aliso storage fields were significantly drawn down, it has been difficult to build storage inventory in preparation for the summer and winter months. A 110% reserve factor would help preserve inventory levels at the non-Aliso storage fields, increase their withdrawal capacity, and enable those fields to supply gas when needed at critical hours. Allowing these fields to drop to 105% of their month-end minimum inventory requirements during the winter months would make it more likely that the system experiences a reliability risk and would make it more difficult to refill storage inventory prior to the summer season.

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- 3) Condition 4 was added to allow SoCalGas to initiate withdrawals from Aliso Canyon under emergency conditions. A similar emergency condition is included in the Withdrawal Protocol established on November 2, 2017. Comments filed by SoCalGas raised the point that emergency or unexpected situations may arise where Aliso Canyon's withdrawal capacity is needed to avoid curtailments, but the first three conditions are not met. SoCalGas included the example of maintenance work that occurred on June 1, 2019, at Honor Rancho, which made its withdrawal capacity unavailable. This was a Stage 1 low OFO day, which would not have triggered withdrawals from Aliso Canyon based on the conditions stipulated in the draft Withdrawal Protocol issued on July 1, 2019. The draft Withdrawal Protocol did not consider the rare instances of maintenance work or unexpected outages that would require use of Aliso Canyon but may not trigger the other three conditions needed to use Aliso Canyon. Thus, it is pertinent to include this condition to ensure that there is sufficient gas supply under emergency conditions. Such risk could arise due to emergencies on the gas pipeline system or because conditions require additional gas supply otherwise unavailable.
- 4) Other minor changes were made regarding Noticing and Reporting requirements. These changes were made to streamline and clarify noticing and reporting requirements.

This version of the Withdrawal Protocol is now in effect, and SoCalGas has been directed to implement the changes immediately.