

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

Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure Safe  
and Reliable Gas Systems in California and  
Perform Long-Term Gas System Planning.

Rulemaking 20-01-007  
(Filed January 16, 2020)

**OPENING COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION ON STAFF GAS INFRASTRUCTURE  
DECOMMISSIONING PROPOSAL**

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**I. Introduction**

Pursuant to the December 22, 2022 *Administrative Law Judge’s Ruling Directing Parties to File Comments on Staff Gas Infrastructure Decommissioning Proposal* (Ruling), the California Independent System Operator Corporation (CAISO) submits comments on the *Staff Gas Infrastructure Decommissioning Proposal* (Staff Proposal) provided in the Ruling.

The Staff Proposal “suggests concepts and processes to guide gas distribution infrastructure decisions.”<sup>1</sup> The Staff proposal focuses on electrification as a strategy to reduce reliance on the gas distribution system. California Public Utilities Commission (CPUC) staff lists key criteria to consider when making decisions about gas distribution infrastructure. However, CPUC staff does not include impacts to electric system reliability as a key criterion. The CAISO’s comments focus on the need for the Commission to consider impacts to the electric system and electric reliability when making decisions about gas distribution infrastructure.

As stated in the CAISO’s prior comments in this proceeding, the electric system is interdependent with the gas system, and there are gas generators connected to the gas distribution system.<sup>2</sup> In making decisions about gas infrastructure, the Commission should plan for sufficient gas infrastructure to maintain electric system reliability. The Commission should also recognize

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<sup>1</sup> Staff Proposal, p. 3.

<sup>2</sup> CAISO, *Comments on Amended Scoping Memo Track 2a Scoping Questions 2.1(b) – 2.1(k)*, June 15, 2022: <http://www.caiso.com/Documents/Jun15-2022-Comments-AmendedScopingMemo-Track2a-ScopingQuestions21b-21k-Safe-ReliableGasSystems-R20-01-007.pdf>.

that electrification may result in changes to electric demand shapes themselves in addition to higher electricity consumption overall. Both of these changes may drive higher and gas-fired generation needs under high electrification as today's non-core gas users (*i.e.*, electric generation) begin to serve more core (*i.e.*, residential and small commercial) needs. The potential changes to electric demand shapes is of particular concern given the role gas-fired generation plays in meeting ramping needs driven in large part by electric demand shapes. Lastly, the Commission and CPUC staff should align long-term planning efforts for safe and reliable natural gas systems with the planning processes administered by the CAISO, other state regulatory agencies and local regulatory authorities, and with other Commission proceedings addressing gas and electric matters.

## II. Discussion

### A. The Commission Should Include Impacts to Electric System Reliability as a Key Criterion for Gas Distribution Infrastructure Planning.

As detailed in the CAISO's previous comments in this proceeding, the electric system and gas system are interdependent.<sup>3</sup> There are gas-fired generators connected to both the gas transmission and distribution systems that rely on gas infrastructure to serve electric demand. Thus, the Commission should consider the interdependence of the gas and electric systems, even when making decisions limited to gas infrastructure on the gas distribution system, as such decisions could impact electric system reliability.

The Staff Proposal correctly states that, "[t]hermal electric generation gas use typically fluctuates more throughout the day and year," and notes that peak gas demand drives the amount of gas infrastructure needed.<sup>4</sup> The CAISO largely relies on gas generation for intraday ramping needs. These ramping needs have increased as intermittent renewable resources on the electric system increase and electric demand served by behind the meter solar grows. The Commission must consider the need for gas generation and infrastructure to maintain electric system reliability as the electric generation mix evolves and electric demand shapes change.

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<sup>3</sup> CAISO, *Comments on Amended Scoping Memo Track 2a Scoping Questions 2.1(b) – 2.1(k)*, June 15, 2022: <http://www.caiso.com/Documents/Jun15-2022-Comments-AmendedScopingMemo-Track2a-ScopingQuestions21b-21k-Safe-ReliableGasSystems-R20-01-007.pdf>.

<sup>4</sup> Staff Proposal, p. 13.

The Staff Proposal, however, does not include electric system reliability and impacts to the electric system as a key criterion to consider when making decisions about gas distribution infrastructure. The CAISO recommends that the Commission explicitly consider electric system impacts as a key criterion when considering repair, replacement, or decommissioning of gas distribution infrastructure.

**B. The Commission Should Consider the Impacts of Electrification on Gas Distribution System Needs.**

The Staff Paper proposes electrification as a gas distribution system decommissioning strategy. The Staff Paper recommends identifying areas served by gas infrastructure to electrify fully and prioritize for pipeline decommissioning or maintenance of existing pipelines.<sup>5</sup> In evaluating areas to electrify, the Commission should consider that electrification can change electric demand shapes, and replacing or decommissioning gas infrastructure may impact the electric generation needed to serve electric demand. Under high electrification, today's non-core gas users (*i.e.*, electric generation) may increasingly be needed to serve core (*i.e.*, residential and small commercial) needs.<sup>6</sup> In the future, high electrification needs such as transportation electrification and increased fuel switching from gas to electric for residential and small commercial uses may actually increase gas needs to support electric reliability. The Commission must consider important impacts to the electric system in conjunction with its electrification strategies.

In Question 12(b), CPUC staff asks, "Is there a threshold electric demand increase below which electrification does not impact electric transmission or distribution infrastructure needs enough to merit consideration?"<sup>7</sup> The Commission should consider that in addition to increases in gross electric demand, electrification can change demand shapes and the resources needed to meet ramping needs and electric demand peaks, and to charge energy storage resources. In order to determine the impacts of electrification on electric infrastructure (and electric generation) needs, the Commission should coordinate this proceeding with other Commission and state entity planning processes that address gas and electric matters.

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<sup>5</sup> Staff Proposal, pp. 16-17.

<sup>6</sup> CAISO, *Comments on Amended Scoping Memo Track 2a Scoping Questions 2.1(b) – 2.1(k)*, June 15, 2022, p. 4.

<sup>7</sup> Staff Proposal, p. 11.

### **C. The Commission Should Coordinate Long-Term Gas Planning With Other Proceedings and Other State Agency and Authority Planning Processes.**

The CAISO recommends the Commission align its efforts to perform long-term planning for safe and reliable natural gas systems with the planning processes administered by the CAISO, other state regulatory agencies and local regulatory authorities, and with other Commission proceedings addressing gas and electric matters. As the CAISO discussed in prior comments, there are significant dependencies between the gas and electric sectors, and CAISO is actively involved in major state and Commission energy infrastructure planning processes. Coordination among all of these proceedings is important.

For example, this proceeding should coordinate with the California Energy Commission's (CEC) informational proceeding on decarbonizing the gas system. Topics in the CEC's informational proceeding include developing gas demand forecasts at the granularity needed for gas system planning and reliability assessments; and considering how electric planning can adequately capture interdependencies between the gas and electric system; and extreme weather events.<sup>8</sup> These assessments, in addition to the electric demand forecasting the CEC conducts for the state of California, are critical for modeling and assessing gas and electric system interactions.

Additionally, the Commission's integrated resource plan (IRP) proceeding is scheduled to discuss significant unplanned gas-fired generation retirement scenarios.<sup>9</sup> Many of these modeling outputs are critical for CAISO planning processes and assessments of electric infrastructure needs. Coordination across planning processes will ensure the Commission can appropriately evaluate the complex interplay between gas and electric systems in order to make decisions about gas infrastructure.

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<sup>8</sup> California Energy Commission, *Order Instituting Informational Proceeding on Gas Decarbonization*, 22-OII-02. <https://www.energy.ca.gov/proceedings/energy-commission-proceedings/order-instituting-informational-proceeding-gas>.

<sup>9</sup> See CPUC, *Decision Adopting Preferred System Plan*, R.20-05-003, February 15, 2022, p. 133 and CPUC, *Proposed Decision Revision 1 Re: Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) And Transmitting Electric Resource Portfolios To California Independent System Operator For 2023-2024 Transmission Planning Process*, R.20-05-003, February 21, 2023, p. 133.

### III. Conclusion

The CAISO appreciates the opportunity to provide comments on the Staff Proposal.

Respectfully submitted,

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