

January 25, 2019

VIA ELECTRONIC FILING

California Energy Commission
Docket Office, MS-4
Re: Docket No. 18-IEPR-03
1516 Ninth Street
Sacramento, CA 95814-5512

Re: California Independent System Operator Corporation (CAISO) Comments on the California Energy Commission Docket No. 18-IEPR-03: Southern California Natural Gas Prices

On January 11, 2019, the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) held a Joint Agency Workshop on Southern California Natural Gas Prices (workshop) as part of the 2018 Integrated Energy Policy Report (IEPR) Update Proceeding. The CAISO participated in the workshop and appreciates the opportunity to provide these written comments.

The CAISO commends the joint agencies for their efforts to address higher than average wholesale natural gas prices in Southern California in 2018 resulting from infrastructure limitations in the Southern California Gas system and thanks the CEC and CPUC for providing the opportunity to discuss how high natural gas prices at the SoCal Citygate hub have impacted high wholesale electricity prices. The CAISO would like to reiterate three recommendations it made at the conclusion of our presentation at the workshop:

- SoCalGas should expeditiously remedy system capacity constraints which lead to frequent Operational Flow Order (OFO) calls that can have a significant impact on gas and electric prices. As noted in the CEC staff presentation, the SoCalGas receipt point capacity is reduced by 770 MMcfd due to the status of SoCalGas Lines 235, 3000 and 4000. Further, SoCalGas Citygate prices have spiked several times since the Line 235 rupture in October 2017;
- In the near-term, the CPUC should revise the Aliso withdrawal protocol to enable SoCalGas to mitigate higher stage OFO risk; and
- As a longer-term solution, the CPUC should consider implementing a full requirements cost-based natural gas supply procurement tariff for CAISO-connected electric generators, as proposed by Southern California Edison Company.

The CAISO appreciates the opportunity to provide comments in response to the workshop and looks forward to working with the CEC and CPUC on near-term and long-term solutions.

Sincerely,



Mark Rothleder
Vice President, Market Quality and Renewable Integration