

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

Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.

Investigation 17-02-002

(Filed February 9, 2017)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

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Pursuant to the Commission’s Order Instituting Investigation (OII), the California Independent System Operator Corporation (CAISO) provides comments regarding the scope and schedule for this proceeding. The Commission instituted this investigation on its own motion to comply with requirements of Senate Bill 380 (SB 380) to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) while maintaining energy and electric reliability.

I. Statutory Framework

SB 380 requires the Commission to consult with the CAISO in making its determination regarding the ability to maintain electric reliability.¹ Separately and independently, existing California law requires the CAISO to “ensure efficient use and reliable operation of the transmission grid” consistent with applicable reliability standards.² As a result, the CAISO has and will continue to study Aliso Canyon’s potential impacts on electric reliability. The CAISO looks forward to working with Commission and presenting additional studies during Phase 1 of this proceeding.

II. Proposed Scope and Schedule

A. Scope Comments

The OII indicates that this proceeding will be separated into two phases. Phase 1 will address whether it is feasible to reduce or eliminate use of Aliso Canyon and still maintain

¹ Senate Bill 380, Section 714(a).

² Public Utilities Code Section 345.

electric reliability. Phase 2 will use the information gathered during Phase 1 to determine whether the Commission should eliminate or reduce use of Aliso Canyon and, if so, under what conditions. Section 2.1(3) of the OII lists a series of factors that the Commission will consider in making its Phase 1 determination. These factors reference impacts on natural gas reliability but do not reference electric reliability. To be consistent with SB 380 and Sections 2.1(1) and 2.1(2) of the OII, the CAISO believes that the Commission should modify Section. 2.1(3) to also address impacts of Aliso Canyon use on local and system electric reliability.

The OII refers to energy and electric reliability in the Los Angeles region specifically. The CAISO recommends that this investigation should consider the gas and electrical reliability implications not just for the Los Angeles region, but for all of southern California and the interconnected system as a whole. The gas and electric systems are integrated and, as such, there are operational interdependencies that may need to be considered. For example, factors affecting gas supply in New Mexico and Texas can affect gas flows into the Southern California Gas Company (SoCalGas) system. Similarly, issues on the southern California electric system can affect the entire CAISO controlled grid, the Los Angeles Department of Water and Power and the Western Electricity Coordinating Council area as a whole. The 2016 summer assessment demonstrated that if there are gas operational issues and challenges to maintain pressure, SoCalGas may have to take actions that affect electric generation resources throughout the SoCalGas system and other gas transmission systems, not just in the Los Angeles region.

Finally, the OII should also consider the long term implications of SB 380 and SoCalGas's announced safety enhancement plan that will limit gas production from other storage facilities to tubing or isolation because they could affect the capabilities of other gas storage facilities on the SoCalGas system. Further, because other natural gas systems operated by Pacific Gas & Electric Company (amongst others) may also adopt such limitations, the OII should also consider the long-term and broader impacts of such potential limitations on the gas system and electric reliability.

B. Schedule Comments

The OII provides a preliminary Phase 1 schedule that includes a workshop to determine the scope of the Phase 1 study and a ruling setting the scope of the Phase 1 study. The CAISO strongly agrees with Commission's approach to developing the Phase 1 study. The workshop is necessary to develop both the scope and assumptions for the Phase 1 study. The CAISO

recommends that the Commission memorialize the study assumptions in a ruling pursuant to a process that is similar to how the Commission develops assumptions and scenarios in the integrated resource plan (and, previously, the long-term procurement plan).

III. Conclusion

The CAISO looks forward to participating in this proceeding going forward.

Respectfully submitted,

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