

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

Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Recover North-South Project Revenue Requirement in Customer Rates and for Approval of Related Cost Allocation and Rate Design Proposals.

Application 13-12-013  
(Filed December 20, 2013)

**NOTICE OF EX PARTE COMMUNICATION**

In accordance with Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, the California Independent System Operator Corporation (ISO) hereby gives notice of the following *ex parte* communication.<sup>1</sup> On October 2, 2015, Eric Schmitt, ISO Vice President, Operations, sent a letter to Assigned Commissioner Michael Florio with respect to the above-captioned proceeding. The ISO also sent a copy of the letter to CPUC President Michael Picker, CPUC Commissioner Catherine Sandoval, CPUC Commissioner Carla Peterman, CPUC Commissioner Liane Randolph, Assigned Administrative Law Judge Karl Bemederfer, Assigned Administrative Law Judge Douglas Long, Mr. Edward Randolph, as well as the service list for Application 13-12-013 on the same day. A copy of the letter is attached hereto as well as a proof of service that the ISO sent a copy of the letter to the service list for Application 13-12-013. In the letter, the ISO emphasized the importance that natural gas pipeline infrastructure plays in supporting electric grid reliability. The ISO urged the CPUC to consider appropriate

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<sup>1</sup> For purposes of Application 13-12-013, the ISO is not an interested person as that term is defined under Rule 8.1(d) of the CPUC's Rules of Practice and Procedure. Notwithstanding, the ISO is filing this notice as a courtesy.

measures to ensure adequate pipeline infrastructure exists to serve electric generation in the ISO's balancing authority.

To request a copy of this notice, please contact Anna Pascuzzo at (916) 351-2212 or [apascuzzo@caiso.com](mailto:apascuzzo@caiso.com).

Respectfully submitted,

**By: /s/ Andrew Ulmer**

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Attorneys for the California Independent  
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Dated: October 6, 2015

**ATTACHMENT**

October 2, 2015

**Via Electronic Mail**

Honorable Michel Peter Florio  
Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102

**Re: Application 13-12-013; North – South Project**

Dear Commissioner Florio:

The California Independent System Operator Corporation continues to enhance its efforts to coordinate operations and planning with both interstate and intrastate natural gas pipelines serving electric generators in the ISO's balancing authority. As we collectively work on these matters, the Commission should ensure that adequate gas pipeline infrastructure exists to serve electric generating gas load.

We recognize that gas pipelines throughout the West face their peaking season during winter and this fact may create gas pipeline capacity constraints. In February 2014, for example, demand for gas in the West created low pressure problems on gas pipelines serving electric generation in southern California that required the ISO to redispatch generation in order to maintain reliable electric service to customers in southern California and avoid outages, while maintaining gas supplies for other customers.

We have also experienced gas pipeline capacity issues in the summer months when pipelines have taken maintenance outages. On June 30 and July 1, 2014, the ISO system experienced high demand and low imports causing the ISO to dispatch natural gas-fired resources in the Los Angeles basin. As a result of a pipeline maintenance outage, SoCalGas curtailed natural gas supply to several of these resources. These curtailments required the ISO to dispatch additional units in Northern California to reduce the natural gas burn by generating units in Southern California.

New air quality regulations such as the U.S. Environmental Protection Agency's Clean Power Plan may lead to additional gas use across the Western United States. Moreover, California may experience increased gas demand volatility driven by greater renewable energy penetration, population growth in other parts of the West, or the conversion of oil-fired resources to natural gas-fired resources in Mexico. It is critical that sufficient pipeline infrastructure is available to meet these regional needs while supporting electric reliability in California.

Honorable Michel Peter Florio  
Commissioner  
October 2, 2015  
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We are aware that SoCalGas and SDG&E have requested that the CPUC authorize it to recover a revenue requirement associated with the North-South Project in customer rates, and approve related cost allocation and rate design proposals. If approved and constructed, we understand the project could transport supplies delivered at specific receipt points on SoCalGas' northern system, as well as supplies from SoCalGas' Honor Rancho storage field, to customers located on SoCalGas' southern system. These customers include electric generating units.

Without commenting on the issues in dispute in the pending proceeding and recognizing the need to ensure appropriate ratepayer protections exist, I wish to stress the increasing importance that natural gas pipeline operations play in supporting electric grid reliability, especially during stressed conditions. Accordingly, I urge the Commission to consider appropriate measures to ensure adequate gas pipeline infrastructure exists to serve electric generation in the ISO's balancing authority.

Respectfully,



Eric Schmitt  
Vice President, Operations

cc: Honorable Michael Picker, President  
Honorable Catherine J.K. Sandoval, Commissioner  
Honorable Carla J. Peterman, Commissioner  
Honorable Liane M. Randolph, Commissioner  
Honorable Karl J. Bemesderfer, Administrative Law Judge  
Honorable Douglas Long, Administrative Law Judge  
Mr. Edward Randolph, Director - Energy Division  
Service List Application 13-12-013

