

**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
ON THE PROPOSED DECISION ADOPTING BIENNIAL ASSESSMENT PROCESS**

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SUBJECT INDEX OF RECOMMENDED CHANGES

Pursuant to Rule 14.3(b) of the California Public Utilities Commission’s (“CPUC” or “Commission”) Rules of Practice and Procedure, the California Independent System Operator Corporation (“CAISO”) provides the following Subject Index of Recommended Changes in support of its Comments on the Proposed Decision Adopting Biennial Assessment Process.

- The CAISO supports the approach of moving analysis and decision on the specific portfolio of resources to replace Aliso Canyon to alternative proceedings, but recommends that specific proceedings be identified to do this analysis rather than providing possible venues.
- The CAISO recommends the Proposed Decision identify the importance of local electric reliability assessment in planning for the reduction or closure of Aliso Canyon and recommends the Proposed Decision identify the proceeding best fit for addressing this planning criteria.
- The CAISO recommends that the Proposed Decision specifically direct consultation with or outreach to entities, including the CAISO, regarding assessment of gas storage levels and potential impacts to electric generation and electric system reliability, rather than describe a potential for consultation.

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits comments on the November 13, 2024 *Proposed Decision Adopting Biennial Assessment Process* (PD) by the California Public Utilities Commission (Commission).

In this proceeding, the Commission and parties evaluated the reliability and cost impacts of minimizing or eliminating reliance on the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon). Throughout the proceeding, the CAISO remained neutral on which portfolio of resources or solutions would replace or reduce reliance on Aliso Canyon, but advocated for clear policy directives, sufficient data, and coordination with other Commission proceedings.¹ The PD adopts a portfolio mix of carbon neutral resources, but appropriately directs determinations on timing, volume, and procurement of replacement resources to other Commission proceedings. The PD also directs Energy Division to conduct biennial reliability and economic analyses to

¹ See Comments of the California Independent System Operator Corporation on the November 3, 2021 Workshop (Nov. 10, 2021) at p. 2.

determine appropriate storage levels at Aliso Canyon going forward, which will allow the CAISO to track the periodic analysis and perform any necessary transmission power flow studies.

II. Discussion

A. The PD’s Direction to Defer Decisions on Procurement and Timing of Replacement Resources Should Identify Specific Proceedings that Comprehensively Evaluate Electric and Gas System Planning.

The PD adopts Energy Division’s recommended portfolio mix of carbon-neutral resources that can replace the services currently provided by Aliso Canyon, which includes increased renewable electricity generation, storage resources, energy efficiency, and building electrification.² However, the PD, “[l]eaves for other proceedings to determine in what proportion these resources will be procured and how and when they will come online.”³ The PD further specifies that, “[p]roceedings that may consider procurement of resources that address the services currently provided by Aliso Canyon include IRP (R.20-05-003 or its successor proceeding), energy efficiency (R.13-11-005 and successor proceedings), building decarbonization (R.19-01-011), and long-term gas system planning (R.24-09-012).”⁴ The CAISO supports this approach, but recommends that specific proceedings be identified to do this analysis rather than providing possible venues.

The PD correctly defers decisions on volume, timing, and procurement of replacement resources to other Commission proceedings that evaluate comprehensively electric and gas system planning and procurement. The CAISO agrees with several parties that identify the Integrated Resource Planning (IRP) proceeding as the correct proceeding to address electric

² PD, p. 74.

³ PD, p. 45.

⁴ PD, p. 44.

system wide resource needs.⁵ The CAISO supports the Commission consolidating decisions regarding electric system planning and procurement into the IRP proceeding which evaluates the electric system as a whole and recommends the PD specifically direct to this proceeding. This approach also supports alignment between resource planning and the CAISO's transmission planning process (TPP) which uses the Commission's IRP portfolios as a direct input. By consolidating decisions on replacement resources into the IRP proceeding which directly informs the CAISO TPP, the Commission can provide sufficient lead time for the CAISO to study resource portfolios and impacts to transmission to meet system and local area needs.

The Commission's long-term gas planning proceeding is the appropriate venue to address decisions regarding gas infrastructure planning and replacement as a whole, coordinated with the IRP proceeding. Lastly, the Commission correctly defers decisions regarding building electrification and energy efficiency to other Commission proceedings. The Commission should further coordinate decisions in these areas with the California Energy Commission's demand forecast which directly informs the Commission's IRP and the CAISO's TPP.

Finally, the CAISO previously highlighted the importance of a local electric reliability assessment in planning for a reduction or closure of Aliso Canyon.⁶ The CAISO recommends the PD identify this critical planning need and identify the proceeding best fit for addressing it.

⁵ California Community Choice Association, Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas and Electric Company, and the Alliance for Retail Energy Markets have supported addressing electric system planning and procurement in the IRP proceeding.

⁶ Comments of the California Independent System Operator Corporation on Administrative Law Judge's Ruling Entering into the Record Aliso Canyon Investigation 17-02-002, Phase 3: Report Requesting Comments (Feb. 16, 2022).

B. The PD Should Direct Consultation for the Biennial Assessment Framework to Regularly Assess Storage Levels at Aliso Canyon.

The CAISO supports the PD’s proposed biennial assessment framework. Under this framework, Energy Division will conduct biennial reliability and economic analyses to determine whether to adjust Aliso Canyon storage levels, and/or take steps towards reducing or eliminating reliance on Aliso Canyon. The PD’s proposed approach appropriately evaluates impacts to both reliability and consumer costs, while maintaining a pathway to reduce or eliminate reliance on Aliso Canyon. The PD recognizes that the staff proposal considers consultation with California Energy Commission (CEC), CAISO, California Geologic Energy Management Division (CalGEM), and Los Angeles Department of Water and Power (LADWP) to draft biennial assessment reports.⁷ The CAISO agrees that Energy Division should consult with other entities including the CAISO on the development of biennial assessments, as specified in the *Biennial Assessment Report Inputs and Methods* document.⁸ Energy Division should coordinate assessments of gas storage levels with the CAISO to account for potential impacts to electric generation and electric system reliability. The CAISO recommends that the PD specifically direct consultation with or outreach to these entities, including the CAISO, rather than describe a potential for consultation.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the PD. The CAISO supports the Commission addressing decisions regarding the timing, volume, and procurement of replacement resources to proceedings that comprehensively evaluate electric and gas systems,

⁷ PD, p. 60.

⁸ PD, *Attachment A – Biennial Assessment Report Inputs and Methods*.

and adopting a biennial assessment framework to regularly assess storage levels at Aliso Canyon, coordinated with other entities including the CAISO.

Respectfully submitted

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