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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**ASSIGNED COMMISSIONER'S RULING DIRECTING ACTIVITIES
IN RESPONSE TO NATURAL GAS LEAK AT ALISO CANYON
STORAGE AND SEEKING COMMENTS**

Summary

This ruling directs Southern California Edison to take immediate steps to enhance their demand response efforts in response to the Aliso Canyon Gas Storage Facility (Aliso Canyon) leak. Pursuant to Public Utilities Code Section 1708, this ruling also provides notice and an opportunity to comment on proposed changes to existing demand response program activities that may help support grid reliability.

1. Background of Natural Gas Leak at Aliso Canyon Storage Facility

On October 25, 2015, Southern California Gas Company (SoCalGas) notified the California Public Utilities Commission (Commission) of a natural gas leak at the Aliso Canyon storage facility. SoCalGas owns and operates the facility at Aliso Canyon. The leak was within one of the wells at the Aliso Canyon site. Though the leak was sealed on February 17, reliability

concerns remain about the sufficiency of natural gas resources in the area served by Aliso Canyon.

On January 6, 2016, Governor Brown proclaimed a state of emergency for Los Angeles County due to the leak. The proclamation directs all agencies of state government to “ensure a continuous and thorough response to this incident” and further directs the Commission to “take all actions necessary to maximize daily withdrawals of natural gas from the Aliso Canyon Storage Facility for use or storage elsewhere.” At the same time, the proclamation also directs the Commission to “take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility.” This ruling seeks to achieve such action.

2. Need for Increase Demand Response in Affected Geographic Areas

The safety and ratemaking issues, and broader implications of the natural gas leak at Aliso Canyon, will be addressed in other proceedings. However, certain actions may be more appropriate within Rulemaking 13-09-011, in order to mitigate the impact of reliability issues arising from Aliso Canyon. Several offerings within the demand response portfolio may reduce or shift the demand for electricity in the geographic regions most impacted by the leak at Aliso Canyon.

Generally, Southern California Edison (SCE) is directed to intensify existing efforts in its demand response program activities in the geographic areas most impacted by the anticipated natural gas shortage. Programs which are currently running may have the capacity and funding to boost demand response

capabilities in affected areas without further Commission action. In such cases, SCE is ordered to undertake all such efforts.

New funding authority may also be warranted to enable incremental demand response capabilities in these areas; so could changes or suspension to existing program rules. This ruling directs SCE to propose new funding or changes to program rules that may be useful for ensuring reliability. SCE's proposal should include, at minimum:

- Increasing participation in its residential and non-residential Summer Discount Plan, Base Interruptible, and Agricultural Pumping Interruptible programs;
- Conducting a custom demand response auction targeted at the areas most impacted, or adjusting the focus of the current 2017 demand response auction mechanism pilot;
- Offering customers incentives for the purchase and/or installation of programmable thermostats combined with enrollment in an effective tariff or load control program. This would also serve the purpose of an initial first step of implementing Assembly Bill 793.

In addition to these specific requirements, we invite SCE to propose additional measures whereby demand response may be available to support reliable electricity service, as a stand-alone or integrated distributed energy resource. Furthermore, we invite proposals which may be executed in cooperation with the Los Angeles Department of Water and Power.¹

¹ This emergency also has a large potential impact on the electric generators servicing the Los Angeles Department of Water and Power service territory. SCE should consult the Commission Energy Division staff as it defines its geographic intensification to determine what assistance and collaboration to the Los Angeles Department of Water and Power service territory, if any, can be rendered within the existing program rules.

Efforts to boost demand response under this order should be qualified in four ways. First, efforts should focus on the cultivation of reliable demand response that can be quickly deployed. Second, they should target geographic areas where electric reliability may be at risk as a result of anticipated natural gas shortages. Third, efforts should focus on boosting demand response for the summer seasons of 2016 and 2017, including the months of September and October.² Fourth, where SCE proposes efforts to boost demand response in 2017, such efforts should be coordinated with its 2017 program year proposal filed in this docket on February 1, 2016, and any subsequent direction given to SCE by the Commission in authorizing that proposal.

SCE should concentrate its efforts in the geographic regions most impacted by any natural gas shortfalls faced by electric generators as a result of the Aliso Canyon emergency. This includes, but is not limited to, the geographic areas served by the following electric generators:

- Alamitos Toll
- Huntington Beach Generating Station
- Redondo Beach
- Barre Peaker
- Center Peaker
- El Segundo Energy Center
- El Segundo Power
- Long Beach Generation

² Demand Response capabilities prompted by the Aliso Canyon emergency for 2018 or beyond will be considered in conjunction with the broader portfolio.

SCE should consult with the Commission Energy Division and California Independent System Operator as modeling of the impact on electric generators stemming from the outage at Aliso Canyon continues. Further refinement of the targeted areas may be warranted.

All proposals should be supported by budgets and cost-effectiveness analyses. SCE's proposal should comply with the guidance provided in the rulings issued in this docket on September 15 and December 3, 2015 in which we specified how program budget and cost-effectiveness analysis should be presented for the Commission's consideration. In addition, where changes to tariff language are required to execute SCE's proposals, red lined tariffs should be included.³

3. Next Steps

Because of the emergency situation, this ruling seeks comment on the appropriateness of new funding authority or changes to certain demand response program rules in areas served by SCE and affected by the Aliso Canyon emergency for 2016 and 2017.

First, SCE shall file proposals consistent with direction provided in Section 2 of this ruling by no later than 10 days from the issuance of this ruling. Parties may file comments on SCE's proposal 20 days from the issuance of this ruling.

Second, parties are invited to comment on the following questions:

1. Should potential SCE efforts to expand demand response to support reliability as qualified in Section 3 be required to

³ Due to the expedited need for emergency action, where practical and expeditious we will authorize tariff changes directly by Decision, rather than a subsequent advice letter process.

achieve a particular Total Resource Cost value? Or should alternate cost-effectiveness criteria be applied? Given the emergency, should the avoided cost be the value of lost load?

2. Should the Commission suspend the requirement that SCE may only meet 2% of its resource adequacy obligation with emergency demand response programs?
3. If a custom demand response auction were initiated for summer of 2017, should the products on auction be identical to those offered by utilities during the pilot phase of the demand response auction mechanism, altered or expanded?
4. Are there additional program rules or administrative details that should be reconsidered to enable the goals of this ruling?

In responding to these questions, parties should limit their responses to the Aliso Canyon emergency response efforts. SCE should include responses to these questions with its proposal.

IT IS RULED that:

1. Southern California Edison (SCE) shall immediately intensify existing efforts in its demand response program activities in the geographic areas most impacted by the anticipated natural gas shortage.
2. SCE shall propose new funding and/or changes to demand response program rules that support electric reliability in geographic areas affected by the Aliso Canyon incident.
3. SCE shall target their intensified efforts to geographic regions most impacted by the emergency at Aliso Canyon. SCE shall immediately consult with Commission Energy Division and California Independent System Operator staff to identify these regions.

4. SCE shall track and report, on a monthly basis, all of its intensified efforts related to the emergency response. This tracking shall include type and size of demand response resources engaged, geographic region, customer type and expenditures. Beginning on April 15, 2016, SCE shall serve monthly reports of this emergency response to the service list until December 15, 2017.

5. SCE shall use existing fund shifting rules to maximize the use of underspent and unspent funds to supplement its intensified efforts in response to the Aliso Canyon emergency.

6. SCE shall file proposals consistent with the direction provided in Section 2 of this ruling, no later than ten days from the issuance of this ruling.

7. Parties may file comments on SCE's proposal, no later than 20 days from the issuance of this ruling.

8. Parties may file responses to the questions in Section 3 of this ruling, no later than ten days from the issuance of this ruling.

Dated March 23, 2016, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner