

**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)

**SIERRA CLUB COMMENTS ON WORKSHOP #2
ON ECONOMETRIC MODELING RESULTS AND UPDATES**

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Dated: December 9, 2019

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Pursuant to the November 20, 2019, e-mail regarding “Follow-up to I.17-02-002 Wednesday, Nov. 13 Workshop,” Sierra Club timely submits these informal comments on the November 13 workshop in this docket.

1. If the Phase I studies do not determine that Aliso Canyon is already unnecessary, they must guide the selection of resources that will end reliance on the facility.

In recent months, Governor Gavin Newsom, Senator Henry Stern, and Assemblymember Christy Smith have all called on the Commission to act swiftly to shut down Aliso Canyon. This proceeding must support that goal.

Governor Newsom stated his concern that this proceeding “will not yield the fastest and most workable path toward closure of the facility” and may be insufficient to close Aliso Canyon before 2027.¹ To protect public health and safety and combat climate change, Governor Newsom requested “the Commission immediately engage an independent third-party expert to identify viable alternatives to the facility and scenarios that can inform a shorter path to closure.”² The governor specified that should “consider efforts to reduce the use of natural gas in homes, businesses and power plants.”³ We support and commend Governor Newsom’s call for additional action. The Phase I studies should help the independent experts work efficiently by identifying the specific needs (if any) that Aliso Canyon is currently needed to serve.

¹ Attachment A, Governor Gavin Newsom, Letter to CPUC President Marybel Batjer (Nov. 18, 2019).

² *Id.*

³ *Id.*

Senator Stern and Assemblymember Smith, the State legislators who represent the communities that suffered most from the Aliso Canyon disaster, have also fought for the health and safety of their constituents. They demanded “a serious and transparent effort to identify policies, programs, and initiatives that could be implemented to hasten an orderly phase-out of Aliso Canyon.”⁴ Senator Stern and Assemblymember Smith correctly observed that “[c]losing Aliso Canyon can be accomplished if action is taken to reduce the demand for gas, such as targeted gas energy efficiency, replacing gas-fired heaters with electric heat pumps, phasing in building electrification and accelerating the deployment of preferred resources to reduce our dependence on natural gas for grid reliability.”⁵ To be useful, the Phase I studies must quantify the demand reduction necessary to close Aliso Canyon so that the State of California can deploy these measures without any further delay.

The Energy Division presentation at the November 13 workshop acknowledged that examining scenarios for a transition away from Aliso Canyon is one of the objectives for this proceeding. Specifically, Energy Division listed the following as one of the objectives for the proceeding:

The studies are designed to identify the gaps or the needs that could result if Aliso Canyon is minimized or eliminated. Once we identify these gaps or needs, then we can begin stakeholder discussions of replacement scenarios, replacement infrastructure, and a transition toward replacement.⁶

The Commission should clarify that it will invest the necessary resources in planning for the timely closure of Aliso Canyon, and Energy Division must ensure that the Phase I studies support that effort.

Although Sierra Club has repeatedly urged the Commission to make these studies a useful starting point for planning demand reduction measures, we cannot tell from Energy Division responses whether the studies are adequate to the task. For instance, Sierra Club’s comments on the proposed scenarios framework recommended that “failed” simulations yield actionable information indicating the location, timing, and amount of gas demand reductions

⁴ Attachment B, Senator Henry Stern and Assemblymember Christy Smith, Letter to President Batjer and Commissioners Guzman Aceves, Randolph, Rechtschaffen, and Shiroma (Oct. 22, 2019).

⁵ *Id.*

⁶ CPUC Energy Division, Technical Workshop #2 – Aliso OII I.17-02-002 Final Econometric Modeling, Hydraulic Modeling Updates, and PCM Updates, at Slide 7 (Nov. 13, 2019).

necessary to eliminate reliance on Aliso. In response, Energy Division stated that “pinpointing the first point of failure does not imply that it is the ONLY point of failure in the system. More modeling needs to be done after fixing the first bottleneck to find the second and so on.”⁷ Sierra Club requests that Staff clarify that it will perform the additional modeling beyond the first bottleneck as necessary to identify all needs that Aliso is serving.

The Legislature commanded the Commission open this proceeding to investigate the feasibility of eliminating reliance on Aliso, and the Commission can only accomplish that task if it identifies the needs (if any) that Aliso is currently meeting with enough precision to guide the deployment of mitigation measures.

2. The Commission must update the Reference System Plan to align with California’s climate and energy policy and incorporate those changes in the modeling in this proceeding.

Sierra Club, along with the California Environmental Justice Alliance (“CEJA”), will submit comments on the proposed Reference System Portfolio in the Integrated Resource Plan proceeding (R.16-02-007) on December 17, 2019. For instance, Sierra Club and CEJA’s comments will explain why the 46 MMT Alternate Scenario should not be the basis for the Commission’s 2030 greenhouse emissions goal for the electric sector and propose ways in which the Commission should improve its modeling and assumptions in order to ensure that California stays on track to meeting its climate goals. The Commission should revise the Reference System Plan in the Integrated Resource Plan proceeding consistent with Sierra Club and CEJA’s comments and update the modeling in this proceeding to reflect those improvements. Reducing electric-sector emissions through long-term planning could lower the Los Angeles Basin’s demand for gas for electricity generation and, ultimately, help retire Aliso Canyon.

Conclusion

Sierra Club appreciates the opportunity to comment on the November 13, 2019, workshop in this docket. As discussed above, Sierra Club urges the Commission to review the proposed approach and order any necessary revisions to ensure the usefulness of the modeling.

⁷ CPUC Energy Division, Scenarios Framework: Investigation 17-02-002 at 64 (Jan. 4, 2018) (attached as Appendix 2 to Assigned Commissioner and Administrative Law Judge’s Ruling Adopting Scenarios Framework and Closing Phase 1 of Investigation 17-02-002 (Jan. 4, 2019)).

Dated: December 9, 2019

Respectfully submitted,

/s/ Sara Gersen

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I.17-02-002

**Attachment A – Governor Gavin Newsom, Letter to CPUC President
Marybel Batjer (Nov. 18, 2019)**



OFFICE OF THE GOVERNOR

November 18, 2019

Marybel Batjer
President
California Public Utilities Commission
300 Capitol Mall
Sacramento, CA 95814

Dear President Batjer,

I am writing to request additional action by the California Public Utilities Commission to expedite planning for the permanent closure of the Aliso Canyon natural gas storage facility.

I appreciate the Commission's work underway to pave the way to minimize or eliminate the use of the Aliso Canyon facility, while still maintaining affordable and reliable energy services for the Los Angeles region. However, I am concerned that the Commission's current proceeding will not yield the fastest and most workable path toward closure of the facility. Further, it may be insufficient to shorten the ten-year timeline for closure outlined in 2017.

Additional actions are necessary to increase public health and safety protections and to combat climate change while maintaining affordable and reliable energy services for the Los Angeles region. To that end, I request that the Commission immediately engage an independent third-party expert to identify viable alternatives to the facility and scenarios that can inform a shorter path to closure. The expert evaluation should examine specific resources to replace demand for the facility. Like the Commission's current work, the evaluation should incorporate assumptions about declining natural gas demand pursuant to state climate change targets. It should also consider efforts to reduce the use of natural gas in homes, businesses and power plants.

I look forward to the results of the Commission's work on this matter and appreciate your contributions to our shared goals of reducing reliance on fossil fuels, maintaining safe, reliable affordable energy, and protecting public health and safety.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin Newsom", with a long horizontal flourish extending to the right.

Gavin Newsom
Governor of California

I.17-02-002

Attachment B – Senator Henry Stern and Assemblymember Christy Smith, Letter to President Batjer and Commissioners Guzman Aceves, Randolph, Rechtschaffen, and Shiroma (Oct. 22, 2019)

California State Senate

SENATOR
HENRY STERN
TWENTY-SEVENTH SENATE DISTRICT



October 22, 2019

President Marybel Batjer
Commissioner Martha Guzman Aceves
Commissioner Liane M. Randolph
Commissioner Clifford Rechtschaffen
Commissioner Genevieve Shiroma

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility

Dear President Batjer and Commissioners Aceves, Randolph, Rechtschaffen, and Shiroma:

Pursuant to Senate Bill 380, the Public Utilities Commission is investigating the feasibility of reducing or eliminating use of the Aliso Canyon natural gas storage facility while maintaining energy and electric reliability in proceeding I.17-02-002. In addition, there are several other proceedings relating to the operation, safety, and reliability of the gas supply and delivery system in Southern California, as well as proceedings on energy efficiency and building electrification. We are concerned that these proceedings are related and relevant to each other but taking place in siloes, with little interaction or exchange of ideas.

The Commission is modeling the impacts of closing the Aliso Canyon gas storage facility, assuming that California's current policies remain in place, based on the most recent scoping memo for proceeding I.17-02-002. There is no consideration of a phase-out coinciding with strategies to reduce gas demand, which suggests the Commission is taking a narrow view of its options in this proceeding, and not considering new policies, initiatives, or strategies to reduce natural gas demand in Southern California as part of its analysis.

More troubling, the scoping memo ignores the clear direction given to the Commission in a letter sent on behalf of then-Governor Brown, directing the Commission to prepare and implement a plan to phase-out operations at Aliso Canyon within 10 years. Governor Newsom has also expressed his strong support for a phase-out and planned shutdown of Aliso.

Though we believe a ten-year timeline is itself unnecessarily long, the Commission seems to be ignoring altogether the idea of a planned, orderly phase-out and shutdown. Instead, the Commission is assuming business as usual with respect to Southern California gas demand and setting up a binary choice: does Aliso need to be kept open to prevent unacceptable impacts on reliability, or not? The Commission must do better by making a serious and transparent effort to identify policies, programs, and initiatives that could be implemented to hasten an orderly phase-out of Aliso Canyon.

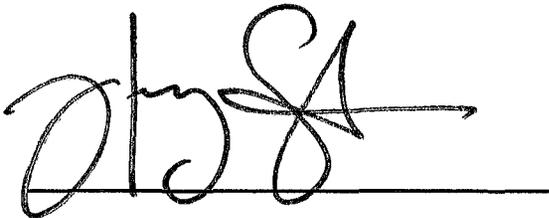
The catastrophic leak that began in October 2015 at the Aliso Canyon facility is among the worst environmental disasters in United States history. Thousands of Californians were forced to evacuate their homes and suffered severe health consequences, including headaches, sore throats, nosebleeds and nausea.

Closing Aliso Canyon can be accomplished if action is taken to reduce the demand for gas, such as targeted gas energy efficiency, replacing gas-fired heaters with electric heat pumps, phasing in building electrification and accelerating the deployment of preferred resources to reduce our dependence on natural gas for grid reliability. These policies describe the actions to be taken in compliance with broad state energy policy that sets California on a path toward carbon neutrality, such as SB 100.

At the city and county levels, Los Angeles has itself adopted ambitious sustainability plans which include impressive building decarbonization initiatives. Indeed, the County's Chief Sustainability Office recently recommended to the Board of Supervisors that the County develop plans within one year to begin phasing out natural gas in new construction. The Commissions would do well to study these examples when considering options for gas demand reductions.

It is therefore imperative that the Commission broaden its inquiry to identify the level of demand reduction to phase-out the region's reliance on the facility with consideration of the state's goals for GHG reduction laid out in SB 100. Analysis of these policies and initiatives is critical for state and local agencies to plan for the facility's closure and facilitate the adoption of additional measures to reduce gas demand in the region.

Sincerely,

A handwritten signature in black ink, appearing to be 'H. Stern', written over a horizontal line.

Senator Henry Stern

27th Senate District

A handwritten signature in black ink, appearing to be 'Christy Smith', written over a horizontal line.

Assemblymember Christy Smith

38th Assembly District