

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 17, 2019

Bret Lane, Chief Operating Officer
Southern California Gas Company
555 West Fifth Street
Los Angeles, California 90013-1011

Subject: Injection Required for SoCalGas Winter Reliability and Storage Inventory

Dear Mr. Lane:

The California Public Utilities Commission (CPUC) continues to be concerned about the current status of the Southern California Gas Company's (SoCalGas) storage inventory, system operations, and ability to provide natural gas this winter. The maintenance work on Lines 235-2 and 4000 greatly reduces flowing pipeline capacity in the Northern Zone. This limitation is further exacerbated by the shortfall in storage inventory. As of September 13, approximately 70.5 Bcf of gas was in storage; at this same time last year approximately 78.2 Bcf of gas was in storage. The CPUC's analysis indicates that, if present trends continue, the non-Aliso storage fields will not be filled before winter. With Aliso Canyon at its maximum authorized inventory, its injection capacity is no longer available. Given this situation, the CPUC recognizes the difficulty in building up storage inventory at the non-Aliso fields because the remaining injection capacity is reserved primarily for balancing.

On April 2, 2019, SoCalGas published a Summer 2019 Technical Assessment where the following table was presented.¹ SoCalGas forecasted that under the best-case scenario, 82.12 Bcf of gas would be in storage by the end of October. In the best-case scenario, the winter season would begin with storage nearly full. In reality, as of September 13, 2019, 70.5 Bcf of gas was in storage, which is roughly 2.5 Bcf behind the best-case estimates for mid-September. With pipeline capacity reduced by maintenance on Lines 235-2 and 4000, SoCalGas is unlikely to be able to close the inventory gap and may fall farther behind.

¹ SoCalGas' Summer 2019 Technical Assessment can be found here:
https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/News_Room/NewsUpdates/2019/SoCalGas%20Summer%202019%20Technical%20Assessment%20040219.pdf

		2019						
		April	May	June	July	August	September	October
Best Case	Supply Utilization	90%	90%	90%	85%	90%	85%	85%
	CGR Demand	76320	67983	65490	75485	82429	78780	73594
	Pipeline Supply	78915	81546	78915	79244	83778	84338	87149
	Storage Injection ¹	2595	12014	13425	3759	1364	4837	6901
	Month End Inventory (BCF) ²	40.25	52.26	65.68	69.44	70.81	75.64	82.12
Worst Case	Supply Utilization	90%	90%	90%	90%	95%	95%	90%
	CGR Demand	76320	67983	65490	75485	82429	78780	73594
	Pipeline Supply	60555	62574	72165	74571	78593	76058	74571
	Storage Injection ¹	-15765	-5410	6675	-914	-3836	-2723	976
	Month End Inventory (BCF) ²	21.89	16.48	23.15	22.24	18.40	15.68	16.65

¹ Storage injection is the lesser of the available supply or the available injection capacity (negative numbers represent withdrawal).

² Combined potential capacity is 83.9 BCF.

The similarities in this coming winter's pipeline supply forecasts and the previous year's actual figures provides an indication of system operations, if similar weather conditions occur again this year. Energy Division's Winter 2018-19 SoCalGas Conditions and Operations Report² found that there were several winter days when maximum withdrawal at the non-Aliso Canyon storage fields and near-maximum pipeline supplies were not enough to meet gas demand. Furthermore, the combined non-Aliso Canyon storage fields declined to 32% of their maximum inventory by the end of last winter, which reduced their withdrawal capacity and made it more difficult to meet daily demand. If the non-Aliso fields begin winter at a lower inventory than last year while pipeline supply remains unchanged — or even slightly worse — that could lead to heightened reliability concerns for Southern California compared to last winter.

To maintain reliable delivery to both core and noncore customers during the winter, SoCalGas should take immediate action to increase injections at all available storage facilities. By this letter, I am directing SoCalGas's System Operator to make available up to 100 MMcf/d of Cycle 1 firm injection capacity prior to Bidweek for customers to use in the coming month. Furthermore, SoCalGas's System Operator shall release additional injection capacity to customers on Cycle 1 on the day before the gas flow day, if conditions allow. SoCalGas' Gas Acquisition shall use best efforts to use the injection capacity made available. These temporary modifications mirror those authorized in the prior two years under Resolutions G-3540 and G-3529 and shall end on December 31, 2019.

² The report can be found here:

https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/News_Room/NewsUpdates/2019/Winter2018-19LookbackReport_PublicDraft.pdf

I am issuing this letter, under the authority granted by Commission Policy CL-1, which states:

“It is the Commission’s policy that:

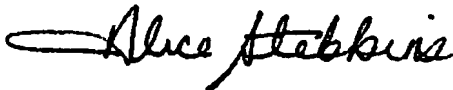
4. The Executive Director shall have authority to act expeditiously and in coordination with other agencies of the State of California in emergencies endangering the public health, safety and the environment.”

I intend to obtain ratification by the full Commission of the actions directed by this letter at a future Commission meeting.

SoCalGas shall file an advice letter containing a status report of monthly storage inventories and an analysis of the effectiveness of these temporary modifications in increasing storage inventory within 30 days of December 31, 2019.

Thank you for your efforts to increase the amount of gas in storage in preparation for the peak winter season, when gas storage is critical for meeting customer demand.

Sincerely,



Alice Stebbins
Executive Director

cc:

Rodger Schwecke, Senior Vice President, SoCalGas
Brian Prusnek, Director of Regulatory Affairs, SoCalGas
Jean Spencer, Program & Project Supervisor, CPUC Energy Division
Dorothy Duda, Program Manager, CPUC Energy Division
Simon Baker, Deputy Director, CPUC Energy Division
Edward Randolph, CPUC Deputy Executive Director for Energy and Climate Policy/ Energy Division Director
Drew Bohan, Executive Director, California Energy Commission
Mark Rothleder, Vice President, Market Quality and California Regulatory Affairs, CAISO
Glenn Barry, Electric Service Manager, LADWP
Service Lists for: Investigation (I.)17-02-002, I.19-06-016, I.19-06-014, and Application 18-07-024