

**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)

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
TO ORDER INSTITUTING INVESTIGATION**

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March 9, 2017

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)¹ hereby submits this response to the *Order Instituting Investigation*, issued by Commissioners Michael Picker, Carla J. Peterman, Liane M. Randolph, Martha Guzman Aceves, and Clifford Rechtschaffen on February 17, 2017 (“OII”).

I. COMMENTS.

CESA applauds the Commission for its leadership in initiating the OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon gas storage facility, pursuant

¹ 8minutenergy Renewables, Adara Power, Advanced Microgrid Solutions, AES Energy Storage, AltaGas Services, Amber Kinetics, Bright Energy Storage Technologies, BrightSource Energy, Brookfield, Consolidated Edison Development, Inc., Customized Energy Solutions, Demand Energy, Doosan GridTech, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ElectrIQ Power, ELSYS Inc., eMotorWerks, Inc., Energport, Energy Storage Systems Inc., Enphase Energy, GE Energy Storage, Geli, Green Charge Networks, Greensmith Energy, Gridscape Solutions, Gridtential Energy, Inc., Hitachi Chemical Co., IE Softworks, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Johnson Controls, LG Chem Power, Inc., Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Magnum CAES, Mercedes-Benz Energy, National Grid, NEC Energy Solutions, Inc., NextEra Energy Resources, NEXTracker, NGK Insulators, Ltd., NICE America Research, NRG Energy, Inc., OutBack Power Technologies, Parker Hannifin Corporation, Qnovo, Recurrent Energy, RES Americas Inc., Sharp Electronics Corporation, SolarCity, Southwest Generation, Sovereign Energy, Stem, Sunrun, Swell Energy, UniEnergy Technologies, Wellhead Electric, and Younicos. The views expressed in this Response are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

to Senate Bill (“SB”) 380. CESA strongly supports the two-phased approach that will assess energy cost impacts, electric/gas reliability impacts, viability of alternatives, and safety implications of minimizing or eliminating the use of the Aliso Canyon gas storage facility in Phase 1, and that will identify the conditions, parameters, and timeframe of minimizing or eliminating the use of Aliso Canyon, if determined prudent to do so, in Phase 2.

CESA encourages the Commission to not only include the potential closure of the Aliso Canyon gas storage facility in the system modeling being conducted in the Integrated Resources Plan (“IRP”) proceeding (R.16-02-007), but also to conduct local reliability modeling of the potential replacement of the Aliso Canyon gas storage facility with alternative clean resources such as local renewables and energy storage. Given the past and possibly extant leakage risks presented by the Aliso Canyon gas storage facility, CESA recommends that the Commission also include the quantified costs of methane leak mitigation for natural gas production and storage facilities. According to a recent analysis conducted by the Commission and the California Air Resources Board (“ARB”) pursuant to SB 1371, California’s natural gas utilities leaked approximately 6.6 billion cubic feet of methane gas in 2015,² which creates local environmental costs as well as gas deliveries that were paid for but never delivered to ratepayers. In addition to the future costs of methane leak mitigation, the estimated past costs of methane leaks should also be factored in the cost comparison of the Aliso Canyon gas storage facility with alternative portfolios of resources. Furthermore, the Commission should also take into account the local economic impacts of developing local resources such as renewables and energy storage that could not be provided by the import of out-of-state natural gas.

² *Administrative Law Judge’s Ruling Entering California Air Resources Board and California Public Utilities Commission Joint Staff Annual Report on Analysis of the Utilities’ June 17, 2016 Methane Leak and Emissions Reports Required by SB 1371*, Attachment 1, filed on January 2017. p. 16.

Importantly, CESA recommends that the Commission pursue the alternatives portfolio and proceed with minimizing or eliminating use of the Aliso Canyon gas storage facility if the alternative portfolio in the OII analysis is determined to maintain grid reliability and safety without significantly impacting costs to ratepayers.

II. CONCLUSION.

CESA appreciates the opportunity to submit this response on the OII and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,



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