



CPUC Issues Proposed Decision That Sets Concrete Path to Consider Reducing and Eliminating Reliance on Aliso Canyon Natural Gas Storage Facility Nov. 13, 2024

The California Public Utilities Commission (CPUC) issued a Proposed Decision on Nov. 13, 2024 that creates a transparent pathway to reassess the need for Southern California Gas Company's (SoCalGas) Aliso Canyon Natural Gas Storage Facility as demand for natural gas declines.

Natural gas demand in California is currently on a downward trajectory due to California's climate goals and state policies, including the procurement of historic amounts of renewable electricity and building decarbonization programs that enable customers to replace natural gas appliances with electric ones. The Proposed Decision creates a process for incremental reductions of Aliso Canyon inventory levels as natural gas demand and dependence on the facility declines, and if reliability and reasonable rates can be maintained.

This proposal also establishes for the first time a specific natural gas peak demand target. When the peak demand forecast for two years out decreases to 4,121 MMcfd and the biennial assessment shows that Aliso Canyon could be closed without jeopardizing reliability or just and reasonable rates, a proceeding will be opened to review the conclusions of the assessment and address any relevant issues related to permanent closure and decommissioning.

To Chart a Path Forward, the Proposal:

Establishes a Process for Incremental Reductions in Aliso Canyon Inventory

- The CPUC will issue biennial assessments beginning June 2025 with a recommendation for the appropriate Aliso Canyon inventory based on natural gas demand reduction levels and reliability and economic analysis.
- The biennial assessments will be done in consultation with the California Energy Commission (CEC), Los Angeles Department of Water and Power (LADWP), California Independent System Operator (CAISO), and the Geologic Energy Management Division (CalGEM), with an opportunity for stakeholder and public input.
- If a decrease to Aliso Canyon inventory levels is recommended, SoCalGas will be required to file an application for the CPUC to review this recommendation in a formal proceeding.

Adopts a Mix of Clean Resources To Replace Aliso Canyon

- The proposal adopts a portfolio resource mix of carbon neutral resources—including renewable electricity generation and storage, energy efficiency, and building electrification—for use in tracking and evaluating replacement of the services currently provided by Aliso Canyon.
- As these replacement resources increase, the biennial assessments will analyze their effectiveness in replacing Aliso Canyon services.

Establishes a Specific Natural Gas Demand Target Level

- While the proposal finds that Aliso Canyon is currently needed for natural gas and electric reliability and cost containment, the proposal establishes a natural gas demand target that represents the level at which Southern California peak demand can be served without Aliso Canyon.
- The proposal sets the target at 4,121 million metric cubic feet per day (MMcfd).
 - The [2024 California Gas Report](#) forecasts peak day natural gas demand at 4,618 MMcfd in 2024 and at 4,197 MMcfd in 2030.



- When the peak demand forecast for two years out decreases to 4,121 MMcfd and the biennial assessment shows that Aliso Canyon could be closed without jeopardizing reliability or just and reasonable rates, a proceeding will be opened to review the conclusions of the assessment and address any relevant issues related to permanent closure and decommissioning.

Background:

- A well at Aliso Canyon leaked natural gas from October 23, 2015, through February 12, 2016.
- In January 2016, the CPUC and CalGEM initiated a root cause analysis to identify the causes of the Aliso Canyon leak.
- Senate Bill 380 (Pavley, 2016) tasked the CPUC with determining the feasibility of minimizing or eliminating the use of Aliso Canyon while still maintaining energy and reliability for the region. This Proposed Decision is the culmination of the proceeding addressing this legislation.
- By 2017, the CPUC and CalGEM implemented new safety protocols and conducted rigorous testing at the facility in coordination with experts from the Lawrence Livermore National Laboratory and Sandia National Labs, leading to the declaration that Aliso Canyon was safe for operation. The current inventory level at Aliso Canyon is set to the maximum safety limit set by CalGEM.
- The CPUC and other federal and state agencies have taken many other actions on Aliso Canyon since the leak.
 - In 2016, the federal Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a rule to address safety concerns associated with underground natural gas storage facilities.
 - In 2017, CalGEM, the state agency that oversees compliance with the PHMSA rules on underground natural gas storage facilities, completed a comprehensive safety review of the 114 wells at Aliso Canyon.
 - In 2018, the California Air Resources Board, the California Attorney General's Office, the City of Los Angeles, and the County of Los Angeles settled with SoCalGas for \$119 million, paid by shareholders.
 - In 2017, CalGEM adopted new regulations to improve the safety of underground natural gas storage facilities.
 - In 2023, the CPUC issued a decision adopting a settlement between SoCalGas, the CPUC's Safety and Enforcement Division, and the Public Advocates Office in which SoCalGas shareholders are required to pay \$71 million to a fund overseen by the California State Legislature. Per the settlement, SoCalGas is not allowed to recover through customer rates costs amounting to over \$2 billion related to the incident.

Next Steps:

- Comments by parties on the Proposed Decision are due by Dec. 3, 2024, with reply comments due by Dec. 9, 2024.
- Customers can comment on the [Docket Card](#) for the proceeding.
- The Proposed Decision is currently scheduled to be on the December 19, 2024 Voting Meeting agenda.

More Information:

- [Proposed Decision](#)
- [Docket Card](#) (I.17-02-002)
- [Aliso Canyon Information](#)