

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 6, 2016

Mr. Colin Cushnie
2244 Walnut Grove Avenue
Quad-1d, GO1
Rosemead, CA 91770

**SUBJECT: Accelerated Procurement to Address Reliability Risks Associated with the
Moratorium on Injections into the Aliso Canyon Natural Gas Storage Facility**

Dear Mr. Cushnie:

The purpose of this letter is to direct Southern California Edison (SCE) to take actions to accelerate the deliveries of preferred resources in the Los Angeles Basin to mitigate the reliability risk stemming from the moratorium on injections into Aliso Canyon Natural Gas Storage Facility until the on-going safety review of the facility has concluded. This direction is consistent with the January 6, 2016, State of Emergency Proclamation issued by Governor Brown calling on the California Energy Commission (CEC), the California Public Utilities Commission (CPUC) and the Independent System Operator (ISO) to "take all actions necessary to ensure the continued reliability of natural gas and electric supplies during the moratorium on gas injections into Aliso Canyon."

On April 5, 2016, the CEC, CPUC, ISO, and Los Angeles Department of Water and Power issued an Action Plan estimating that "there are 14 days this coming summer during which gas curtailments could be high enough to cause electricity service interruptions to millions of utility customers." Moreover, the Action Plan noted that using the gas remaining in Aliso Canyon during the summer would increase the risk of shortages next winter (2016-2017) if normal operations of the facility are not restored in time to allow further injections before the winter season.

Given the potential electric reliability issues identified for this summer and next winter if the moratorium continues, I hereby direct SCE to explore whether it is possible to accelerate deliveries of preferred resources from its 2013 Local Capacity Requirements Request for Offers (LCR RFO) through short- or medium-term contracts (i.e., less than 5 years) distinct from any existing contracts currently under consideration by the Commission. In addition, consistent with authority under its existing Bundled Procurement Plan, SCE should explore other procurement products that may help to address electric reliability concerns arising from the injection moratorium at Aliso Canyon. SCE should consult with the ISO to ensure that any such products would address the electric reliability concerns in the LA Basin; and, time permitting, SCE should also consult with its Procurement Review Group (PRG) regarding these potential products and their timelines for delivery.

To the extent that SCE is able to contract for additional LCR RFO preferred resources (brought on earlier than they otherwise would pursuant to existing contracts) or other products under its BPP that help to address the reliability concerns associated with Aliso Canyon, SCE should seek cost recovery for these contracts through the Quarterly Compliance Report process consistent with its Bundled Procurement Plan.

As with all procurement, SCE should record all of the costs it incurs in the appropriate regulatory accounts. In addition, because these procurement costs are related to reliability risks caused by the moratorium on injections into Aliso Canyon, SCE should be as transparent as possible in recording these costs and separately track them for informational purposes.

Sincerely,

A handwritten signature in blue ink that reads "Timothy J. Sullivan". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Timothy J. Sullivan
Executive Director