

Decision 90-12-108 December 20, 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's own motion into the interstate natural gas pipeline supply and capacity available to California.

ORIGINAL
I.88-12-027

OPINION

After a meeting of the Commission to consider a potential supply emergency situation arising from the unusual cold weather being experienced in Northern and Central California, the Commission delegates to its Executive Director the power to declare a gas supply emergency so that Pacific Gas and Electric Company (PG&E) can, in that event, divert transportation gas owned by third parties to serve core customers.

PG&E asserts that a contingency plan to declare a state of supply emergency should be in place to prevent harm which could result from a worsening of the current gas supply. PG&E does not expect to invoke such authority, since anticipated supply should be available to satisfy projected requirements, but should the authority be needed, it would allow PG&E to divert customer-owned gas to serve high priority (P1, P2A) customer requirements and if necessary to seek mutual assistance from Southern California Gas Company (SoCalGas). PG&E's request is the result of a weather forecast of severe conditions during a holiday period when the California Public Utilities Commission (CPUC) may not be open for business. Should an emergency condition arise, the Executive Director or his designate, being on call, will have authority to declare a state of supply emergency on PG&E's system upon notice from PG&E's Vice President of Gas Supply.

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1.88-12-027 ALJ/RAB/tcg

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Decision 88-12-027 December 20, 1988

Prior to requesting a declaration of a state of supply emergency, PG&E will:

1. Seek voluntary conservation of high priority residential customer use;
2. Purchase all available gas supplies, including noncore customers transport gas on a voluntary basis;
3. Maximize storage withdrawals, subject to PG&E's ability to meet its design day and/or other operating requirements;
4. Curtail all sales to its own noncore procurement portfolio customers (except when health and property are endangered); and
5. Curtail all sales to its core-electric procurement portfolio customers (except when health and property are endangered).

While PG&E does not expect a state of supply emergency to arise, the conditions on the PG&E's system that could require a need for PG&E to divert customer-owned gas are as follows:

1. Higher than expected P1, P2A loads;
2. Inability or refusal of noncore customers to curtail loads as requested;
3. Further reductions in available interstate supply and capacity;
4. Nonperformance of intrastate storage;
5. Colder than expected temperatures; and
6. Some combination of circumstances described above.

PG&E informs us that frigid arctic air has continued to plunge southward down through Canada and the Pacific Northwest, and crossed into California beginning December 20. System mean

temperatures¹ are expected to drop from 42.6°F on Wednesday, December 19 to 32°F on Friday and Saturday and rise slowly through next week. Abnormal Peak Day (APD) planning for PG&E is based on a system mean temperature of 29°F. At APD conditions, PG&E would expect to serve only P1 and P2A customers.

Available gas supply from Canada was recently restricted due to severe weather in Alberta and compressor problems on the NOVA system. Interruptible shippers on the NOVA system were curtailed by NOVA. Access to interstate gas from Pacific Gas and Transmission Company (PGT) was limited to approximately 934 MMcf/d on December 19. Alberta and Southern supply was available up to maximum PGT capacity, but domestic Canadian markets are diverting supply within Alberta. The supply on PGT has recovered to 1,120 MMcf/d and is expected to remain at this rate unless operating problems develop on the PGT systems.

As the cold weather moves to the Southwest, throughput to California on the El Paso system can be expected to decline. The degree of throughput reduction will be dependent on the severity of the weather, well freeze-ups, transport performance, and East-of-California (EOC) loads. Presently, PG&E is receiving 1,225 MMcf/d from the El Paso system of which 327 MMcf/d is customer-owned transport.

Effective December 21, El Paso has restricted PG&E's access to 1,140 MMcf/d (PG&E's contract demand); and as cold weather moves south, EOC customer demand is expected to drop El Paso's deliveries below 1,140 MMcf/d. The reduction of El Paso supplies is a significant unknown that will greatly affect the

¹ System weighted mean temperature is calculated using five-eighths of the daily average mean Oakland temperature and three-eighths of the daily average mean Sacramento temperature. Daily average mean temperatures are the weighted mean temperatures of three periods (7 a.m.-2 p.m., 2 p.m.-9 p.m., 9 p.m.-7 a.m.).

portfolio sales are only 60 MMcf/d,² but transport nonperformance could be quite high (50 percent or more) if disruptions are not experienced on the El Paso system.³

Under a supply curtailment, after all of PG&E's noncore portfolio customers are curtailed, core-elect customers are curtailed by end-use priority. Hence, PG&E's power plants as a 100 percent core-elect customer will continue to sustain a significant burden on supporting high residential gas requirements. Total power plant loads are running 750 MMcf/d. In the event that power plant curtailments (P5) are not sufficient to support residential gas requirements, then Priority 4, 3, and 2B core-elect customers are next curtailed. Presently, PG&E has approximately 400 MMcf/d of P2B-P4 core-elect market. Only after this extraordinary requirement of curtailing all noncore loads (including all core-elect customers) would it become necessary to confiscate flowing supply from noncore transport customers to support Priority 1 and 2A requirements. It is in these circumstances that PG&E would seek CPUC approval to declare a state of emergency to divert customer-owned gas.

We have previously dealt with a similar situation when we authorized SoCalGas to divert transportation gas owned by third parties to serve P1 and P2A customers. (D.89-02-036 and D.89-02-040.) In that instance, the need was to protect SoCalGas' storage inventory so that it could provide peak day service to core customers. In the case before us, the need to protect core customers who face an unusually severe cold period is just as compelling. As was required for SoCalGas, we require PG&E to fully

² PG&E's noncore portfolio sales are made to approximately 30 customers.

³ 50 percent transport nonperformance on the El Paso system is equivalent to 150 MMcf/d.

comply with its Tariff Rule 14 requirement to compensate customers for the gas taken by PG&E (and to the extent of the order of the Commission).

Our order will provide for additional information on a daily basis from PG&E so that the Executive Director will have access to the most current gas reports, and the order of the Commission.

Findings of Fact

1. Frigid arctic air has plunged southward through Canada and the Pacific Northwest and has crossed into California. PG&E's system mean temperatures are expected to drop to 32°F on December 21 and 22. Abnormal Peak Day planning is based on a system mean temperature of 29°F. At APD conditions, PG&E would expect to serve only P1 and P2A customers.

4. As the cold front moves eastward, it is likely that El Paso will restrict deliveries to PG&E depending on the severity of the weather, well freeze-ups, transport performance, and EOC loads.

5. Should a supply emergency arise on PG&E's system which requires more gas to serve P1 and P2A customers, PG&E should be permitted to divert transportation gas owned by third parties to serve core customers.

6. To obtain a declaration of a supply emergency, PG&E's Vice President of Gas Supply, or his designate, shall inform the Executive Director of the Commission, or his designate, that:

- a. PG&E cannot meet P1 and P2A loads without diverting transportation gas;
- b. PG&E has sought voluntary conservation of high priority residential customer use;
- c. PG&E has purchased all available gas supplies, including noncore customers transport gas on a voluntary basis;
- d. PG&E has maximized storage withdrawals, subject to its ability to meet its design day and/or other operating requirements;

e. PG&E has curtailed all sales to its own noncore procurement portfolio customers (except where health and property are endangered);

f. PG&E has curtailed all sales to its core-elect procurement portfolio customers (except where health and property are endangered); and

g. PG&E has notified SoCalGas of its request for a declaration of emergency.

h. PG&E has taken all other steps reasonably necessary to meet the requirements of the core customers prior to invoking the supply emergency procedure.

Conclusions of Law

1. Based on PG&E's representations that a supply emergency may exist on its system should system mean temperatures drop precipitously, the Executive Director of the Commission; or his designate, should be authorized to declare a supply emergency on the PG&E system to permit PG&E to divert transportation gas to serve P1 and P2A customers;

2. PG&E is responsible for demonstrating in its next regularly scheduled reasonableness review that it had complied with Finding of Fact 6 before requesting emergency authority to divert transportation gas.

3. PG&E's Tariff Rule 14 defines the compensation due transportation customers whose gas is diverted pursuant to this decision.

4. This matter was heard on December 20, 1990 and did not appear on the Commission's public agenda; however, a sufficient emergency exists to justify action on an emergency basis under Public Utilities Code Section 306(b) without such notice.

and all of said gas is being used for the
production of electricity.
ORDER
(except where otherwise specified)

IT IS ORDERED that:

1. Should Pacific Gas and Electric Company (PG&E) determine that an emergency gas supply shortfall exists on its system, it shall seek a declaration of supply emergency by complying with Finding of Fact 6 of this decision.
2. The Executive Director, or his designate, upon request of PG&E shall determine if PG&E has complied with Finding of Fact 6 and, if so, shall declare a supply emergency to permit PG&E to divert transportation gas to serve core customers (P1 and P2A).
3. PG&E's request for a declaration and the Executive Director's declaration of a supply emergency may be made orally, but shall, within 24 hours, be reduced to writing and, on the first business day after the declaration, filed with the Commission.
- 4a. PG&E shall report daily by FAX (415-557-2488) to the Director of the Commission Advisory and Compliance Division the following information: By pipeline, expected pipeline deliveries for the start of the day (morning report) and actual pipeline deliveries from the previous day; current volumes in storage by storage field and aggregated; losses; and sendout, detailing amounts of gas delivered and curtailed by priority.
 - b. This information should be provided in the same form that is currently used by PG&E management. It does not need to be presented in a newly created format. Some of this information already comes to the Commission in the PG&E Gas Utility Monthly Survey report. We seek similar information, but on a daily basis. We further remind PG&E that it must be extremely thorough in documenting all actions and all transactions associated with the emergency.
5. This order shall remain in effect until December 27, 1990 unless further extended.

6. A public hearing to determine the need to continue this order in effect beyond December 27, 1990 is scheduled at 2:00 p.m. on December 26, 1990 in the Commission Courtroom, 505 Van Ness Avenue, San Francisco, California.

7. PG&E shall forthwith serve a copy of this decision on all of its transportation gas customers.

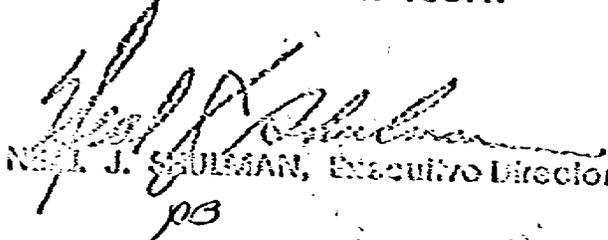
This order is effective today.

Dated December 20, 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
Commissioners

Commissioner Eckert was necessarily absent.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEIL J. SULMAN, Executive Director