



September 20, 2016

Councilmember Nury Martinez
Chair, Energy and Environment Committee
Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Re: Committee Item #2 - Winter Electricity Reliability

Dear Chairwoman Martinez,

Established in 1924, the Central City Association of Los Angeles (CCA) is Los Angeles's premier business advocacy organization, with 450 members employing over 350,000 people in the Los Angeles region. CCA has been a strong advocate for projects that improve the quality of life for the people who live, work and play in Downtown and around the region.

CCA supports reopening Aliso Canyon natural gas storage facility for the storage and transmission of natural gas for use around Southern California. To date, Southern California has been able to avoid summertime power outages because of the excellent work of Cal-ISO, the Los Angeles Department of Water and Power (LADWP), and Southern California Edison. Together they acquired enough power generated outside of the region and successfully worked with their major industrial and commercial users to shift demand away from peak hours.

However, we know this could change in the winter. Technical reports for the California Energy Commission (CEC) by Public Utilities Commission, LADWP and CEC staffs indicate that there is not sufficient gas in the case of a one-in-ten-year cold winter day. In fact, supplies and availability excluding Aliso Canyon are well below what could be needed. It is estimated that levels are one-half billion cubic feet below what could be needed.

This will have a major impact on businesses throughout Los Angeles County and beyond. Many businesses rely on gas for essential functions in their operations and if they shut down, it's not like an electrical outage where they have immediate back up available. Restoring operations because of a gas shut off could take several days or more.



If these operations are forced to shut down, it will have negative impacts throughout the local economy and directly on numerous businesses and workers. Restaurants and hotels in Downtown and around the region need gas for cooking. If that goes out – the employees are sent home and miss out on their paychecks and tips for the day or days. Numerous other businesses and industries across the region face the same potential shutdowns through no fault of their own.

Senator Fran Pavley's, Senate Bill (SB) 380, put in place stringent requirements and standards for the inspection, monitoring and operations at Aliso Canyon. More than a dozen wells have passed all tests administered by the Division of Oil, Gas and Geothermal Resources (DOGGR) as required by SB 380. The protocols put in place by SB 380 should be allowed do the job they were designed to do. These wells and others that pass subsequent tests should be brought back on line and the storage facility should be allowed to resume operations.

Businesses and the economy as a whole need consistency and reliability to operate successfully. Millions of people in Southern California rely on fully-functioning businesses and depend on an economy that does not sputter because of inadequate gas and power supplies. This is a preventable problem, especially given Aliso Canyon wells passed DOGGR inspections.

The California Energy Commission must go forward with a realistic program that will give assurances to the businesses and to the residents throughout Southern California that their access to the gas that powers their ovens, furnaces and core equipment and that powers electrical generation will be available when it is needed this winter. And not just for the next three months – but for the foreseeable future.

CCA urges you to move forward with reopening the Aliso Canyon natural gas storage facility and allowing it to resume operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol E. Schatz", written in a cursive style.

Carol E. Schatz
President & CEO

cc: Members, Energy and Environment Committee