Weekly Management Report
July 22, 2016

1. **Memo** - Aliso Canyon Gas Storage Facility and the Impact on The City of Burbank - Burbank Water and Power Department

2. **Synopsis** - Sustainable Burbank Commission Meeting of July 18, 2016 - Public Works Department

Burbank Water and Power

MEMORANDUM

DATE: July 14, 2016

TO: Ron Davis, City Manager

FROM: Jorge Somoano, Acting General Manager, BWP

SUBJECT: ALISO CANYON GAS STORAGE FACILITY AND THE IMPACT ON THE CITY OF BURBANK

BACKGROUND

Electric reliability in Burbank is among the highest in the nation by achieving 99.999% system availability during calendar year 2014 and 2015. The electric grid is an intricate web of generation facilities and transmission lines, interconnected across several Western states. Keeping the electricity flowing requires extraordinary coordination between available energy resources and energy needs, all occurring on a continuous basis. What this means is that electricity has to be generated as soon as it is demanded.

While BWP staff performs this service for our customers, we are part of a broader system and our staff must coordinate closely with other agencies in the area to ensure gas demand and supply are balanced for all utilities in Southern California. Two key entities, called Balancing Authorities (BA), control the flow of electricity across the majority of the Southern California grid. The Independent System Operator (ISO) is the BA for the service area of Edison, Pasadena, Anaheim, Azusa, Banning, Colton, and Riverside to name a few. And, the Los Angeles Department of Water and Power (LADWP) is the BA for the cities of Los Angeles, Glendale, and Burbank.

A meaningful portion of the energy controlled by the two BA's in the Los Angeles basin comes from 17 natural gas powered power plants. The natural gas supplier in Southern California is the Southern California Gas Company (Gas Co). These power plants are fueled by natural gas that is shipped to the LA Basin on the nationwide natural gas pipeline system. This pipeline gas is enough under ordinary circumstances to fuel these plants; under extraordinary circumstances however, like an unexpected heat wave or cold snap, additional gas is necessary to maintain reliable operations. This balancing gas comes largely from the Aliso Canyon gas storage facility near Porter Ranch. The Aliso Canyon facility, the second largest in the country, is the Gas Co facility that banks gas supplies and regulates gas pressure for the Los Angeles and Orange County areas. There are three other gas storage facilities in this area; however, they are either too small or too far away to provide timely dispatch making Aliso Canyon a critical facility for ensuring reliable electricity in the region.

In late October 2015, a gas leak was detected at one of the 114 wells at Aliso Canyon. Significant safety and environmental concerns grew as multiple attempts to plug the leak failed. Injections of natural gas into the Aliso Canyon were halted and Governor Brown declared a state of emergency on January 6, 2016. On February 18, 2016, the leak was finally plugged. Senate Bill 380 (Pavley) recently passed and called for all 114 Aliso Canyon wells to be kept inactive until the entire field has been inspected and cleared for usage.

Without sufficient natural gas available to create electricity, the demand-supply balance required for reliable electric service is difficult to maintain. As a result of such challenges and in accordance with SB 380 (Pavley), the State Division of Oil, Gas, and Geothermal Resources (DOGGR) on June 15, 2016 authorized the Gas Co under Public Resources Code Section 3217 to withdraw gas from any well that has passed Phase 1 mechanical integrity testing and only if it is deemed necessary to maintain electric reliability, avoid curtailment and respond to electric system reliability risks.

However, the Gas Co still does not have authority to inject natural gas into Aliso Canyon; therefore, every withdrawal reduces the amount of natural gas for subsequent withdrawals.

DISCUSSION

Natural gas is a critical component of Burbank's power supply portfolio. The recent closure of the Aliso Canyon Gas Storage facility will challenge power supply reliability this summer, and very likely into this coming winter. Recently, legislation was passed which requires that each well at the storage field pass a battery of tests or be plugged before the field can come back on line. The gas field and each well would also have to pass an inspection by DOGGR. As of July 6, only 11 of Aliso Canyon's 114 wells have passed all tests required by DOGGR.

In response to this situation, the California Energy Commission, the California Public Utilities Commission, the California Independent System Operator, and the Los Angeles Department of Water and Power developed the "Aliso Canyon Action Plan" (Plan) which contains a summer risk assessment and a list of mitigation measures. (The Plan does not address winter-time risks.)

The Plan's central finding is that natural gas supply reliability is likely to be at risk from 23 to 31 days this year with gas service curtailments for as many as 12 to 21 days. Because power plants are not first-priority customers of the Gas Co, state rules permit their gas supply to be cut off or curtailed during times of shortage. Given the potential of rolling black-outs, DOGGR recently provided the Gas Co emergency type authority to withdraw gas to mitigate electrical load curtailment through the end of summer.

The reality at this time is that we just don't know the full impact of this situation. What we do know is that natural gas is a needed resource and the current source of both capacity and regulation from the Aliso Canyon Gas Storage facility is not available except for limited emergency withdraw only.

Therefore, we need to be prepared. BWP staff has been in discussions with the ISO and LADWP to stay abreast of the situation and confirm potential consequences of limited gas supply. The Power Supply team has established protocols and is quite adept at managing the community's energy demands and keeping the system and plant safe, and will be taking all steps possible to reduce the risk of interruptions.

The not so good news is that the current situation impacts the entire region and much of what will happen is outside of BWP's control. The good news is that the Gas Co has some emergency authority to withdraw gas (maybe limited due to lower gas pressure in the storage facility) and LADWP has recently received approval from the AQMD to burn diesel fuel under an emergency condition that will help prevent electrical curtailment through the summer. Also, BWP during very hot days will take extra steps (modify power procurement practices) to mitigate the lack of capacity from Aliso Canyon.

However, if LADWP, our BA, tells us that system conditions are such that we must shed electrical load, then we must respond and begin the process to shed load.

Depending on the severity of any event, all customers are potentially at risk of an electrical interruption. However, our biggest concern is for the health and safety of our customers. To that end, we have created a list of community services that should be considered last if conditions require electrical interruptions. Following the example of the ISO and others, these services include:

- Government agencies providing essential fire, police, prison services, and national defense;
- Hospitals;
- Communication utilities as they relate to public health, welfare and security, including telephones;
- Navigation communication, traffic control, and landing and departure facilities for commercial air and sea operations;
- Electric utility facilities and supporting fuel and fuel-transportation services critical to continuity of electric-power system operation;
- Radio and television broadcasting stations used for broadcasting emergency messages;
- Water and sewage-treatment utilities; and
- Rail transit systems as necessary to protect public safety.

Therefore, should BWP be directed to shed load, businesses not involved in the services listed above and residential customers will be interrupted on a roughly one hour rotating basis.

It is important to note that the original "Aliso Canyon Action Plan" did not include the limited use of the Aliso Canyon Gas Storage facility for emergency conditions nor did it model having LADWP use diesel fuel, both of which would serve to support reliability.

<u>How will customers know what's going on</u>?
Burbank is not alone in this challenge. All of Southern California will be experiencing similar issues and will be called upon by their utility to prepare, be energy wise, and be flexible. We will all be the recipient of regional "flex alert" messages and each community will be supporting this message with ads and information of their own.

When there is a potential service interruption, BWP will notify customers through a variety of channels:

1. BWP Website
2. City Website
3. Twitter
4. City Face Book
5. Everbridge Emergency Notification System – We encourage customers to visit ReadyBurbank.org to sign up for Everbridge alerts. BWP will use this system to notify customers by e-mail, text, or phone of a potential service interruption as soon as we receive notification from our BA, LADWP.

This will allow customers to prepare and take any necessary actions or precautions given their unique circumstance. When an event has ended, a second alert will be sent.

CONCLUSION

The region's natural gas supply reliability is likely to be at risk this year due to the severely restricted use of the Aliso Canyon Gas Storage facility which could impact electric service this summer but measures are being taken as noted above to mitigate the likelihood and or the magnitude of it.

SUSTAINABLE BURBANK COMMISSION
July 18, 2016

SYNOPSES OF ITEMS ARE IN BOXES BELOW

I. BURBANK GREEN SPOTLIGHT AWARD PRESENTATION:

Ms. Springer informed the Commission that Walk Bike Burbank is the July Green Spotlight Award recipient. Ms. Springer provided a PowerPoint presentation highlighting the group's work to keep the environment positive for active transportation in Burbank and Los Angeles County. Ms. Springer introduced Mr. Mike Hollis, chairman of Walk Bike Burbank. The Commission congratulated Mr. Hollis and presented him with the Green Spotlight Award.

II. AIR QUALITY PRESENTATION:

On July 8, 2016, Council Member Bob Frutos toured the South Coast Air Quality Management District (SCAQMD) headquarters. Mr. Frutos will provide a brief presentation about his tour and show an informational video provided by the SCAQMD, "Do One Thing – How you can make a difference in improving Southern California's Air Quality."

Council Member Bob Frutos reported that he attended an informative meeting at the SCAQMD and toured their facility. The Commission viewed the video, "Do One Thing – How you can make a difference in improving Southern California's air quality," that showed the harmful effects of air pollution, how pollutants have decreased over the last 40 years, and how each individual can contribute to further emission reductions by using alternative vehicles, mass transit, bicycles, or walking. Mr. Frutos stated that Metrolink recently purchased 20 stage four diesel locomotives that have significantly lower emissions. The Commission engaged in a brief discussion following the video.

III. ORAL COMMUNICATIONS:

A. Public Communication: None

B. Commission Member Communication:

Mr. Roesner introduced the new Burbank Unified School District liaison, Rick Nolette, Chief Facilities and Information Technology Officer.

Mr. Roesner informed the group that he is working with staff from Deluxe Digital Studios to secure a meeting room for a future Commission meeting in conjunction with a tour of the Burbank operable unit and valley pumping plant. Mr. Roesner will inform staff when meeting and tour details are confirmed.

C. Staff Communication:

Ms. Teaford announced that the grand re-opening of Johnny Carson Park will take place on Thursday, July 21, 2016, from 5:00 p.m. to 8:00 p.m. The event is open to the public.

Kreigh Hampel, Recycling Coordinator, Public Works, reported that the Recycle Center will host a food waste workshop on August 15, 2016. Recycle Center staff will also host a compositing workshop on September 24, 2016, at the Community Day School.

IV. APPROVAL OF MINUTES:

Mr. Newhoff moved and Mr. Smith seconded, to approve the June 6, 2016, minutes. The minutes were unanimously approved by all present.

V. BICYCLE MASTER PLAN UPDATE:

At its April 18, 2016, meeting, the Commissioners agreed to invite staff from the Community Development Department to provide an update on the Bicycle Master Plan. The Commission may ask questions, engage in discussion, and provide feedback.

David Kriske, Assistant Community Development Director, Transportation and Planning, provided a status update on the Bicycle Master Plan. Mr. Kriske distributed a bike map and reported on the bicycle projects currently underway: 1) Burbank channel bikeway, 2) Bob Hope Drive bicycle bridge, 3) highway improvements on North San Fernando Boulevard, 4) San Fernando bikeway and South Channel path, and 5) Chandler bike path extension.

Ms. Teaford added that Council recently approved the installation of bike lanes on Edison Boulevard. The Commission engaged in a brief discussion and asked questions of staff.

VI. AD HOC MOBILITY AND URBAN DESIGN SUBCOMMITTEE REPORT:

At its July 20, 2015, meeting, the Commission agreed to form the ad hoc Mobility and Urban Design Subcommittee to discuss the bicycle plan, the network of bikeways, public transportation, and pedestrian corridors as they relate to sustainability in the community. The Subcommittee concurred with a request from Mr. Tim Behunin to provide a presentation on the proposed First Street Village mixed use project located at First Street and Magnolia Boulevard. The Commission may ask questions, engage in discussion, and provide feedback.

Mr. Smith, on behalf of the Subcommittee, reported that the Subcommittee met with staff from the Community Development Department and Parks & Recreation to discuss the City's future evolution of development and the lack of green space, open space, and walkable space related to projects throughout the City. The Subcommittee engaged in dialogue with staff concerning several large-scale projects currently in progress.

Mr. Smith introduced Mr. Tim Behunin, developer of the proposed First Street Village mixed-use project. Mr. Behunin provided an overview of the project that would be located on North First Street between Magnolia Boulevard and Palm Avenue. The proposed project would construct three 5-story structures, up to a maximum of 76 feet high, to be constructed in three phases (one structure in each phase). The total project would result in the construction of 261 apartments and retail/restaurant space on the ground floors. It would include parking spaces in ground-level and subterranean garages and various amenities for the residents in each building.

The Commission engaged in discussion, asked questions of Mr. Behunin, and provided feedback.

VII. AD HOC BURBANK GREEN SPOTLIGHT AWARD SUBCOMMITTEE REPORT:

At its June 6, 2016, meeting, the Commissioners agreed to form the ad hoc Burbank Green Spotlight Award Subcommittee to investigate sponsorship and format of the Burbank Green Spotlight Award. The ad hoc subcommittee will provide the Commission with an update on the group's progress and proposed future direction for discussion and Commission direction.

The Subcommittee had no items to report.

VIII. INTRODUCTION OF ADDITIONAL AGENDA ITEMS:

At the May 14, 2009, Sustainable Burbank Task Force (now the Sustainable Burbank Commission) meeting, those present voted unanimously that members can suggest agenda items and obtain consensus from the group to have the items added to a future agenda.

The Commissioners had no additional items for a future agenda.

IX. BURBANK GREEN SPOTLIGHT AWARD:

The Commission will select one if its members to identify a Burbank Green Spotlight Award winner for the next regularly scheduled meeting.

This item was tabled to the August 15, 2016, meeting.

X. ADJOURNMENT:

The meeting was adjourned at 7:03 p.m.