
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No:	SB 305	Hearing Date:	4/18/2023
Author:	Stern		
Version:	2/2/2023	Introduced	
Urgency:	No	Fiscal:	No
Consultant:	Nidia Bautista		

SUBJECT: Aliso Canyon Recovery Account

DIGEST: This bill requires, rather than authorizes, moneys from the Aliso Canyon Recovery Account to be allocated for the purposes of mitigating impacts on local air quality, public health, and ratepayers resulting from the well failure at Aliso Canyon and clarifies that those purposes include mitigating impacts on public health in vulnerable communities.

ANALYSIS:

Existing law:

- 1) Establishes the California Public Utilities Commission (CPUC) and vests it with regulatory authority over public utilities, including gas corporations. (California Constitution Article XII)
- 2) Creates the Aliso Canyon Recovery Account and requires all moneys collected pursuant to any settlements, unless restricted by a court for another purpose, abatement orders, fines, or penalties by the commission from a gas corporation serving the Los Angeles Basin pursuant to an administrative enforcement or legal proceeding relating to a certain well failure at the Aliso Canyon natural gas storage facility to be deposited into the account. Authorizes moneys in the account to be allocated, upon appropriation by the Legislature, for purposes of mitigating impacts on local air quality, public health, and ratepayers resulting from the well failure at Aliso Canyon, as specified. (Public Utilities Code §2104.7)
- 3) Requires Los Angeles Department of Water and Power (LADWP), in consultation with the city council of the City of Los Angeles (if the council chooses to participate), by June 1, 2018, to determine the cost-effectiveness and feasibility of deploying a minimum of aggregate total of 100 megawatts (MWs) of cost-effective energy storage solutions, and then consider that deployment, as specified. Requires Southern California Edison (SCE), by June 1, 2018, to

deploy a minimum aggregate total of 20 MWs, of cost-effective, energy storage solutions, to the extent doing so is cost-effective, feasible and necessary to meet the energy reliability requirements of the electrical system in the Los Angeles Basin. Authorizes SCE to count this deployment within the distributed energy storage cap and requires that the procurement be done through a competitive solicitation. (Public Utilities Code §2836.7)

- 4) Required, until January 1, 2021, the CPUC, no later than July 1, 2017, to open a proceeding to determine the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region. (Public Utilities Code §714)
- 5) Requires a local publicly owned electric utility providing electric service to 250,000 or more customers within the Los Angeles Basin to maximize the use of demand response, renewable energy resources, and energy efficiency to reduce demand in the area where electrical reliability has been impacted as a result of reductions in gas storage capacity and gas deliverability resulting from the well failure at the Aliso Canyon facility. (Public Utilities Code §9616)

This bill requires, rather than authorizes, moneys from the Aliso Canyon Recovery Account to be allocated for the purposes of mitigating impacts on local air quality, public health, and ratepayers resulting from the well failure at Aliso Canyon and clarifies that those purposes include mitigating impacts on public health in vulnerable communities.

Background

Aliso Canyon Natural Gas Storage Facility. On October 23, 2015, a natural gas leak from a gas storage well (“SS-25”) was discovered at the Southern California Gas’ (SoCalGas’) Aliso Canyon natural gas storage facility located in northeastern Los Angeles County. The facility is the largest underground natural gas storage facility in the western United States. The SS-25 well, originally drilled in 1953 and converted to gas storage service in 1973, is located uphill from, and approximately, 1.25 miles from homes in the Porter Ranch community. After nearly four months of several attempts to “kill” the well, the SS-25 leak was declared stopped on February 18, 2016 following a successful kill attempt using a newly-drilled relief well. The California Air Resources Board’s (CARB’s) estimated that 109,000 metric tons of methane, a potent greenhouse gas (GHG), were emitted to the atmosphere from the leak. The leak received local, national and international news coverage, and is considered one of the largest leaks of its kind. The SS-25 leak caused severe disruption in the surrounding communities.

Over 8,000 households relocated at some point during the leak, and thousands of health and odor complaints were received by regulators. Since the SS-25 leak was stopped and despite mitigation efforts, public health complaints have continued in the surrounding community.

Aliso Canyon Recovery Account. The Aliso Canyon Recovery Account is a State Treasury account and is not overseen by CPUC. The Account has received no funds to date. However, funds are expected as early as 2027, with additional funds around 2032, pursuant to an existing Mitigation Agreement between SoCalGas, the CARB, and the Attorney General. This Mitigation Agreement reflects SoCalGas' obligation to mitigate 109,000 metric tons of methane emissions, since methane is a GHG.

CPUC Investigation. CPUC Investigation could also result in SoCalGas providing funds to the Aliso Canyon Recovery Account, (I. 19-06-016) *Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Southern California Gas Company with Respect to the Aliso Canyon storage facility and the release of natural gas, and Order to Show Cause Why Southern California Gas Company Should Not Be Sanctioned for Allowing the Uncontrolled Release of Natural Gas from its Aliso Canyon Storage Facility. (U904G)*. In the fall of 2022, the Public Advocates Office and Safety and Enforcement Division at the CPUC entered into a settlement agreement with SoCalGas to resolve all claims or violations arising from or related to the leak or the proceeding that have been or could have been alleged or pursued by Safety and Enforcement Division or Public Advocates against SoCalGas or Sempra Energy before the CPUC. The settlement agreement is pending, other parties to the proceeding commenting on their opposition to the agreement.

Monetary Fine. Among the many violations and items detailed in the proposed settlement agreement is \$105.1 million fine in full resolution of all violations or claims related to the leak incident. The \$105.1 million fine is offset by \$34.1 million for costs incurred by SoCalGas in fully mitigating the gases emitted by the leak. The balance of the fine, \$71 million, will be paid to the Aliso Canyon Recovery Account pursuant to California Public Utilities Code Section 2104.7, the subject of this legislation.

Need for amendments. The author and committee may wish to restore the "may" proposed to be a "shall" in this bill, thereby retaining legislative discretion in a potential future appropriation.

Prior/Related Legislation

SB 801 (Stern, Chapter 814, Statutes of 2017) made several requirements of energy utilities serving ratepayers in the Los Angeles Basin to support energy reliability where it has been affected by reductions in storage gas capacity and gas deliverability resulting for the 2015 leak at the Aliso Canyon storage facility, operated by Southern California Gas Company (SoCal Gas).

SB 380 (Pavley, Chapter 14, Statutes of 2016) established Aliso Canyon natural gas storage facility-specific law governing testing criteria, requirements to be met prior to re-starting injections at the facility, and required a CPUC proceeding to examine the feasibility of shutting down or minimizing the use of the facility due to the 2015 gas leak.

SB 888 (Allen, Chapter 536, Statutes of 2016) directed how penalty funds assessed for the Aliso Canyon gas leak would be expended, and required climate change impacts from gas storage facility leaks be fully offset.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:

Sierra Club California

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

It's been 7 years since the Aliso Canyon Natural Gas Storage blow-out and many of the communities surrounding the storage facility are still dealing with the legacy of that fateful period. A period that did not last for a few days, but lasted for months, endangering nearby communities, public schools, and vulnerable communities. Fortunately, as part of the mitigation and remediation of this catastrophic event, the Aliso Canyon Recovery Account was created to mitigate impacts on local air quality, public health, and ratepayers resulting from the well failure at Aliso Canyon. However it did not include vulnerable communities and it does not have direct legislative oversight on how monies deposited into the account are spent. SB 305 ensures vulnerable communities are specifically included to receive funding and that the Legislature has oversight over the uses for the account.

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