



Paul Goldstein
Vice President
Gas Transmission & Storage

555 W. Fifth Street
GT20C4
Los Angeles, CA 90013

Tel: 213 244.3420
Paul.Goldstein@socalgas.com

December 1, 2020

Dear John M. Nachbar,

We are aware of the Culver City council's consideration to adopt a resolution calling for closure of SoCalGas' Playa del Rey natural gas storage facility. For some time, certain activist groups have called to close the facility, unaware of the safety protocols put into place and the importance of the facility to both the community and energy reliability.

SoCalGas has worked to enhance Playa del Rey and all our storage facilities in engineering design and operation, making them among the safest and most state-of-the-art facilities in the nation. The purpose of this letter is to highlight the work we have done to enhance safety at the Playa del Rey facility, and how vitally important the facility is to your constituents in Culver City. We'd like the opportunity to work together to build the 21st century energy system we all envision for California that is clean, resilient and affordable.

SoCalGas has worked with leading experts and state agencies to introduce comprehensive new safety enhancements, and advanced monitoring technologies at all our natural gas storage facilities. The Playa del Rey facility, like all natural gas storage fields in California, is regulated by the California Public Utilities Commission (CPUC) and the California Geologic Energy Management Division (CalGEM), which have overseen these safety measures. Accordingly, SoCalGas has taken steps to ensure the Playa Del Rey facility meets and exceeds their rigorous standards.

SoCalGas has installed new steel piping in every active well at Playa del Rey. Every well there has undergone a comprehensive battery of tests, which state energy experts have called the most comprehensive tests in the country. We use industry-leading technology and practices in our operations, including:

- A remote real-time pressure monitoring system for all wells at the Playa del Rey storage facility;
- Configuring the wells so that natural gas only flows through newly installed steel inner tubing, allowing the outer casing to act as a second barrier of protection against potential leaks;
- Daily patrols to inspect for leaks; and
- Methane sensing equipment around the field's perimeter.

In addition, like all our storage facilities, Playa del Rey undergoes rigorous safety tests multiple times per year. SoCalGas continues to invest in safety and well integrity – complying with new state regulations years ahead of schedule at the Playa del Rey facility.

In addition to the robust safety design and operation of Playa del Rey, the essential role the facility plays in supporting energy reliability must also be considered. Because California is the end point of several interstate gas pipelines and lacks meaningful in-state natural gas production, local storage is critical to meeting energy reliability needs throughout the Los Angeles basin.

SoCalGas' Playa del Rey facility is essential to providing families and businesses in the Los Angeles area with safe and reliable natural gas, especially during periods of peak natural gas usage. The Playa del Rey storage facility is an important source of energy that helps meet our customers' demand for natural gas, including those in Culver City. The SoCalGas system was designed to operate using a combination of storage and pipeline supplies to meet customer demand. In fact, the SoCalGas system simply cannot function with either pipeline supply or storage supply alone. The storage facilities are a critical operating asset in the SoCalGas system. Because natural gas travels very slowly, at about 20 to 30 miles per hour, out-of-state supplies of natural gas are often not enough to meet our customers' needs, and gas from the storage facilities is used to make up the difference.

In the South Bay and Westside, specifically, the Playa del Rey storage facility helps to power the local electricity-generating plants, acting as a vital link in producing electrical power that keeps the lights on for everyone. Storage fields also allow SoCalGas to purchase natural gas when prices are low, for use later when demand is high, and then passes this savings on to our customers. We do not make money off the sale of natural gas.

Without the current gas storage infrastructure, this summer's electricity outages would have been much worse. During the August extreme heat event, power plants were using far more gas than was being delivered through interstate pipelines. On August 14 and 15, when CAISO was forced to order rolling blackouts, hourly gas usage during the peak electric demand period was approximately 80% higher than the amount delivered into Southern California. Our natural gas storage fields—including Playa del Rey—were the key asset making up for this shortage and keeping power plants operating. Without storage, blackouts and their harmful human and economic impacts, would have been longer and more severe.

SoCalGas supports the state's climate change goals. Our system, including gas storage assets, enables the state's transition to increased renewable electricity. As more renewables deploy and electricity demand grows (from some electrification of vehicles and end uses), the peak hourly demand on the gas system (and the need for storage) will increase, not decrease. Batteries are of increasing importance in our future energy mix but are only effective for short periods of time. For the foreseeable future, underground natural gas storage is the only viable method to secure large amounts of energy, when it is most needed, over days, weeks, and months.

In fact, SoCalGas' system, including gas storage, is a powerful and largely untapped decarbonization tool. In addition to advancing the state's ability to integrate and support more wind and solar on the electric grid, our system is beginning to enable the distribution of

renewable gases. Gas, like electricity, can be renewable, generated from non-fossil sources, including dead trees and agricultural waste. Green gases are already displacing emissions from diesel fuels in the transportation sector. With support from state regulators, renewable gas will soon be delivered as an affordable clean energy option for homes and businesses as well. Finally, SoCalGas' system will enable in California the growing global momentum for clean energy's new frontier – hydrogen gases harnessed from excess wind and solar electricity.

SoCalGas is committed to working with you to provide Culver City's residents with clean, safe, reliable and affordable energy. We ask that the Council consider the strong safety protocols used at Playa del Rey as well as its importance to the community when voting on this resolution.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Goldstein", with a stylized, sweeping flourish at the end.

Paul Goldstein
Vice President
Gas Transmission and Storage