5.17 NATURAL GAS

This section addresses the potential impacts of the proposed project with regard to natural gas consumption during construction and operation. The analysis identifies the utility that provides natural gas services to the project site, describes the existing consumption of natural gas at the site, indicates the nature and location of related infrastructure in the local area, and estimates the natural gas demands of the proposed project at buildout.

5.17.1 ENVIRONMENTAL SETTING

CALIFORNIA NATURAL GAS REGULATION AND INFRASTRUCTURE

The California Public Utilities Commission (CPUC) regulates natural gas utility service for approximately 10.5 million customers that receive natural gas from Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SCGC), San Diego Gas & Electric Company (SDG&E), Southwest Gas, and several smaller natural gas utilities. Most of California's natural gas customers are residential and small commercial customers (referred to as "core" customers) who accounted for approximately 40 percent of the natural gas delivered by California utilities in 2003. Large consumers, like electric generators and industrial customers (referred to as "non-core" customers) accounted for approximately 60 percent of the natural gas delivered by California utilities in 2003. The CPUC regulates the California utilities' natural gas rates and natural gas services, including in-state transportation over the utilities' transmission and distribution pipeline systems, storage, procurement, metering and billing.

Most of the natural gas used in California comes from out-of-state natural gas basins. In 2003, California customers received 42 percent of their natural gas supply from basins located in the Southwest, 26 percent from Canada, 14 percent from the Rocky Mountains, and 18 percent from basins located within California.

Natural gas from out-of-state production basins is delivered into California via the interstate natural gas pipeline system. The five major interstate pipelines that deliver out-of-state natural gas to California consumers are the Gas Transmission Northwest Pipeline, Kern River Pipeline, Transwestern Pipeline, El Paso Pipeline, and Mojave Pipeline. Another pipeline, the North Baja Pipeline, takes gas off the El Paso Pipeline at the California/Arizona border, and delivers that gas through California into Mexico. While the Federal Energy Regulatory Commission (FERC) regulates the transportation of natural gas on the interstate pipelines, the CPUC often participates in FERC regulatory proceedings to represent the interests of California natural gas consumers.

Most of the natural gas transported via the interstate pipelines, as well as some of the California-produced natural gas, is delivered into the PG&E and SCGC intrastate natural gas transmission pipeline systems (commonly referred to as California's "backbone" natural gas pipeline system). Natural gas on the utilities' backbone pipeline systems is then delivered into the local transmission and distribution pipeline systems, or to natural gas storage fields. Some large non-core customers take natural gas directly off the high-pressure backbone pipeline systems, while core customers and other non-core customers take natural gas off the utilities' distribution pipeline systems. The CPUC has regulatory jurisdiction over 100,000 miles of utility-owned natural gas pipelines, which transported 85 percent of the total amount of natural gas delivered to California's gas consumers in 2003.

Some of the natural gas delivered to California customers may be delivered directly to them without being transported over the regulated utility systems. For example, the Kern River/Mojave pipeline system can deliver natural gas directly to some large customers, "bypassing" the utilities' systems. Much of California-produced natural gas is also delivered directly to consumers.

PG&E and SCGC own and operate several natural gas storage fields that are located in northern and southern California. These storage fields, and two independently owned storage utilities – Lodi Gas Storage and Wild Goose Storage – help meet peak seasonal natural gas demand and allow California natural gas customers to secure natural gas supplies more efficiently.

California's regulated utilities do not own any natural gas production facilities. All of the natural gas sold by these utilities must be purchased from suppliers and/or marketers. The price of natural gas sold by suppliers and marketers was deregulated by the FERC in the mid-1980's and is determined by "market forces". Prior to the late 1980's, California's regulated utilities provided virtually all natural gas services to natural gas customers. Since then, the CPUC has gradually restructured the natural gas industry in order to give customers more options while assuring regulatory protections for those customers that wish to continue receiving utility-provided services. The CPUC decides whether California's utilities have taken reasonable steps in order to minimize the cost of natural gas purchased on behalf of their core customers.

Although most of California's core customers purchase natural gas directly from the regulated utilities, core customers have the option to purchase natural gas from independent natural gas marketers. Most of California's non-core customers, on the other hand, make natural gas supply arrangements directly with producers or purchase natural gas from marketers.

Another option resulting from the natural gas industry's restructuring process occurred in 1993, when the CPUC removed the utilities' storage service responsibility for non-core customers, along with the cost of this storage service from non-core customers' rates. In 1993, the CPUC also adopted specific storage reservation levels for the utilities' core customers.

In a 1997 decision, the CPUC adopted PG&E's "Gas Accord," which unbundled backbone transmission costs from non-core transportation rates, and gave customers and marketers the opportunity to obtain pipeline capacity rights on PG&E's backbone pipeline system. The Gas Accord also required PG&E to set aside a certain amount of pipeline capacity in order to deliver natural gas to its core customers. In Decision (D.) 03-12-061, issued in December 2003, the CPUC modified and extended the initial terms of the Gas Accord.

In December 2001, the CPUC adopted the "Gas Industry Restructuring" decision (D. 01-12-018). This decision adopted a market and regulatory structure for SCGC similar to the Gas Accord structure for PG&E. In D.04-04-015, the CPUC adopted the tariffs to implement restructuring of the SCGC system, but stayed that decision to consider issues in a major Rulemaking, R.04-01-025.

2001 TITLE 24, PART 6 CALIFORNIA'S ENERGY EFFICIENCY STANDARDS FOR RESIDENTIAL AND NONRESIDENTIAL BUILDINGS

The Energy Efficiency Standards for Residential and Nonresidential Buildings were established in 1978 in response to a legislative mandate to reduce California's energy consumption. The standards are updated periodically to allow consideration and possible incorporation of new energy efficiency technologies and methods. New standards were adopted by the Commission in 2001 as mandated by Assembly Bill 970 to reduce California's electricity demand. The new standards went into effect on June 1, 2001. The standards (along with standards for energy efficient appliances) have saved more than $20 billion in electricity and natural gas costs. It is estimated the standards will save $57 billion by 2011.

SOUTHERN CALIFORNIA GAS COMPANY

Natural gas service is provided to the proposed project site by SCGC. According to the California Energy Commission (CEC), SCGC is expected to provide 818.5 billion cubic feet (bcf) of natural gas to its customers in 2004.[1] By 2010, annual natural gas deliveries to SCGC customers are expected to increase to 890.4 bcf.[2] In the proposed project vicinity, SCGC operates two supply pipelines: a four-inch and a six-inch medium-pressure pipeline located in The Old Road.[3]

5.17.2 SIGNIFICANCE THRESHOLD CRITERIA

Appendix G of the CEQA Guidelines contains the Initial Study Environmental Checklist form used during preparation of the project Initial Study, which is contained in Appendix A of this EIR. The Initial Study includes questions relating to natural gas service and facilities. The issues presented in the Initial Study Checklist have been utilized as thresholds of significance in this Section. Accordingly, a project may create a significant environmental impact if one or more of the following occurs:

- The project would create demands on natural gas supply and infrastructure which exceed the capacity of the utility serving the project site.

5.17.3 IMPACTS AND MITIGATION MEASURES

[1] California Energy Commission. California Energy Demand 2000-2010. Technical Report to California Energy Outlook 2000. Docket #99-CEO-1. June 2000.

[2] Ibid.

[3] Russo, Jack. Planning Associate, Valencia District, Southern California Gas Company. Written Correspondence. *Will Serve Letter for: Lyons Canyon Ranch (Gas Co. Atlas(es) C2042N).* March 18, 2004.

◆ ***IMPLEMENTATION OF THE PROPOSED PROJECT WOULD INCREMENTALLY INCREASE DEMANDS ON NATURAL GAS SUPPLIES AND DISTRIBUTION INFRASTRUCTURE.***

Level of Significance Prior to Mitigation: Less Than Significant Impact.

Impact Analysis: The proposed project would result in the construction and operation of 100 single-family residential units and 90 senior condominium units. As shown in Table 5.17-1, Project Natural Gas Consumption, development of proposed uses would result in the consumption of approximately 1,027,535 cubic feet (cf) of natural gas per month, or 12,330 kcf per year. As previously discussed, SCGC deliveries are expected to be 890.4 billion cubic feet (bcf) by project buildout in approximately 2010. As such, the project-related natural gas demand would represent only 0.0014 percent of SCGC's annual deliveries.

Table 5.17-1
Project Natural Gas Consumption

Land Use	Development Statistics [1]	Consumption Factor [2]	Natural Gas Consumption
Single-family/Senior Residential	100 d.u	6,665.0 c.f./d.u./month	666.5 k.c.f./month
Senior Condominium	90 d.u.	4,011.5 c.f./d.u./month	361.0k.c.f./month
Total			*1,027.5 k.c.f./month*

Notes: c.f. = cubic feet s.f. = square feet d.u. = dwelling unit k.c.f. = thousand cubic feet
1) Development statistics provided by Western Pacific Housing, Lyons Canyon, LLC
2) Consumption factors from South Coast Air Quality Management District *CEQA Air Quality Handbook* (April 1993). Commercial factor used to estimate demand of proposed Shopping Center, Restaurant(s), and Gas Station with Convenience Market.

According to SCGC two medium-pressure natural gas pipelines exist adjacent to the project site in The Old Road (one four-inch and one six-inch pipeline). These existing pipelines are considered adequate to serve the project's natural gas demands. All on-site natural gas distribution pipelines would be installed to serve proposed uses, at the expense of the project applicant. No other improvements related to natural gas are necessary.

Although the proposed project would create additional demands on natural gas supplies and distribution infrastructure, these demands are well within the service capabilities of SCGC. Thus, impacts would be less than significant in this regard.

Mitigation Measures: No mitigation measures are required.

Level of Significance After Mitigation: Less Than Significant Impact.

5.17.4 CUMULATIVE IMPACTS AND MITIGATION MEASURES

◆ ***DEVELOPMENT ASSOCIATED WITH THE PROPOSED PROJECT AND RELATED PROJECTS WOULD INCREMENTALLY INCREASE DEMANDS ON NATURAL GAS SUPPLIES AND DISTRIBUTION INFRASTRUCTURE.***

Level of Significance Prior to Mitigation: Less Than Significant Impact.

Impact Analysis: The proposed project would result in the construction and operation of single- and multi-family residential dwelling units, all of which would consume natural gas. Development associated with the proposed and related projects would result in the consumption of approximately 1,265,800 cubic feet (cf) of natural gas per month, or approximately or 15,189.6 kcf per year (refer to Appendix D for cumulative natural gas consumption calculations). As previously discussed, annual SCGC deliveries are expected to be 890.4 bcf by 2010. As such, the cumulative natural gas demand would represent 0.0017 percent of SCGC's annual deliveries.

Where necessary, natural gas distribution pipelines would be installed to serve development associated with the proposed project and related projects at the expense of the project applicants.

Although the proposed project and related projects would create additional demands on natural gas supplies and distribution infrastructure, these demands are well within the service capabilities of SCGC. As such, cumulative impacts would be less than significant.

Mitigation Measures: No mitigation measures are required.

Level of Significance After Mitigation**:** Less Than Significant Impact.