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Pacific Gas and Electric Comments on Draft 2015 IEPR Scoping Order

Additional submitted attachment is included below.

February 6, 2015

VIA E-FILING

California Energy Commission
Dockets Office, MS-4
Re: Docket No. [15-IEPR-01]
1516 Ninth Street
Sacramento, CA 95814-5512

Re: PG&E's Comments on Draft 2015 Integrated Energy Policy Report Scoping Order

I. INTRODUCTION

Pacific Gas and Electric Company ("PG&E") looks forward to discussing the topics set forth in the draft scoping order for the California Energy Commission's ("CEC") 2015 Integrated Energy Policy Report ("IEPR") cycle. Overall, PG&E urges the CEC to consider many of the proposed topics in a comprehensive and integrated manner – rather than addressing each sector in siloes. California's path beyond 2020 should be an integrated approach that prioritizes greenhouse gas ("GHG") reductions as its over-arching goal and promotes cost-effective reductions, including but not limited to renewable resources, electrification, deployment of natural gas technologies, energy efficiency, and transportation policies under an integrated framework. The CEC is well positioned to utilize this approach and systematically explore GHG reduction potential, as well as interrelated effects, across all economic sectors.

With the need to focus on integrating this myriad of policies, the CEC should carefully consider requests to further expand the scope of the 2015 IEPR. For example, the Draft Scoping Order appropriately excludes nuclear issues from the 2015 IEPR. This exclusion may be due to the fact that key nuclear policy issues are being addressed at numerous state and federal agencies, including the State Water Resources Control Board and the Nuclear Regulatory Commission. Pending resolution of these proceedings, there would be little value for the CEC to further consider these same issues in the 2015 IEPR, given the public has ample opportunity to be heard in those other regulatory venues. As a result, PG&E encourages the CEC to retain its existing focus and to not speculate on the outcome of numerous proceedings before other agencies in this IEPR.

II. ENERGY EFFICIENCY STRANDED POTENTIAL

PG&E has been a long-term leader in energy efficiency and supports the Governor's recent proposal to double the efficiency of existing buildings and ensure heating fuels are cleaner

within the next fifteen years.¹ To achieve this goal, policy changes will be required to allow energy efficiency program administrators, like PG&E, to target all potential energy efficiency in existing buildings. Current policy leads to a large pool of stranded energy efficiency savings because program administrators can only target energy savings attributable to the installation of equipment above current code levels. PG&E welcomes the evaluation of energy efficiency policy by the CEC and suggests that the CEC address opportunities for appropriate investments and greater rebates to bring buildings up to code, not just bring them above code. Under the CEC's draft scoping order, PG&E recommends adding an item to consider assessing stranded potential in highest usage building types across multiple vintages of California building stock.

III. RENEWABLE RESOURCE POLICY WITH CONSIDERATION OF OTHER ALTERNATIVES

PG&E encourages the CEC to review California's renewable policy as one of the possible tools available to meet the state's GHG goals, and as part of the proposed scope for the Electricity sector, "Roles for preferred resources (distributed generation, storage, demand response, and energy efficiency) in California's future electricity generation resource mix." PG&E also recommends that the language in the IEPR scoping order be changed to "Role of preferred resources (distributed generation, storage, demand response, and energy efficiency) in California's future delivery of energy services." This change would reflect the fact that most of the preferred resources do not involve generation of energy but instead focus on reducing the need for generation or using existing and future generation resources more efficiently.

The CEC's Draft Scoping Order includes a proposal to identify issues and potential challenges of reaching Governor Brown's proposal of renewables making up 50 percent of California's electricity use by 2030. PG&E is looking forward to working with the Energy Commission to support the Governor's vision in the most cost effective manner for our customers. PG&E believes that a wide variety of alternatives should be considered within the scope of this work and encourages an evaluation of the reliability, operational flexibility, cost, and environmental impacts of the Governor's proposal.

A particular aspect of the operating and cost impacts of 50% renewables that deserves some attention is the potential for over-generation, as Energy and Environmental Economics Inc. ("E3") highlights in its study, "2014 Investigating a Higher Renewables Portfolio Standard in California."² Over-generation occurs when 'must-run' generation (such as non-dispatchable renewables, combined heat and power ("CHP"), and nuclear generation) and thermal generation needed for grid reliability are greater than load plus exports. The E3 study predicts over-

¹ Brown Jr., Edmund G. "Inaugural Address, Remarks as Prepared January 5, 2015." Available at: <http://gov.ca.gov/news.php?id=18828>.

² See 2014 E3 *Investigating a Higher Renewables Portfolio Standard in California* Study. In the 33% RPS scenario, over-generation occurs during 1.6% of all hours, amounting to 0.2% of available RPS energy. In the 50% RPS Large Solar case, over-generation must be mitigated in over 20% of all hours, amounting to 9% of available RPS energy, and reaches 25,000 MW in the highest hour, page 11- 13 https://www.ethree.com/documents/E3_Final_RPS_Report_2014_01_06_with_appendices.pdf

generation potential with 33%, 40%, and 50% Renewable Portfolio Standard (“RPS”) scenarios. Roles for energy services such as demand response should be included in the discussion of how to address over-generation hours when renewable resources (or carbon neutral resources), would be on the margin. The costs associated with these mitigation strategies should be included in any cost-effectiveness analytics around higher penetration of renewable resources. PG&E also encourages the CEC to evaluate other alternatives to reduce GHG emissions besides increasing renewable supplies, such as electrification of transportation, to inform future policy decisions.

IV. NATURAL GAS AND BIOFUELS IN TRANSPORTATION

Natural gas fueling and electric charging infrastructure are both high-impact opportunities that advance California’s GHG reduction objectives. There is currently great opportunity for the state to leverage its existing natural gas assets in the transportation sector and PG&E urges the CEC to consider this topic under the heading of “Natural Gas” or “Transportation” in its proposed scope. Additionally, under the exploration of alternative fuels, PG&E encourages CEC assessment of biofuel or biogas for use in the transportation sector where these fuels provide a higher overall benefit as a method of GHG reduction than the benefit gained by their use in energy production.

V. CLIMATE CHANGE AND ADAPTATION RESEARCH

As stated above, PG&E stresses the need to address reductions in GHG emissions across all sectors and encourages the CEC’s evaluation of climate change scenarios to integrate all topics proposed in the IEPR Scoping order.

Climate change adaptation is an emerging issue that has elicited much engagement from agencies at the federal, state, and local levels. PG&E recognizes the importance of this issue and encourages the CEC to coordinate existing and future research efforts with agencies such as the California State Coastal Conservancy, California Natural Resources Agency, and others into a central hub to avoid duplication of existing efforts, many of which are occurring in the San Francisco Bay Area. It is important that the results of such studies are accessible, understandable, and actionable, so that stakeholders may make the best operational decisions possible.

VI. CONCLUSION

PG&E looks forward to the discussion at the CEC on the issues laid forth in the draft IEPR Scoping Order as they are analyzed in a comprehensive and integrated approach.

Sincerely,
/s/
Madeline R. Silva

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