

## DOCKETED

<b>Docket Number:</b>	15-IEPR-01
<b>Project Title:</b>	General/Scope
<b>TN #:</b>	203627
<b>Document Title:</b>	SMUD Comments on Draft 2015 Intergrated Energy Policy Report Scoping Order
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Sacramento Municipal Utility District
<b>Submitter Role:</b>	Public Agency
<b>Submission Date:</b>	2/6/2015 4:18:39 PM
<b>Docketed Date:</b>	2/6/2015

*Comment Received From: Laura Lewis*

*Submitted On: 2/6/2015*

*Docket Number: 15-IEPR-01*

**SMUD Comments on Draft 2015 Intergrated Energy Policy Report Scoping Order**

*Additional submitted attachment is included below.*



February 6, 2015  
LEG 2015-0111

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

**Re: Docket No.: 15-IEPR-01  
Comments of the Sacramento Municipal Utility District on the  
Draft 2015 Integrated Energy Policy Report Scoping Order**

The Sacramento Municipal Utility District (SMUD) submits these comments on the California Energy Commission's (CEC) Draft 2015 Integrated Energy Policy Report (IEPR) Scoping Order. SMUD recognizes that one of the CEC's primary responsibilities is to periodically provide an integrated statewide energy planning and policy report, based in part on public participation in this IEPR process. SMUD looks forward to working with the CEC on the 2015 IEPR.

The proposed scope of the 2015 IEPR appropriately covers energy efficiency and renewables, along with chapters or sections focused on the three main areas of energy use in California: 1) the electricity sector; 2) the natural gas sector; and 3) the transportation energy use sector. SMUD supports a comprehensive examination of the State's energy framework and policy direction in the 2015 IEPR as described in the proposed scope, with the following general guiding themes:

- 1) An integrated analysis of the three main sectors is increasingly important due to the growing interactions between them with increasing use of electricity and natural gas as a transportation fuel, recent increased reliance on natural gas as an electricity generation fuel source, and increased volatility in when natural gas is needed for that generation (due to increased intermittent renewables with gas generation as the ramping resource).
- 2) As state policy goals aim to achieve deeper reductions in GHG emissions from the electricity and other energy use sectors, measures to achieve those goals must increasingly be flexible to minimize cost impacts to consumers and avoid infrastructure and reliability constraints. A flexible approach will also allow greater opportunity to integrate new technologies and strategies, and spur innovation.

Many of the significant state energy policies in place today are tied to a key date – 2020. Assembly Bill 32 establishes a goal of reducing statewide GHG emissions to 1990 levels by that date, and the ARB has developed many regulations, including a comprehensive, market-based Cap-and-Trade program and the Low Carbon Fuel Standard aimed at achieving that goal. In general, these regulations are seen as leveling off after 2020 – not requiring further emission reductions beyond that point. In addition, SBX1 2 established a 33% renewable portfolio standard (RPS) obligation in the state, which also plateaus in 2020. The CEC and CPUC have adopted a goal of achieving zero-net energy new residential buildings by 2020 (and non-residential by 2030).

SMUD understands that state policymakers and stakeholders are beginning to examine post-2020 policies to further reduce GHG emissions from activities in the State, add more efficiency to energy use, and further diversify transportation fuel use and reduce petroleum dependence. California has a long-term goal of reducing GHG emissions to just 20% of 1990 levels by 2050, consistent with SMUD's goal of reducing the GHG emissions associated with our retail load to 10% of 1990 levels by that date. The Air Resources Board's First Update to the Climate Change Scoping Plan released in 2014 discussed the 2050 goal and advocated setting an "interim" target in 2030 to ensure progress towards that goal after 2020. Governor Brown's State of the State speech in January proposed goals that would, in the next 15 years (or by 2030): 1) increase to 50% the amount of electricity derived from renewable sources; 2) reduce the petroleum use from cars and trucks in the state by up to 50%; and 3) double the efficiency of existing buildings and make heating fuels cleaner.

With these current policy discussions increasingly focused on post-2020 goals and measures, SMUD recommends that the 2015 IEPR scope be specifically modified to:

- 1) Include a strong "integration" chapter that examines potential general policies that aim to achieve state policy goals, GHG reduction in particular, in a comprehensive, flexible fashion. One example of such a policy is the clean energy standard mentioned in the CEC's fact sheet regarding the Governor's 50% renewable goal, stating: "... a clean energy standard requiring reductions in greenhouse gas emissions of electricity ...." SMUD would suggest that such a policy should be looked at as not only helping to achieve the state's renewable goals, but also as contributing to the energy efficiency and transportation fuels goals the Governor established.
- 2) Include additional examination of the prospects of demand response and energy storage technologies to assist in achieving these goals. While these newer types of resources do not definitively reduce energy use or GHG directly, they can facilitate the development and integration of other measures that have these beneficial impacts.

- 3) Consider changing the measurement and evaluation of efficiency measures in existing buildings so that entities investing in these efficiency measures see the full benefit of the savings, rather than a discounted benefit that reflects only the savings available beyond current code levels for new buildings. The current practice in effect assumes that existing buildings are brought up to new building efficiency levels before implementing additional measures, dramatically reducing the incentives and perceived cost-effectiveness of engaging in efficiency programs in existing buildings.
- 4) Consider the potential impacts of the USEPA's proposed Clean Power Plan under the Clean Air Act's section 111(d) that aims to reduce GHG emissions from existing power plants across the country. In addition to power plants within California, changes to power plants in neighboring interconnected states could affect electricity issues within the state due to California's significant imports of power from these states.

SMUD appreciates the opportunity to comment on the proposed scope of the 2015 IEPR.

Sincerely,

/s/

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Laura Lewis  
General Counsel  
Sacramento Municipal Utility District  
P.O. Box 15830, M.S. B406, Sacramento, CA 95852-0830

/s/

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Timothy Tutt  
Program Manager, State Regulatory Affairs  
Sacramento Municipal Utility District  
P.O. Box 15830, M.S. B404, Sacramento, CA 95852-0830

cc: Corporate Files