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Pacific Gas and Electric Company Comments on the 2015 Revised Integrated Energy Policy Report

Additional submitted attachment is included below.

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VIA ELECTRONIC DOCKET 15-IEPR-01

California Energy Commission
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Sacramento, CA 95814-5512

Re: Docket 15-IEPR-01: Pacific Gas and Electric Company Comments on the Revised 2015 Integrated Energy Policy Report

I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the California Energy Commission's (CEC, Commission, or Energy Commission) revised version of the 2015 Integrated Energy Policy Report (2015 Revised IEPR or Report), which will be considered at the CEC Business Meeting scheduled for February 10, 2016.[1] The 2015 Revised IEPR makes considerable updates to the 2015 Draft Integrated Energy Policy Report (2015 Draft IEPR or Draft IEPR) and PG&E appreciates the Commission's responsiveness to the concerns and suggestions of the company and other stakeholders.

To avoid repetition, PG&E incorporates its comments on the 2015 Draft IEPR by reference and focuses these comments on three issue areas: nuclear issues, energy efficiency, and renewables.[2] PG&E's main concern with the 2015 Revised IEPR is the Report's overreach on the issue of Diablo Canyon Power Plant (DCPP) cost recovery, which is discussed in Section II below.

II. The Revised IEPR Overreaches on Diablo Canyon Power Plant Cost Recovery Issues

The Integrated Energy Policy Report is, as its name denotes, a policy document. While the 2015 Revised IEPR includes numerous additions which add balance to the discussion of DCPP, PG&E

[1] California Energy Commission. 2015. *2015 Integrated Energy Policy Report*. Publication Number: CEC-100-2015-001-CMF.

[2] Docket 15-IEPR-01. Pacific Gas and Electric Company Comments on the Draft 2015 Integrated Energy Policy Report, November 10, 2015. Retrieved from http://docketpublic.energy.ca.gov/PublicDocuments/15-IEPR-01/TN206578_20151110T162425_Nathan_Bengtsson_Comments_Pacific_Gas_and_Electric_Company_Comm.pdf

is concerned by some recommendations which go beyond policy formulation into direct advocacy on nuclear issues being litigated at other agencies. This subverts both the purpose of the IEPR as well as the numerous regulatory proceedings occurring before agencies with appropriate jurisdiction concerning Diablo Canyon. Specifically, the Report recommendations around disallowing cost recovery for DCPP are inappropriate, especially considering such recommendations are generally made only after a hearing and a right to respond. The CEC has held no hearings on this issue. Given that these issues are pending before the California Public Utilities Commission (CPUC), PG&E recommends that the language to disallow cost recovery on page 241 be stricken from the 2015 Revised IEPR before adoption.

PG&E also notes that the 2015 Revised IEPR's discussion of DCPP contains a number of technical inaccuracies. For example, the Revised IEPR notes that PG&E met with the Independent Peer Review Panel on numerous occasions between 2012 and 2014 to discuss the Central Coast of California Seismic Imaging Project. PG&E actually met numerous times with the IPRP on the CCCSIP between 2010 and 2015. Given the limited time to review the Revised IEPR and the numerous changes made to the nuclear section, PG&E may choose to dispute the IEPR's assertions in other venues.

III. PG&E Appreciates the Continued Recognition of the Importance of Energy Efficiency

PG&E appreciates the CEC's continued recognition of the importance energy efficiency (EE), and the prominence of energy efficiency in the 2015 Revised IEPR. PG&E supports language such as that found on pages 14 and 26, which elaborates on the history of energy efficiency policy in California and explains the continued benefits of EE to the economy, to the environment, and to the grid.

PG&E acknowledges and appreciates the clarifying language on pages 31, 32, and 64 about the upcoming implementation of the Assembly Bill (AB) 802 building energy use benchmarking provisions. PG&E is actively participating in the statewide building-to-meter mapping working group, to allow all stakeholders the ability to successfully implement those provisions.

PG&E appreciates the added language on page 35 regarding the importance of capturing below code savings, and is working with the California Public Utilities Commission (CPUC) to identify "High Opportunity Programs and Projects" that can help capture these and other meter-based savings as per AB 802.

PG&E appreciates the CEC's inclusion of language regarding XPrize type competitions on page 42. As was noted by PG&E in previous comments, such competitions have the potential to truly move the market.[3]

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[3] Docket 15-IEPR-05. Comments of Pacific Gas and Electric Company on Plug Load Efficiency, July 7, 2015, p. 2, retrieved from http://docketpublic.energy.ca.gov/PublicDocuments/15-IEPR-05/TN205273_20150707T143450_Valerie_Winn_Comments_Pacific_Gas_and_Electric_Company_Plug_Loa.pdf;

Finally, PG&E acknowledges the additional language around financing on pages 37 and 38, and supports this addition. While property-assessed clean energy (PACE) lenders do allow debt to stay with a property, as mentioned on page 37, incoming property owners must first agree to take on that debt. That requirement has resulted in some customers who have been unable to transfer their debt to the incoming property owner. However, the success that PACE lenders have found may be attributed to a combination of factors including the simple underwriting process, which is based on the loan-to-value ratio of the mortgage on the property rather than the customer's credit rating; the longer loan terms available, which result in more manageable payments; and efforts to integrate the PACE loan underwriting into the contractor's sales process, which aim to increase the contractor conversion rate while minimizing paperwork**.**

IV. The IEPR's Focus on the 50 Percent RPS Standard is Appropriate Given California's GHG Emission Reduction Goals

PG&E appreciates the updates to Chapter 2 of the Revised IEPR which address important issues around achieving greenhouse gas (GHG) reductions and meeting the 50 percent renewables target set by the Governor for the state of California and codified in Senate Bill (SB) 350.

In particular, PG&E commends the CEC for removing the Draft IEPR recommendation to plan for a larger RPS requirement than the legislatively mandated 50 percent. As the state develops renewable energy to meet the 50 percent target, additional renewable resources will be less effective at reducing GHG emissions. Considering the ultimate goal of statewide GHG emissions reductions, the CEC should explore the challenges and emission reduction benefits of achieving the 50 percent RPS requirement before recommending an even greater standard.

While PG&E strongly supports the 50 percent RPS requirement as part of the effort to reduce GHG emissions statewide and agrees with the earlier IEPR language noting that SB 350 codifies the 50 percent RPS by 2030 goal, PG&E does not agree that SB 350 codifies the greenhouse gas emission reduction target of 40 percent below 1990 levels by 2030. Accordingly, PG&E recommends that the reference on page 62 in the Revised IEPR to sector-specific GHG reduction targets in SB 350 be stricken, since SB 350 does not require that the California Air Resources Board (ARB) set binding GHG reduction targets for the electric sector or individual load-serving entities (LSEs).[4] Additionally, sector and entity-specific GHG targets within an economy-wide system like California's, that has an absolute cap on emissions, are not likely to change the total amount of emissions from within that system. Within a capped system, sector and entity-specific targets could only change how the emission reductions are achieved, who pays for those reductions, and at what cost, without necessarily securing additional statewide GHG benefit. Instead, there is a need for broad-based policy solutions that can optimize GHG reductions across multiple sectors, especially in

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and PG&E Comments to the CEC on Draft 2015 Integrated Energy Policy Report, November 10, 2015, p. 10

[4] Sections 454.52 and 9621 of SB 350 presume the existence of a 2030 GHG reduction target percentage for the electricity sector as a whole and for individual LSEs. However, neither AB 32 nor SB 350 specifically directs ARB to establish sector-specific GHG emission reduction targets. See PG&E's January 11, 2016 SB 350 Integrated Resource Plan Targets Comments at the California Air Resources Board.

light of new policies such as the EPA Clean Power Plan. The Revised IEPR recognizes this on page 63, stating, "…any effort to advance renewables must be part of an overall portfolio that integrates all demand and supply-side resources across sectors to reduce GHG emissions, reduce criteria pollutants and meet other environmental goals, maintain reliability, and control costs."

Finally, PG&E supports the Revised IEPR's recommendation regarding the role of distributed resources and their integration into the electricity system. PG&E suggests that the CEC consider the outcomes of the Distributed Resources Plan and Integrated Distributed Energy Resources Proceedings at the CPUC when evaluating this issue going forward. Additionally, PG&E reiterates support for the CEC to update the next demand forecast with regard to solar photovoltaic distributed generation, especially in light of the Federal Investment Tax Credit extension and recent Net Energy Metering decision at the CPUC.[5] PG&E was pleased to see this stated as a priority for the forecasting group at the January 27, 2016 adoption hearing for the 2016-2026 California Energy Demand Revised Electricity Demand Forecast.

V. Conclusion

PG&E thanks the CEC for considering these comments and is happy to meet with CEC staff on these important topics.

Sincerely,

/s/

Nathan Bengtsson

cc: Heather Raitt (Heather.Raitt@energy.ca.gov)

[5] http://prccappiiswc002/Docs/NetEnergyMetering-Tariffs/Draft-Decisions/CPUC/2016/NetEnergyMetering-Tariffs_Draft-Dec_CPUC_20160127_361461Atch02_361463.pdf