

## DOCKETED

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*Comment Received From: Tim Carmichael*

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**SoCalGas comment letter on 2030 Energy Efficiency Targets**

*Additional submitted attachment is included below.*



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California Energy Commission  
Dockets Office, MS-4  
1516 Ninth Street  
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**Subject: Comments on the Joint Agency IEPR Workshop on 2030 Energy Efficiency Targets, Docket number 17-IEPR-06 –Doubling Energy Efficiency Savings**

Dear Commissioners:

Southern California Gas Company (SoCalGas) appreciates the California Energy Commission (CEC) for hosting the California Public Utilities Commission (CPUC) in the Joint Agency Integrated Energy Policy Report (IEPR) Workshop held on January 23, 2017, to discuss key questions in the adoption of targets that achieve a statewide cumulative doubling of energy efficiency savings in gas and electric final end-uses by 2030 as required by Senate Bill (SB) 350 and part of the 2017 IEPR. The CEC has the important task of implementing the goals of increased renewable energy, greenhouse gas reduction, and energy efficiency under SB 350.

SoCalGas supports the State's ambitious efforts and offers the following comments regarding the Staff Paper "Framework for Establishing the Senate Bill 350 Energy Efficiency Savings Doubling Targets"<sup>1</sup> for the CEC's consideration in its development of the implementation framework to determine and achieve these targets.

**Staff Proposal on Aggregating Gas and Electric Savings**

SoCalGas agrees with the CEC's methodology of using site energy conversion factors to display energy savings in a common unit for reporting on progress toward meeting the annual goals. This is in agreement with the language within SB 350 in establishing "annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers." In this application, site energy provides illustrative equivalency to customer

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<sup>1</sup> Staff Paper available at [http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-06/TN215437\\_20170118T160001\\_Framework\\_for\\_Establishing\\_the\\_Senate\\_Bill\\_350\\_Energy\\_Efficienc.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-06/TN215437_20170118T160001_Framework_for_Establishing_the_Senate_Bill_350_Energy_Efficienc.pdf).

end use; analysis of energy savings potential through the California energy efficiency potential and goals studies<sup>2</sup> and the ultimate assignment of investor-owned utilities (IOU) program energy savings goals by the CPUC are given in final end use energy and is a required value in many of the cost-effectiveness calculation methods described in the CPUC Standard Practice Manual.<sup>3</sup>

### **Staff Proposal on Subtargets, Cost-Effectiveness, Feasibility, and Reliability**

Feasibility, left undefined in the staff report and workshop presentation, remains an important criterion in the target setting exercise of SB 350. Taking the dictionary definition offered in previous comments by SoCalGas as the “possibility to do” or “capability of being carried out”, the CEC should continue to examine how emerging technologies are included in the subtargets to ensure forecasts are inherently feasible. Forecasts should only include emerging technologies that currently exist in the marketplace or are near market-ready. Including technologies which are or will be unavailable will result in targets that are inherently infeasible.

CEC Staff acknowledges “the limitations of available data to fully characterize cost-effective efficiency potential or sufficiently identify implementation strategies or program designs to fully capture more energy savings from efficiency.” SoCalGas is pleased to hear the CEC and CPUC integration efforts with RD&D programs such as the Electric Program Investment Charge (EPIC) Program and recommends that these integration efforts include the Natural Gas research and Development Program through Public Interest Energy Research (PIER). As forecasts are updated, newly identified emerging technologies through EPIC and PIER can be added to feasible energy efficiency program designs.

### **Treatment of Fuel Switching and Fuel Substitution**

The Staff Paper provides the distinction between the treatment of fuel-switching and fuel substitution measures providing the recommendation that fuel substitution measures, substituting one utility-supplied/interconnected energy source for another, be included in the targets. SoCalGas encourages the CEC to utilize the CPUC’s established rules, referred to as the three-pronged test, to determine if fuel substitution measures are eligible as ratepayer-funded energy efficiency measures.<sup>4</sup> These rules are intended to ensure that eligible fuel substitution projects are cost-effective, more efficient, and do not adversely affect the environment. In most cases, projects do not pass the three-pronged test, and are therefore not eligible for ratepayer-funded programs. The IEPR should align with the CPUC’s rules in this regard.

Additionally, the CEC’s Framework document discusses including fuel substitution measures that “save energy in final end uses by using cleaner fuels.”<sup>5</sup> SoCalGas cautions against including electrification of final end uses as a strategy to reduce greenhouse gas emissions, as this would preclude implementation of California’s goals to increase the use of renewable natural gas in the

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<sup>2</sup> California Energy Efficiency Potential and Goals Studies, <http://www.cpuc.ca.gov/General.aspx?id=2013>.

<sup>3</sup> California Standard Practice Manual available at [http://www.calmac.org/events/spm\\_9\\_20\\_02.pdf](http://www.calmac.org/events/spm_9_20_02.pdf).

<sup>4</sup> Energy Efficiency Policy Manual Version 5, July 2013 (R.09-11-014), pg. 24-25.

<sup>5</sup> Staff Paper, p. 19.

transportation and building sectors, per SB 1383 and the California Air Resources Board (ARB) Short-Lived Climate Pollutant (SLCP) Reduction Strategy. As is directed by SB 1383, the CEC must provide recommendations for development and use of renewable natural gas in the 2017 Integrated Energy Policy Report Scoping Order.

SoCalGas strongly believes that a diverse energy portfolio which includes multiple fuels and technologies is needed to meet California's energy needs and environmental policies in a cost-effective manner. Natural gas utilization in ultra-low emitting technology applications will help achieve greenhouse gas (GHG) emission reductions targets and generate air quality benefits. Replacing the use of fossil natural gas with renewable natural gas could be an effective "fuel-substitution" measure to not only reduce GHGs associated with energy use, but would also reduce methane emissions from organic sources.

SoCalGas appreciates the CEC's consideration of these comments in the 2017 IEPR and look forward to continuing to work on advancing California's energy policy goals and objectives.

Sincerely,

*/s/ Tim Carmichael*

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