

DOCKETED

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Reply Cmts NRDC on Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets Following the February 23, 2017 Public Workshop

Additional submitted attachment is included below.

Informal Reply Comments of the Natural Resources Defense Council (NRDC) on the CPUC and CEC Staff Discussion Document, Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets Among Publicly Owned Utilities and Load Serving Entities Following the February 23, 2017 Public Workshop

March 9, 2017

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I. Introduction

The Natural Resources Defense Council (NRDC) respectfully submits this reply to comments given by parties in response to comments submitted before the January 23rd joint California Energy Commission (CEC) – California Public Utilities Commission (CPUC) public workshop for setting greenhouse gas (GHG) planning targets. NRDC is a non-profit membership organization with more than 80,000 California members who have an interest in receiving affordable energy services while reducing the environmental impact of California’s energy use.

This reply focuses on responses to Part 2, Question 5¹ of the Staff Discussion Document *“Options for Setting GHG Planning Targets for Integrated Resource Planning & Apportioning Targets among Publicly Owned Utilities and Load Serving Entities.”*

II. Discussion

NRDC cautions against developing a new bottom-up model to estimate fractions that divide the electric sector emission target among the CPUC and CEC’s respective Integrated Resource Planning (IRP) processes (i.e., Option C). This would be a time and resource intensive activity, would lead to increased complexity, and is unlikely to provide enhanced accuracy.

NRDC recommends the more straightforward option of leveraging existing CEC Integrated Energy Policy Report (IEPR)² demand forecasts (Option B) to determine these Load

¹ Question 5 asks *“Under Part 2, which of the options do you recommend, and why? What issues should be considered when implementing that option, and how should those issues be addressed?”*. Part 2 of the Staff Discussion document is titled: *“Determine a Methodology to Divide the Electric Sector Emissions Reduction Target (Established in Part 1) between CPUC’s and Energy Commission’s Respective IRP Processes.”*

² California Energy Demand Revised/Final Forecast, 2016 - 2026, Mid Demand Baseline Case, No AAEE

Serving Entities (LSE)-specific fractions to divide the electric sector emissions target (established via Part 1 of the Staff Discussion Document). These IEPR demand forecasts are robust and appear to be the best existing estimate of LSE specific future loads – they should be leveraged for the purpose of this exercise. The Office of Ratepayer Advocates (ORA) also points out that applying Option B would be consistent with the methodology to estimate sector wide GHG emissions developed in Part 1 of the Staff Discussion Document³.

Entities that recommended Option C generally cited the possibility of enhanced accuracy at the LSE level as the primary driver for their recommendation. This perception of enhanced accuracy stems from the possibility that Option C could consider LSE specific data and constraints to develop the fractions to divide electric sector GHG targets. NRDC does not believe that Option C will provide a higher level of accuracy. As the Green Power Institute succinctly stated in its response to the Staff Discussion Document’s question 5: *“In the interest of simplicity, we recommend against Option C. Option C, as we understand it, requires the development of a new methodology, and the possible higher-level of accuracy that this might provide is not significant, in our opinion, given the high level of uncertainty inherent to the long-term IRP planning process Option C.”*

Southern California Edison’s (SCE) recommendation choosing Option C by applying *“...entity specific GHG emissions data developed in the California Air Resources Board’s (“CARB”) allowance allocation⁴ for Electric Distribution Utilities”* would give similar results to Option B as CARB’s 2030 allocation estimates are based on the IEPR demand forecasts for year 2026.

Finally, it should be noted that per the CPUC Staff Concept Paper⁵, LSE’s will submit individual IRPs which will then be resolved with the CPUC’s reference plan before a final statewide IRP is developed. Hence, LSEs will have an opportunity to develop their own bottom-

Savings

³ Per the ORA: *“The LSEs’ and POU’s specific targets developed in this option would apply the same data source (the CEC’s 2015 IEPR) and forecast period (2016-2026) that are used to model the statewide electric sector target for 2030 emissions specified in CARB’s scoping plan (Option A in Part 1).”*

⁴ See 2021-2030 EDU Allocation Spreadsheet, available at:

<https://www.arb.ca.gov/regact/2016/capandtrade16/2021-2030-edu-allocation.xlsx>

⁵ CPUC Staff Concept Paper on Integrated Resource Planning: August 11, 2016

up analysis to inform LSE specific issues and enhance LSE-specific IRP accuracy.

III. Conclusion

NRDC appreciates this opportunity to reply to comments.