

## DOCKETED

<b>Docket Number:</b>	18-IEPR-01
<b>Project Title:</b>	2018 Integrated Energy Policy Report Update
<b>TN #:</b>	222719
<b>Document Title:</b>	Comments of the Natural Resources Defense Council (NRDC) on the Scoping Order for the 2018 Integrated Energy Policy Report Updat
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	NRDC/Merrian Borgeson
<b>Submitter Role:</b>	Intervenor
<b>Submission Date:</b>	2/24/2018 10:53:20 PM
<b>Docketed Date:</b>	2/26/2018

*Comment Received From: Merrian Borgeson*

*Submitted On: 2/24/2018*

*Docket Number: 18-IEPR-01*

**Comments of the Natural Resources Defense Council (NRDC) on the Scoping Order for the 2018 Integrated Energy Policy Report Update [Docket No. 18-IEPR-01]**

Comments attached (pdf)

*Additional submitted attachment is included below.*



*Electronically filed at: [http://www.energy.ca.gov/2018\\_energypolicy/](http://www.energy.ca.gov/2018_energypolicy/)*

February 26, 2018

David Hochschild  
California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814-5512

**Re: Comments of the Natural Resources Defense Council (NRDC) on the Scoping Order for the 2018 Integrated Energy Policy Report Update [Docket No. 18-IEPR-01]**

Dear Commissioner Hochschild:

On behalf of the Natural Resources Defense Council (NRDC), and our more than 95,000 members in California, we appreciate the opportunity to provide comments on the Scoping Order for the 2018 Integrated Energy Policy Report (IEPR) Update.

NRDC is eager to participate in the IEPR update process, and shares the priorities outlined in the Scoping Order. We are interested to engage on issues related to progress on energy efficiency, accessibility to clean energy solutions for low-income and disadvantaged communities, and maintaining the reliability of the electricity system while integrating increasing amounts of renewable energy.

We are particularly pleased to see the Energy Commission's focus on "advancing greenhouse gas reductions in California's buildings" as a key issue in this IEPR update. As the Scoping Order notes, Governor Brown highlighted the need to "make heating fuels cleaner" in his 2015 State of the State address. While significant progress has been made to develop a vision and policy framework to reduce emissions from most sectors of the economy, insufficient attention has been given to reducing emissions from fossil fuels used for space and water heating in homes and businesses. Early action from leadership states like California will be critical to catalyze the market transformation necessary to reduce these emissions and stay within our 2050 carbon budget.

In California, direct emissions from the use of fossil fuels in buildings are already approximately on par with the emissions from in-state electricity generation. These emissions will grow in relative prominence as we “clean up” other areas, such as our electricity supply. In addition, there are significant fugitive emissions of methane in the extraction and distribution of natural gas. These emissions are either unaccounted for by the Air Resources Board (ARB), which doesn’t account for out-of-state emissions (California imports 90% of the natural gas it uses); or accounted for in the “industrial” emissions estimates from ARB. The ARB’s emissions estimates also do not account for super-emitter events like Aliso Canyon. While estimates of methane leakage vary wildly, the current evidence suggests that methane emissions from oil and gas could be twice as high as shown in the U.S. EPA’s GHG Inventory.<sup>1</sup> This could put building sector climate impacts on par with California’s entire electric power sector, including imports.

Additionally, unlike the electric sector which is governed by the RPS, fuels burned in buildings currently lack a coherent policy framework to consider all GHG-reducing alternatives, including a transition to efficient electrified end-uses, to ensure that emissions decline over time.

NRDC welcomes the Energy Commission’s leadership in creating a framework to address these emissions. This is critical to putting the building sector on a path to contribute its fair share to achieving California’s climate goals, and it is timely to set the framework for the 2022 building code update.

NRDC strongly supports the Commission’s proposed scope and, in particular, the long-term role of natural gas in California buildings, regional thermal decarbonization goals within the Pacific Coast Collaborative, and identifying barriers, data collection needs, and building performance metrics to reduce climate and air pollution from the building sector.

We also encourage the Commission to explicitly include the following topics:

1. **Develop a comprehensive framework to implement fuel substitution programs to meet the requirements of SB 350:** The language below was included as “the following recommendations and next steps **must** be undertaken,” (emphasis added) in the report *Senate Bill 350 Doubling Energy Efficiency Savings by 2030*.<sup>2</sup> The Energy Commission should clarify that this will be addressed in the 2018 IEPR update:

Develop a comprehensive framework to implement of fuel substitution programs that maximizes efficiency savings and GHG emission reductions in collaboration

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<sup>1</sup> McCabe D. et al, “Waste Not - Common Sense Ways to Reduce Methane Pollution from the Oil and Natural Gas Industry, Clean Air Task Force, NRDC, Sierra Club, January 2015

<sup>2</sup> See page 62 in *Senate Bill 350 Doubling Energy Efficiency Savings by 2030*:

[http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-06/TN221631\\_20171026T102305\\_Senate\\_Bill\\_350\\_Doubling\\_Energy\\_Efficiency\\_Savings\\_by\\_2030.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-06/TN221631_20171026T102305_Senate_Bill_350_Doubling_Energy_Efficiency_Savings_by_2030.pdf)

with CPUC, California Air Resources Board (CARB), utilities, and stakeholders. Next steps include the following:

- Convene a working group to review SB 1383 and CARB's *Short-Lived Climate Reduction Pollutant Reduction Strategy* and provide recommendations about complementary or competing roles of substituting electricity for natural gas and replacing natural gas with renewable gas as strategies for reducing GHG emissions.
  - Establish a joint effort between Energy Commission and CPUC to coordinate SB 350 fuel substitution requirements, including opportunities for fuel substitution in industrial facilities.
2. **Fugitive emissions:** As discussed above, fugitive methane emissions from the production and distribution of natural gas are a major contributor to the climate impacts of energy use in buildings. Building energy policies should consider full lifecycle emissions including both combustion and fugitive emissions. We encourage the Commission to adopt a method for how to account for these emissions, in collaboration with the ARB.
3. **Load management:** Electric water heating, and space heating and cooling technology present an important opportunity to help reduce emissions, lower energy costs, and enable renewable energy integration into the grid by shifting load from expensive high-emissions peak demand hours to low-cost and virtually emissions-free times when clean solar energy is abundant and demand is low. The 2018 IEPR update is an opportunity to develop a policy framework that will help the state take advantage of this grid resource

Thank you for considering these comments.

Sincerely,



Merrian Borgeson  
Senior Scientist  
NRDC



Pierre Delforge  
Senior Scientist  
NRDC