

DOCKETED

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June 19, 2019

California Energy Commission
Dockets Office MS-4
1516 Ninth Street
Sacramento, CA 95814-5512
Submitted via Docket Number 19-MISC-03

Re: Docket No. 19-MISC-03
Natural Gas Distribution Infrastructure and Decarbonization Targets

Dear Commissioners and Energy Commission Staff,

On behalf of ABAG Publicly Owned Energy Resources ("ABAG POWER") and the Bay Area Regional Energy Network ("BayREN") (herein "ABAG PA"), we appreciate the opportunity to provide these comments to Energy + Environmental Economics' (E3), in Collaboration with the University of California, Irvine (UCI), presentation entitled: *Draft Results: Future of Natural Gas Distribution in California* ("Draft Results").

ABAG POWER was formed in 1998 by the Association of Bay Area Governments and San Francisco Bay Area local governments to provide leadership in the areas of energy procurement and energy management. ABAG POWER currently operates a natural gas purchasing pool serving 38 public agencies and their facilities. BayREN is a collaboration of public agencies in the nine-county Bay Area that draws on the expertise, experience, and proven track record of Bay Area local governments to develop and administer successful regional and local climate, resource, and sustainability programs. Through the BayREN Codes and Standards program, we provide support to local jurisdictions exploring electrification reach codes; we have also developed a training for local building officials on Heat Pump Water Heaters. In addition to offering a portfolio of energy efficiency programs, BayREN received a Climate Protection Grant from the Bay Area Air Quality Management District to address the primary barriers to greater adoption of energy efficient Heat Pump Water Heaters. As both a natural gas aggregator, as well as a local government energy efficiency implementer we provide these comments based on our unique experience with the subject matter.

ABAG PA applauds the Commission for its foresight and action to determine how to meet California's commitment to generate all electricity via clean renewable sources by 2045. This is a daunting task, yet the Commission has begun the process in a productive

manner, and the Draft Results provide a reasoned analysis of the issues and offers a sound roadmap for a low-carbon future.

We concur with the Draft Results that a gas transition strategy is needed to reduce the costs of the gas system and protect consumers. ABAG PA urges the Commission to adopt a roadmap and begin implementation as soon as is practicable. As presented in the Draft Results, currently SoCal Gas and PG&E are investing significantly in both transmission and distribution networks. These costs directly translate to increased bills for customers. The study finds that this investment trend will likely continue to 2030, and may increase without any plan in place. The cost of transmission investments, in addition to having adverse impacts on ratepayers, particularly the low income, are also imposed on Core Transport Agents (CTAs), like ABAG POWER. Currently, CTAs are required to pay for transmission capacity held by investor owned utilities, whether or not it is used. With continued investment, this all but assures that alternative natural gas providers would no longer be competitive and would shut down without an effective and thoughtful transition. ABAG PA supports a targeted and equitable gas system retirement together with a strategy to ensure that early replacement costs are not disproportionately placed on ratepayers and CTAs. ABAG PA urges that the additional research questions identified in slide 32 be addressed.

Finally, we support the observations of the Natural Resources Defense Council that that planning for a transition towards electrification needs to start today; a haphazard transition with random electrification of buildings will result in the full gas systems costs falling on the remaining customers.¹

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Berg". The signature is written in a cursive, flowing style.

Jennifer K. Berg
Energy Programs Manager – Assistant Director

¹ Study: CA Needs a Safe, Managed Transition Away from Gas, Pierre Delforge; Merrian Borgeson (June 6, 2019). Viewable at <https://www.nrdc.org/experts/pierre-delforge/study-ca-needs-safe-managed-transition-away-gas>