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**SCE Comments on Draft Scoping Order for 2021 IEPR**

*Additional submitted attachment is included below.*

February 19, 2021

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 21-IEPR-01  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission Docket No. 21-IEPR-01: Draft Scoping Order for the 2021 Integrated Energy Policy Report

Dear Commissioner McAllister:

On February 5, 2021, the California Energy Commission (CEC) released a draft scoping order for the *2021 Integrated Energy Policy Report (2021 IEPR)*. As proposed, the *2021 IEPR* will continue previous efforts to equitably decarbonize California's energy system, with a focus on four topics: (1) energy reliability over the next five years; (2) evolving role of the pipeline gas system; (3) building decarbonization and energy efficiency; and (4) energy demand.

Southern California Edison Company (SCE) appreciates the opportunity to engage with the CEC and other stakeholders on the proposed scope of the *2021 IEPR*. SCE supports the proposed scope and offers the following comments for consideration as the CEC develops the *2021 IEPR*.

I. Energy Reliability Over the Next Five Years

The proposed scope of the *2021 IEPR* includes an assessment of opportunities to improve electric reliability, with a specific focus on actions over the next five years. SCE supports the CEC's partnership with the California Public Utilities Commission (CPUC) and the California Independent System Operator (CAISO) to ensure grid reliability in the wake of last summer's heat storm and resulting rotating power outages as well as the anticipated retirements of Diablo Canyon and multiple Once-Through Cooling units during this time period. These activities are especially important as more end use energy demand switches to electricity to help decarbonize California's economy. The joint organizations' preliminary and final reports on causes of the rotating outages recommended actions for improving resource planning, procurement, and market practices. As the draft scoping order explains, the *2021 IEPR* can inform the ongoing implementation of these recommendations. SCE recommends coordinating with neighboring balancing authorities within the broader Western Electricity Coordination Council (WECC) interconnection when assessing reliability to gain a deeper understanding of what imports California can rely upon for reliability. SCE also recommends placing a particular emphasis on the role of energy storage to meet future energy needs.

## II. Evolving Role of Pipeline Gas

In the *2021 IEPR* draft scoping order, the CEC proposes to include an assessment of the role of the pipeline gas system in a decarbonized future and the transition planning that must occur to ensure a safe and reliable gas system that does not place undue cost burdens on those least able to transition to cleaner technologies. SCE supports such an assessment and recommends the CEC take advantage of the work already underway across the state. For example, pursuant to Assembly Bill (AB) 3232, the CEC is assessing the state's pathway to decarbonizing single-family, multifamily, and commercial buildings. The CEC should use the results of the AB 3232 Assessment when examining the future demand for pipeline gas in the *2021 IEPR*. The CEC should also ensure that the *2021 IEPR* incorporates the many city and county building codes and efficiency standards that exceed those set by the CEC (i.e., "reach codes").

In addition, the CPUC has an ongoing rulemaking (R.20-01-007) to establish policies, processes, and rules to ensure safe and reliable gas systems in California. The second phase of that rulemaking will implement a long-term planning strategy to manage the state's transition away from natural gas-fueled technologies to meet California's decarbonization goals. SCE recommends the CEC coordinate with the CPUC to ensure the *2021 IEPR* is scoped and positioned appropriately to effectively inform the second phase of the CPUC rulemaking, which will likely begin in late 2021 or early 2022.

## III. Building Decarbonization and Energy Efficiency

The CEC proposes to use the *2021 IEPR* to "further a comprehensive approach toward decarbonizing buildings in a cost-effective and equitable manner." SCE supports this effort and recommends the CEC use its unique position as the state's primary energy policy and planning agency to advance specific building decarbonization targets for California. Although the state has economywide decarbonization targets, the role that building decarbonization plays in meeting those targets has yet to be determined. California's progress in decarbonizing the transportation sector has been buoyed by several statewide targets, including deploying 5 million zero-emission vehicles by 2030 and achieving 100% zero-emission vehicle sales by 2035. The buildings sector would benefit from similar targets. Several analyses show that electrifying space and water heating is a key decarbonization strategy, including SCE's *Pathway 2045* and the CEC's own *Deep Decarbonization in a High Renewables Future*.<sup>1</sup> However, the state needs specific building decarbonization targets to drive progress. The CEC's forthcoming AB 3232 Assessment will provide the analytical basis necessary to set statewide building decarbonization targets and the CEC should use the *2021 IEPR* to recommend such targets to the appropriate governing state agency, namely, the California Air Resources Board ("CARB") for its upcoming Climate Change Scoping Plan Update.

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<sup>1</sup> SCE's *Pathway 2045* concludes that almost three-quarters of space and water heating needs to be electric by 2045 to meet the carbon-neutrality goal set forth in Executive Order B-55-18. The CEC's *Deep Decarbonization in a High Renewables Future* concludes that 50% of new sales of water heaters and HVAC in 2030 must be electric heat pumps to achieve a 40% reduction in greenhouse gas emissions by 2030, pursuant to Senate Bill 32. It also concludes that 91% of building energy use in 2050 must be electric to achieve an 80% reduction in greenhouse gas emissions by 2050, as set forth in Executive Order S-3-05.

#### IV. Energy Demand

For the *2021 IEPR*, the CEC proposes to develop new demand scenarios that reflect California's economy-wide and sector-specific decarbonization and environmental goals. SCE supports this enhancement. Such demand scenarios can help inform policy and planning efforts by highlighting gaps between a policy-compliant scenario and the existing business-as-usual scenarios. The CPUC requires the large investor-owned electric utilities to use the IEPR business-as-usual demand scenarios when planning resource procurement and transmission and distribution system investments. However, many of the strategies essential to reaching our climate and environmental goals will require proactive grid upgrades, especially customer adoption of zero-emission vehicles, building electrification, and distributed energy resources. The new demand scenarios proposed in the *2021 IEPR* will provide the analytical basis necessary to help identify where and when proactive grid upgrades can and should be made to ensure the electric system is poised to support California's decarbonization and environmental goals.

SCE also supports the proposal to enhance the IEPR demand forecast to better quantify and predict the likelihood, severity, and duration of future extreme heat events. Such enhancements are especially important given last summer's heat storm and resulting rotating outages. The IEPR forecast regularly provides peak demand projections for a broad range of weather scenarios (i.e., 1-in-2, 1-in-5, 1-in-10, and 1-in-20 probability weather scenarios). In the *2020 IEPR Update*, the CEC included a 1-in-30 peak forecast, which reflects a weather scenario similar to what the state experienced last summer. SCE recommends focusing enhancements in the *2021 IEPR* on the low-probability weather scenarios to better inform work underway by the CEC, the CAISO, and the CPUC to address last summer's reliability challenges. The CEC, in partnership with these other organizations, should also reexamine which scenarios are selected for the state's different planning processes to ensure California's grid is robust enough to handle more frequent and severe extreme weather conditions and associated energy demand.

#### V. Conclusion

SCE thanks the CEC for consideration of the above comments and looks forward to its continued partnership with stakeholders in the development of the *2021 IEPR*. Please do not hesitate to contact me at (415) 929-5518 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt