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PG&E Comments on IEPR Workshop Electricity NG Demand Forecast

Attached is PG&E's comment letter for the 12/3 IEPR workshop. Please reach out if you have any questions or we can provide clarification. Thank you!

Additional submitted attachment is included below.



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California Energy Commission
Commissioners Patty Monahan, Andrew McAllister, and Siva Gunda
517 P Street
Sacramento, CA 95814
Docket Number 21-IEPR-03

RE: Pacific Gas and Electric Company Comments on the Integrated Energy Policy Report (IEPR) Commissioner Workshop on Electric and Natural Gas Demand Forecast for 2021-2035 (Docket Number 21-IEPR-03)

Dear Commissioners Monahan, McAllister, and Vice Chair Gunda:

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment in response to the California Energy Commission's (CEC) 2021 Integrated Energy Policy Report (IEPR) Commissioner workshop on electric and natural gas demand forecast for 2021-2035 held on December 2, 2021.

PG&E applauds the CEC's efforts in organizing this workshop and offers the following comments in support of the CEC's efforts to model additional achievable fuel substitution (AAFS), the two major changes in the transportation electrification forecast, and the demand scenario project undertaken by the Energy Assessment Division at the CEC. PG&E also supports Commissioner Monahan's statement on the lack of an appropriate language to talk about conservation or efficiency in a world where electrification is a goal. Indeed, there is the possibility that energy conservation and decarbonization goals could work at cross purposes, and this possibility should be explicitly recognized. Finally, PG&E appreciates the CEC working in alignment with the California Air Resources Board (CARB) and the callout from Commissioner Monahan to have CARB at the table in future IEPR assessments.

PG&E offer the following comments:

1- PG&E Supports the CEC Efforts to Model Additional Achievable Fuel Substitution (AAFS) in the 2021 IEPR Forecast.

PG&E recognizes that in the 2021 forecasting process, the CEC has invested substantial resources to build out the AAFS framework to produce results for the 2021 IEPR. AAFS represents a unique challenge because of the high uncertainty of how policy and programs will incentivize building electrification.

PG&E looks forward to continuing discussions with the CEC on future forecasting efforts. On December 1, 2021, PG&E met with the CEC's Energy Assessment Division (EAD) team to discuss different AAFS forecasting approaches, and we look forward to having similar discussions in the future. For example, even though PG&E and the CEC use substantially different modeling approaches, PG&E believes there is substantial value in aligning some common data and assumptions, where it's appropriate.

Given the large uncertainty associated with AAFS, PG&E supports the CEC's approach of modeling a wide range of scenarios (Mid-Low to Mid-High Plus), representing a range of assumptions about how programs and policies drive building electrification. PG&E emphasizes the importance of CEC's efforts to explore the implications of proposed policy, namely the California Air Resources Board (CARB)'s 2022 State Strategy for the State Implementation Plan (SIP), which suggests banning the sale of gas water heating and gas space heating appliances in 2030.

Understanding the implications of proposed policy is especially important because, per CPUC's guidelines, the investor-owned utilities (IOUs) rely on the CEC's IEPR forecasts to make long-term infrastructure investment decisions, such as distribution planning. PG&E recommends that the CEC in collaboration with other state agencies elaborates a clear mapping (not necessarily 1 to 1) between policy options and scenario components. This would clarify the distribution planning and enable more fruitful discussion. Meeting California's laudable electrification goals requires utilities to make appropriate decisions years ahead to ensure the grid is equipped to safely accommodate newly electrified building and transportation load.

2- In Transportation Electrification, PG&E Supports Producing a Broader Range of Light-Duty Vehicle Scenarios, and the Incorporation of the Advanced Clean Truck Rule into the Medium-and-Heavy Duty Scenarios

PG&E applauds the CEC's EAD's continued work on transportation electrification. PG&E supports two major changes to EAD's most recent forecast vintage: producing a broader range of light-duty vehicle scenarios; and incorporating the Advanced Clean Trucks Rule into the medium-and-heavy duty scenarios. These changes are important for reflecting how policy can drive electric vehicle (EV) adoptions above business-as-usual projections.

As PG&E has expressed before, we continue to support the CEC's efforts to factor in the impacts of future policy. PG&E appreciates how the light-duty forecast presentation included a comparison to goals set by various executive orders, including EO N-79-20. This type of comparison would be very informative to make for medium-and-heavy duty, too. Similarly, PG&E recommends that the CEC compares their forecasts to other policies such as Advanced Clean Cars II, Advanced Clean Fleets, and CARB's 2020 Mobile Source Strategy.

3- PG&E Supports the Demand Scenarios Project

PG&E appreciates the opportunity to learn more about the EAD's Demand Scenarios Projects. PG&E strongly supports the CEC's efforts to model various potential electrification futures. PG&E considers these types of scenarios especially valuable for understanding the planning implications of various clean energy policies on California's energy system. PG&E looks forward to contributing feedback in the future to further support this workstream.

Given that the EAD intends to focus on high electrification scenario for 2021 IEPR, PG&E emphasizes the importance that at least one scenario aligns with current proposed electrification policy, such as the Executive Order N 79-20, and CARB's 2022 State Strategy for the State Implementation Plan (SIP). PG&E understands that the EAD intends the Mitigation Scenario to represent the scenario with the highest level of electrification; however, from the Preliminary High Electrification Mitigation Scenario Design table (slide 15) it is unclear if this scenario aligns with the EO N-79-20 or CARB's 2022 State Strategy for the SIP. In particular, PG&E understands that the CARB 2020 Mobile Source Strategy does not meet the EO N-79-20's target for 100% zero-emission medium-and-heavy duty vehicles by 2045. For AAFS, it is unclear if the EAD's proposed combination of programmatic contributions from energy efficiency (EE)/fuel substitution (FS) tool and speculative fuel substitution scenario analysis tool (FSSAT) contributions would align with CARB's 2022 State Strategy for SIP, which proposes to ban gas space heating and gas water heating appliances sales in 2030.

Regarding the Demand Scenarios' proposed timeline (slide 16), PG&E recommends that the EAD add a demand analysis working group (DAWG) meeting to discuss inputs, assumptions, and preliminary results with stakeholders. The timeline contained in the presentation appears to suggest that the next time the CEC intends to discuss the demand scenarios is at a March 2022 IEPR Commissioner workshop. Prior to the March 2022 commissioner workshop, PG&E would appreciate the opportunity to review the progress on this workstream at a point when there might still be time for the CEC to incorporate stakeholder feedback.

PG&E appreciates the opportunity to comment on this IEPR workshop and to share our perspective on the forecasting methodologies and results. Please reach out to me if you have any questions.

Sincerely,

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State Agency Relations