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**Southern California Edison Company's Comments on draft 2021  
IEPR**

*Additional submitted attachment is included below.*

December 21, 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's Draft Integrated Energy Policy Report (IEPR) Docket # 21-IEPR-01

Dear Commissioners:

Southern California Edison (SCE) thanks the California Energy Commission (CEC) for the significant effort put into the draft 2021 Integrated Energy Policy Report (2021 IEPR). SCE is supportive of the CEC's strategies aiming to reduce emissions from the building and transportation sectors while balancing the need to increase energy efficiency, reliability, and resiliency. SCE appreciates the opportunity to provide comments on the draft 2021 IEPR and offers the remarks below.

### **I. The 2021 IEPR should support a Statewide Building Electrification Goal**

To meet California's climate goal of reducing emissions by 40% below 1990 levels by 2030, building electrification is necessary and must play an immediate and vital role in the State's decarbonization efforts. SCE recommends that the State establish quantitative targets for building electrification, especially with regard to adoption of electric heat pumps and appliances. Specifically, a statewide quantitative target for electric heat pumps and a technology adoption trajectory should be adopted so that state agencies can develop clear and coordinated transition plans to shift buildings to electric end-uses, reduce direct emissions, and put California on a cost-effective path to carbon neutrality by 2045. The CEC's recently released AB 3232 Building Decarbonization Assessment<sup>1</sup> states that California must reduce 32.6 MMT CO<sub>2</sub>e by 2030 to meet a 40% direct greenhouse gas (GHG) emissions reduction target<sup>2</sup> and that accelerating efficient electrification of building end-uses in both new and existing buildings represents the most predictable pathway to achieve deep reductions in building emissions.<sup>3</sup> SCE suggests that the CEC include a recommendation in the 2021 IEPR that the state establish an electric heat pump adoption target, utilizing the analysis in the AB 3232 Assessment, along with stakeholder input.

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<sup>1</sup> CEC Final Building Decarbonization Assessment, August 2021, available here:  
<https://www.energy.ca.gov/publications/2021/california-building-decarbonization-assessment>

<sup>2</sup> CEC Draft Building Decarbonization Assessment Report, p. 8

<sup>3</sup> CEC Draft Building Decarbonization Assessment Report, p. 9

In addition to California adopting statewide quantitative goals for building electrification technologies, SCE further recommends that the 2021 IEPR support setting more aggressive standards for appliances and evaluate a path for transitioning away from the sale of combustion appliances for use indoors, particularly heating appliances. Eliminating combustion emissions and their associated criteria pollution both within and directly adjacent to people's homes from gas stoves, water heaters, and similar equipment will have a disproportionately greater health impact than reducing emissions from more distant sources. The 2021 IEPR should also support state development and funding of the full portfolio of actions necessary to meet quantitative building electrification targets, including additional incentives for electric appliances. Aggressive decarbonization actions like these are required now to meet the State's 2030 and 2045 climate goals.

## **II. SCE supports eliminating gas line extensions**

On p. 157 of the Draft 2021 IEPR Volume I, the CEC recommends the California Public Utilities Commission (CPUC) investigate eliminating line extension allowances for new gas hookups. In November 2021, the CPUC issued a Phase III Ruling in the Building Decarbonization Rulemaking, which includes a staff proposal that recommends the CPUC eliminate gas line extension allowances, refunds, and discounts for all customer classes, effective July 1, 2023.<sup>4</sup> Consistent with the comments that SCE filed to the CPUC on December 20, 2021, SCE supports the staff proposal.

Stopping the expansion of fossil gas infrastructure by eliminating line extensions in new construction is a reasonable and necessary step to help California meet its greenhouse gas (GHG) reduction goals. There are no ancillary benefits from continuing gas line extension allowances, refunds, and discounts. It is not only counterproductive to incentivize actions that will promulgate the use of fossil gas for years to come, but extending these incentives also directly conflicts with the state's climate goals. Further, construction of unnecessary gas infrastructure will increase the fixed cost of the gas system, which will be spread among fewer customers as the state shifts away from fossil fuel resources, especially the ones who are least able to afford to transition towards electrification. Continuing gas appliance installation will also perpetuate GHG emissions for the life of the installed equipment, which can be over a decade.

## **III. SCE supports the inclusion of new "demand scenarios"**

The IEPR process and the CEC's demand forecasts form a fundamental cornerstone of how utilities, with oversight from other state agencies, prepare the grid for the future, including energy procurement, resource planning, and distribution and transmission system planning. We appreciate the CEC's acknowledgement of the need to augment the traditional demand forecast and support the development and inclusion of the new "demand scenarios" that will help to inform longer-term grid and resource planning to meet California's policy goals and

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<sup>4</sup> Assigned Commissioner's Amended Scoping Memo and Ruling, CPUC Rulemaking R.19-01-011, available here: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M423/K516/423516230.PDF>

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objectives. Assessing the impacts and needs from policy drivers fills an important gap that will help to ensure that utility planning processes are better aligned with the grid infrastructure that will be needed to enable and accelerate the state's vision for decarbonization, especially in transportation and building electrification.

In transportation, we appreciate the consideration and inclusion of regulatory and policy drivers such as the developing Advanced Clean Cars II and the Advanced Clean Fleets rule for the Policy/Compliance scenario, and the use of CARB's Mobile Source Strategy for the Mitigation scenario. Aligning planning assumptions with these state policy goals, targets, and requirements will help ensure that electric infrastructure is adequately planned and implemented in a timely manner to support the growth in transportation electrification.

In the building sector, the current scenario may not be aggressive enough to meet the GHG reduction goals. Developing higher fuel substitution assumptions would better reflect the sector's decarbonization policy goals. Also, given the inherent uncertainty in distribution, pace, and trajectory of expected demand increases to meet California's 2030 and 2045 GHG reduction goals, it is imperative to explore a range of realistic possibilities using combinations of impacts at various levels of transportation electrification, building electrification, energy efficiency implementation, and distributed energy resource adoption.

As the CEC continues to develop the demand scenarios, we look forward to collaborating with the CEC and other stakeholders to review and provide input on the major assumptions for the longer term (beyond 2035) and methodologies that drive the scenario forecasts. We hope the CEC process will allow for multiple opportunities to provide input before these scenarios and methods are finalized for use and application. SCE also believes that inter-agency and other stakeholder collaboration is needed to develop a framework for translating these scenarios into actionable strategies for the utilities and agencies to help create long-term plans for the future grid. This framework and the resulting strategies would minimize the risk of conflicting plans and actions.

#### **IV. Conclusion**

SCE applauds the CEC for its diligent and thoughtful approach to developing the policy recommendations and strategies in the draft 2021 IEPR. The proposals in the draft demonstrate cost-effective building standards that increase customer choice and dynamic steps toward achieving California's GHG reduction and clean transportation goals. SCE looks forward to continuing its partnership with the CEC and other stakeholders to support the implementation of the 2021 IEPR recommendations.

Very truly yours,

/s/

Dawn Anaiscourt