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Joint CCAs Comments on Draft 2021 IEPR, VIII

Additional submitted attachment is included below.

January 28, 2022

Commissioner McAllister
California Energy Commission
1516 9th St
Sacramento, CA 95814

Re: Docket No. 21-IEPR-01 – Comments of the Joint CCAs on the Draft 2021 Integrated Energy Policy Report, Volume III: Decarbonizing the State's Gas System

Dear Commissioner McAllister,

In accordance with the Notice of Comment Period Extension for the *Draft 2021 Integrated Energy Policy Report, Volume III: Decarbonizing the State's Gas System* ("Draft Report"), East Bay Clean Energy ("EBCE") and Peninsula Clean Energy Authority ("PCE") (together, "Joint CCAs") submit the following comments.

The Joint CCAs thank the California Energy Commission ("CEC") for its considerable efforts to develop the Draft Report and appreciate the opportunity to provide comments that will inform the final 2021 Integrated Energy Policy Report ("IEPR"). The Joint CCAs recognize the value of cataloguing accurate methane gas trends and emerging issues and their potential impacts on the future of California's energy systems. In particular, the Joint CCAs support the Draft Report's suggestion that there is a need for a comprehensive, long-term methane-planning process to reach the deep levels of decarbonization necessary to achieve California's goal of carbon neutrality by 2045.[1] This type of comprehensive, forward-looking assessment has been critical to the electricity procurement planning process and aligning it with decarbonization and other statewide objectives. The Joint CCAs recommend the following revisions be incorporated into the 2021 IEPR.

[1] Executive Order B-55-18, September 10, 2018.

The IEPR Should Seek To Adopt More Aggressive Targets For Methane Gas Reduction To Ensure That The Planning Process Has The Greatest Chance Of Success In Contributing To California's Carbon Neutrality Goals.

We appreciate the effort the CEC has taken to attempt to integrate decarbonization goals with California's statewide energy planning goals. However, the Joint CCAs are concerned that the Draft Report does not go far enough to the consider the actual rate of methane gas reduction necessary to achieve those goals. The Draft Report currently states, "Commercial and residential gas demand is forecasted to decline at about 1 percent per year through 2035, according to the 2020 California Gas Report ("CGR") forecast for both SoCalGas and PG&E."[2] This number is too low to align with California's statewide goals and the Joint CCAs are concerned about the potential impact that an incorrect number could have on the type of long-term planning proposed by the Draft Report. The CEC should ensure that the final IEPR instead incorporate methane reduction forecasts that are, at a minimum, consistent with the rates of decarbonization necessary to achieve State goals and should also consider those reduction targets being explored and adopted by other private and public organizations in California.

In order to meet California's statewide goal of carbon neutrality by 2045, the State would need to reduce methane gas use by approximately 4.3% per year. As explained below, renewable methane gas is not positioned to scale at the rate needed to make up a significant portion of these reductions. As a result, a 1% reduction per year would mean that the state would miss its target by nearly 80 years.

Above and beyond California's 2045 carbon neutrality goal, the IEPR should incorporate methane reduction forecasts consistent with initiatives of other public and private entities in the State. State and local agencies are already rapidly advancing policies to drive methane gas use reductions that are more consistent with the pace needed to avoid the worst effects of climate change. To date over 50 cities have adopted all-electric new construction building codes representing roughly 2 million residents.[3] Both the California Air Resources Board and PCE are separately exploring 2035

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[2] Jones, Melissa, Jennifer Campagna, Catherine Elder, and Stephanie Bailey. 2022. Draft 2021 Integrated Energy Policy Report, Volume III: Decarbonizing the State's Gas System. California Energy Commission. Publication Number: CEC-100-2021-001-V3, p4.

[3] https://localenergycodes.com/

decarbonization pathways, EBCE is committed to purchasing 100% clean power by 2030,[4] and private sector parties[5] are also adopting targets and incorporating practices aimed at rapid reduction of methane use. The combined efforts of these range of local, county, state, and private entities strongly suggesting the IERP's forecasts are unrealistically low.

The IEPR Report Should Consider The Full Scale Of Fugitive Methane Emissions Associated With Methane Gas Use In California's Buildings, Both By Including Upstream Leakage And By Utilizing The 20-Year Global Warming Potential ("GWP") As Opposed To The 100-Yr GWP Of Methane.

The Joint CCAs thank the CEC for its efforts over the last decade to both track in-state fugitive methane emissions and to reduce fugitive methane emissions in California's transmission and distribution systems. We also recommend the CEC updates its methodologies in the following ways:

1. Align GWP period with statewide planning horizons. "The data shown assume a 100-year GWP for methane…".[6] The century-long timeframe of 2022-2122 is not relevant to our urgent climate action planning goals. We strongly recommend that the report uses GWP-20, accounting for the GWP impact of methane emissions from 2022-2042, which is more aligned with California's targets of 2045.
2. Include the bulk of fugitive methane emissions associated with California's methane gas demand.
    a) *Figure 3:California Methane Emissions by Type* – This figure appears to only consider a small portion of the actual emissions associated with California' use of methane gas. In discussions on this topic with CPUC staff, it is clear that CPUC and CARB studies on the topic are limited and fail to account for 90% of the upstream fugitive methane emissions associated with our gas use. While the CPUC estimates 0.3% of methane gas leaks, other studies estimate as high as 20%. PCE and San Mateo County officials believe the number to be closer to 2.8%.

[4] East Bay Community Energy, Transitioning to Renewable Energy, https://ebce.org/transition-to-renewable-energy/#:~:text=Transitioning%20to%20Renewable%20Energy,before%20the%20state's%20goal%20date
[5]Google has established a goal of carbon free energy on a 24/7 basis by 2030, *see https://sustainability.google/progress/energy/*
[6] Draft 2021 Integrated Energy Policy Report, Volume III: Decarbonizing the State's Gas System, p 14.

b) *Figure 5: 2019 California Methane Emissions by Percentage* – Only pipeline leakage is included in this figure. The Joint CCAs recommend that the CEC also include the various sources of leakage: leakage within the home, upstream leakage, storage facility leakage, extraction leakage, etc.

c) *Figure 6: Interstate Gas Pipelines and Supply Basins Serving California* – The Joint CCAs appreciate that this figure is included in the Draft Report and recommend that the IEPR also include the leakage associated with every portion of the supply chain which serves our existing methane gas demand.

The IEPR Report Should Be More Transparent About The Role Of "Renewable Natural Gas" In The Future Of California's Building Sector

The Joint CCAs appreciate that Renewable Methane Gas ("RMG") has been included in the Draft Report, that the pricing forecasting clearly articulates that it is an expensive resource, and that the Draft Report correctly identifies it has very limited viable uses. We also recommend that *Figure 25: Renewable Gas Potential Feedstocks in California (MMcf/year)* should include a median figure. However, the IEPR should also be transparent and explicitly state that RMG is not a viable fuel for building decarbonization.

Various iterations of the IEPR have correctly referenced electrification as the primary way to decarbonize California's building stock. However, for the last decade, in contrast to the IEPR findings, the fossil fuel industry has responded to proposals to invest in electrification by positioning RMG as an alternative viable solution to wide-scale decarbonization. Despite these suggestions, RMG as a piped heating fuel has still not been proven at scale, is still not cost-effective, and does nothing to solve the issue of fugitive methane emissions which plague the current methane gas transmission and distribution systems. Princeton University's recent report *Net Zero America, Potential Pathways, Infrastructure and Impacts*, recommends against using biofuel to liquid fuel conversion due to high costs, and instead recommends the fuel only for other sectors. [7]

[7] E. Larson, C. Greig, J. Jenkins, E. Mayfield, A. Pascale, C. Zhang, J. Drossman, R. Williams, S. Pacala, R. Socolow, EJ Baik, R. Birdsey, R. Duke, R. Jones, B. Haley, E. Leslie, K. Paustian, and A. Swan, Net-Zero America: Potential Pathways, Infrastructure, and Impacts, Final report, Princeton University, Princeton,NJ, 29 October 2021, https://netzeroamerica.princeton.edu/the-report

The Joint CCAs appreciate the opportunity to provide comments on the Draft Report and look forward to working with the CEC and stakeholders on further development of the IEPR.

Respectfully submitted,

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