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SoCalGas Comments on the CEC 2021 IEPR Volume I Building Decarbonization

Additional submitted attachment is included below.

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February 10, 2022

The Honorable J. Andrew McAllister
Commissioner, California Energy Commission
Docket Unit, MS-4
Docket No. 21-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Comments on the 2021 Final Integrated Energy Policy Report (IEPR) Volume I: Building Decarbonization

Dear Commissioner McAllister,

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide public comments on the California Energy Commission's (CEC) 2021 Final Integrated Energy Policy Report (IEPR) Volume I: Building Decarbonization.[1] As we collectively pursue California's energy system decarbonization goals, collaboration and transparency will be vital among the CEC, California Public Utilities Commission (CPUC), California Air Resources Board (CARB), sister agencies, and stakeholders such as SoCalGas and the public. Understanding the data and modeling decisions that lead to policy recommendations is a crucial part of the public process and ensures that appropriate feedback from stakeholders is incorporated into those policy recommendations. As such, our comments are as follows: (1) SoCalGas recommends a holistic approach to modeling building decarbonization that reflects both building-related emissions and cost-effective solutions, and (2) Stakeholders would benefit from additional details and information to understand the energy system implications of installing at least six million heat pumps by 2030.

[1] *See* "2021 IEPR Volume I: Building Decarbonization (Track Changes Version)," CEC, February 2021, available at: https://efiling.energy.ca.gov/GetDocument.aspx?tn=241362.

(1) SoCalGas recommends a holistic approach to modeling building decarbonization that reflects both building-related emissions and cost-effective solutions.

The CEC inserted extensive details about its building decarbonization modeling results in pages 32-44 of the 2021 IEPR Volume I based on the California Building Decarbonization Assessment: Final Commission Report.[2] The goal of the modeling was to determine the GHG emissions baseline for the purpose of Assembly Bill (AB) 3232's goal of reducing greenhouse gas emissions from buildings by 40 percent of 1990 levels by 2030. SoCalGas recommends the CEC consider multiple pathways that are available and able to meet the requisite statewide reduction levels of AB 3232, including from renewable natural gas (RNG) pathways as expressed in the CEC's August 13, 2021, California Building Decarbonization Assessment: Final Commission Report.[3] As CEC staff has noted in the referenced report and during the associated workshop[4], the Legislature does not appear to prescribe the methodology to meet such requirements.[5] Accordingly, the enabling statute could be viewed in a manner to provide multiple prospective pursuits to enable the State to reach the required emission reductions. SoCalGas respectfully notes that relying solely on the direct emissions interpretation does not reflect indirect emissions, which underestimates the full extent of building-related emissions and excludes cost-effective solutions that can provide requisite reductions. A more holistic approach would provide a more balanced view that internalizes such emissions and resultant impacts, and beneficially expands the available pathways for meeting emission reduction goals.

(2) Stakeholders would benefit from additional details and information to understand the energy system implications of installing at least six million heat pumps by 2030.

On pages 4 and 192 of the 2021 IEPR Volume I, the CEC inserted a policy recommendation to install at least six million heat pumps in new and existing buildings by 2030. While heat pumps have been discussed throughout the 2021 IEPR proceeding as an important technology which can enable building decarbonization, this appears to be the first time the CEC has clearly delineated a specific goal on the quantity of heat pumps it recommends installing. As expressed, the new text does not include any references or explanation in the IEPR Volume I that details how the CEC reached this policy recommendation and its implications (for example, the specific *number* of heat

[2] *See* "California Building Decarbonization Assessment," CEC, August 2021, available at: https://www.energy.ca.gov/publications/2021/california-building-decarbonization-assessment.
[3] *Ibid.*
[4] *See* "IEPR Workshop on Building Decarbonization: Embodied Carbon and Refrigerants," CEC, August 26, 2021, available at: https://www.energy.ca.gov/event/workshop/2021-08/session-2-iepr-commissioner-workshop-building-decarbonization-embodied.
[5] *See* "AB 3232: California Legislative Information," California Legislature, February 16, 2018, available at: https://leginfo.legislature.ca.gov/faces/billPdf.xhtml?bill_id=201720180AB3232&version=20170AB323294AMD.

pumps [6,7]). In addition, the California Building Decarbonization Assessment report included the results of the Fuel Substitution Scenario Analysis Tool (FSSAT) which modeled hourly load-impacts for major electric utilities. The tool estimated incremental space-conditioning load for existing homes that did not have air conditioning but will gain this capability as a result of replacing gas-space heating equipment with heat pumps. The result was increased summer and winter incremental load for all electrification scenarios studied in the California Building Decarbonization Assessment: Final Commissioner Report.[8] This raises questions about increased demand, if not strains, on the electric grid, especially during peak load. Such effects could result in broad and material impacts to the energy system and to energy market participants. Accordingly, it will be informative for the CEC to provide the details and analyses underpinning the six million heat pumps policy recommendation, especially in the context of energy system reliability.

Conclusion

SoCalGas appreciates the engagement with and feedback we have received from both staff and Commissioners throughout the 2021 IEPR proceeding. We look forward to continuing productive discussions in wrapping up the 2021 IEPR cycle and moving into the next 2022 IEPR cycle.

Respectfully,

/s/ Kevin Barker

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[6] As a comparison, Southern California Edison (SCE) recently announced a proposal to install 250,000 electric heat pumps in its service area. SCE arrived at this number based on the findings of their Mind the Gap: Policies for California's Countdown to 2030 report.
[7] *See* "SCE Files Bold Plan to Accelerate Transition to Healthier, Clean Energy Homes," Edison International, December 20, 2021, available at: https://newsroom.edison.com/releases/sce-files-bold-plan-to-accelerate-transition-to-healthier-clean-energy-homes.
[8] *See* California Building Decarbonization Assessment, p. 67.