

## DOCKETED

<b>Docket Number:</b>	17-IEPR-07
<b>Project Title:</b>	Integrated Resource Planning
<b>TN #:</b>	216455
<b>Document Title:</b>	William Rostov, Earthjustice Comments: Post-Workshop Informal Comments of Sierra Club on Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets Among Publicly Owned Utilities and Load Serving Entities
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	William Rostov, Earthjustice
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	3/9/2017 12:30:08 PM
<b>Docketed Date:</b>	3/9/2017

*Comment Received From: William Rostov, Earthjustice*

*Submitted On: 3/9/2017*

*Docket Number: 17-IEPR-07*

**Post-Workshop Informal Comments of Sierra Club on Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets Among Publicly Owned Utilities and Load Serving Entities**

*Additional submitted attachment is included below.*

**BEFORE THE CALIFORNIA ENERGY COMMISSION**

In the matter of,

2017 Integrated Energy Policy Report (2017  
IEPR)

Docket No. 17-IEPR-07

Integrated Resource Planning

**POST-WORKSHOP INFORMAL COMMENTS OF SIERRA CLUB ON OPTIONS FOR  
SETTING GHG PLANNING TARGETS FOR INTEGRATED RESOURCE PLANNING  
AND APPORTIONING TARGETS AMONG PUBLICLY OWNED UTILITIES AND  
LOAD SERVING ENTITIES**

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March 9, 2017

## INTRODUCTION

Sierra Club respectfully submits these comments in response to the request for post-workshop comments on the California Public Utilities Commission (“CPUC”) and California Energy Commission (“CEC”) Staff Discussion Document: “Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets among Publicly Owned Utilities and Load Serving Entities.”

## DISCUSSION

### **1. Under Part 1, which of the options do you recommend, and why? What issues should be considered when implementing that option, and how should those issues be addressed?**

The CPUC should adopt Part 1 Option A, because it derives from the California Air Resources Board’s (“CARB”) Proposed 2030 Scoping Plan. SB 350 requires CARB to set the greenhouse gas (“GHG”) target for the electric sector and each load serving entity (“LSE”) while coordinating with the California Public Utilities Commission (“CPUC”) and the California Energy Commission (“CEC”).<sup>1</sup> Since CARB has ultimate authority over the targets, the prudent course is to use the Proposed Scoping Plan as the basis for the electric sector targets; the Proposed Scoping Plan considered economy-wide GHG reductions when proposing sectoral targets.

The CPUC needs to recognize that timing of the agency decisions do not line up temporally. CARB has not yet set a specific target, and the Scoping Plan will not be finalized until June. Before June, CPUC needs to pick a GHG target to run the RESOLVE modeling and to develop the reference plan. Consequently, CPUC will need to pick its best estimate and coordinate with CARB regarding its choice. The target picked by CPUC can be reconciled with the Final Scoping Plan when load serving entities (“LSEs”) prepare individual integrated

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<sup>1</sup> Public Utilities Code § 454.52(a)(1)(A).

resource plans (“IRPs”) in the second half of 2017. The timing issue may not affect that the CEC because the CEC has more time pursuant to SB 350 to complete the IRP process. The CEC intends to finish its guidelines for IRPs for publicly owned utilities (“POUs”) by the third quarter of 2017.<sup>2</sup>

**2. If recommending Part 1 Option A, should the IRP process use an emission reduction target equal to the lower end of this range (42 MMTCO<sub>2</sub>e), the higher end of this range (62 MMTCO<sub>2</sub>e), or a target somewhere within this range?**

The target should be the lowest end of the proposed range (42 MMTCO<sub>2</sub>e). Picking the lowest number will provide the best path for continuing reductions from the electric sector beyond 2030. The clean energy path dictated by SB 350, SB 32, and the Governor’s Executive Order does not impose an artificial stopping point at 2030, but rather directs state agencies to fundamentally change the character of the energy system into one that does not rely on fossil fuels.<sup>3</sup> For example, SB 32 states that it requires a reduction in GHG emissions to *at least* 40% below 1990 levels by 2030, and California’s ultimate goal is to reduce GHGs 80% below 1990 levels by 2050.<sup>4</sup> Additionally, the lowest end of the proposed range may be high since CARB’s December 2016 Scoping Plan Discussion Draft proposed a range of 36 MMTCO<sub>2</sub>e.<sup>5</sup>

The Commission should reject calls to use the high end of the ARB range from the Proposed Scoping Plan, because that figure, 62 MMTCO<sub>2</sub>e, is 10 MMTCO<sub>2</sub>e above the electric sector’s share of the GHG emissions pie.<sup>6</sup> The Proposed Scoping Plan proposes that the electric

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<sup>2</sup> “Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets Among Publicly Owned Utilities and Load Serving Entities,” CPUC and CEC Staff Discussion Document, p. 3.

<sup>3</sup> SB-350 Clean Energy and Pollution Reduction Act of 2015; SB-32 California Global Warming Solutions Act of 2006: Emissions Limit; Governor’s Executive Order S-03-05 (June 1, 2005), available at <https://www.gov.ca.gov/news.php?id=1861>. Accord CEERT Comments, p. 3.

<sup>4</sup> Public Health and Safety Code § 38566; Governor’s Executive Order S-03-05 (June 1, 2005), available at <https://www.gov.ca.gov/news.php?id=1861>.

<sup>5</sup> California Air Resources Board. *Public Workshop on the 2030 Target Scoping Plan*, p. 32 (November 7, 2016), available at <https://www.arb.ca.gov/cc/scopingplan/meetings/110716/scopingplanpresentation.pdf>.

<sup>6</sup> See CPUC and CEC Staff Discussion Document, p. 5, Table 1, Option B.

sector become one of the main drivers for creating a low carbon economy.<sup>7</sup> The electric sector should play an outsized role relative to its share of California’s GHG emissions, because the electric sector can generate carbon-free power for itself as well as for the transportation sector.<sup>8</sup>

Similarly, the Commission should not choose the midpoint of the ARB range, because that coincidentally equals the electricity sector’s share of emissions. Choosing the lower number in the range is a no regrets strategy, because California must also meet its 2050 GHG reduction goals. Additionally, erring on the side of more reductions will make a bigger difference in the fight against climate change.

**3. Are there any other methods that should be considered for assigning an overall electricity sector target in 2030 for IRP purposes? If so, please describe the method in as much detail as possible and explain why it is preferable to the options listed above.**

No.

**4. Do the proposed methods adequately account for interactive effects between the electric and other economic sectors, in particular with the transportation sector? If not, please explain how those interactive effects should be accounted for in the IRP process.**

The CPUC should not adjust the electric sectors GHG target to account for the changes in the transportation sector. The Proposed Scoping Plan considers the reductions of GHG emissions from the electric sector and from vehicle electrification.<sup>9</sup> It requires reductions from both, as

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<sup>7</sup> California Air Resources Board. *The 2017 Climate Change Scoping Plan Update: the Proposed Strategy for Meeting California’s 2030 Greenhouse Gas Target*, pp. 87, 89 (January 20, 2017), [https://www.arb.ca.gov/cc/scopingplan/2030sp\\_pp\\_final.pdf](https://www.arb.ca.gov/cc/scopingplan/2030sp_pp_final.pdf); See also James H. Williams, et. al. “The Technology Path to Deep Greenhouse Gas Emissions Cuts by 2050: The Pivotal Role of Electricity.” *Science*, Vol. 335, pp. 53-59 (January 6, 2012).

<sup>8</sup> California Air Resources Board, *The 2017 Climate Change Scoping Plan Update: the Proposed Strategy for Meeting California’s 2030 Greenhouse Gas Target*, pp. 87, 89-90 (January 20, 2017); see also California Air Resources Board, *Climate Change Scoping Plan* (May 2014), p. 45 (requiring development of “enforceable GHG reduction requirements for the State’s electric and energy utilities to achieve near-zero GHG emissions by 2050.”)

<sup>9</sup> See ORA Comments on Options for Setting Greenhouse Gas Planning Targets for Integrated Resource Planning and Apportioning Targets Among Public Owned Utilities and Load Serving Entities, pp. 4-5 (Feb. 21, 2007) (explaining the Pathways modeling for the Draft Scoping Plan consider reductions from electric sector and from vehicle electrification).

does SB 350.<sup>10</sup> SB 350 details requirements for widespread transportation electrification in Public Utilities Code Section 740.12, and describes requirements for integrated resource plans that reduce electricity sector emissions in Section 454.52. Transforming the transportation sector in a way that advances California’s air and climate goals is not possible without a concurrent transformation in the electricity sector. California must transition to zero-emission transportation technologies that are powered by renewable energy and other preferred resources. SB 350 states that “[i]t is the policy of the state and the intent of the Legislature to encourage transportation electrification as a means to achieve ambient air quality standards and the state’s climate goals.”<sup>11</sup> Transportation electrification will not advance attainment of federal air quality standards or achievement of the state’s climate goals if it leads to an increase in emissions from the electricity sector. In turn, the electricity sector cannot fulfill SB 350’s integrated resource planning requirements if the sector’s target is increased to account for reductions in the transportation sector.<sup>12</sup> The electric sector may simply need to procure more carbon-free resources.

**5. Under Part 2, which of the options do you recommend, and why? What issues should be considered when implementing that option, and how should those issues be addressed?**

Option B should be used because it provides the most transparent and simplest method for apportioning responsibility for GHG reductions.

Option C should be rejected, because it involves each LSE adjusting its load number, which inherently involves a less transparent process. Any calculation errors may be hard to identify, and the CPUC would need a process for correcting these errors.

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<sup>10</sup> Public Utilities Code §§ 740.12, 454.52.

<sup>11</sup> Public Utilities Code § 740.12(a)(2).

<sup>12</sup> See Cal. Public Utilities Code § 454.52(a)(1)(H) (states that each load-serving entity’s integrated resource plan must “[m]inimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code”).

Option A should be disregarded because it would be based on stale information, 2009 vintage data. This 2009 data also predates the operation of CCAs.

The IEPR load forecast will need to be extended from 2026 to 2030 to match the relevant time period. The same consideration would also apply to Option C.

Some workshop panelists argued that Option C's bottom-up approach would sidestep the need to apportion between the CPUC and CEC jurisdictional entities; this is incorrect, because the CPUC needs its total portion of GHG reductions to model the reference plan.

As discussed in Answer 1, SB 350 makes CARB ultimately responsible for approving LSE emission targets, but to complete the reference case by May, CPUC needs to establish its portion of the GHG reductions before CARB plans to approve GHG emissions targets. Given the misalignment in timing, the CPUC should make an interim decision on the GHG planning targets.

- 6. Are there any other methods that should be considered for dividing the GHG emissions reduction target between the CPUC's and Energy Commission's respective IRP processes? If so, please describe the method in as much detail as possible and explain why it is preferable to the options listed.**

The Commission should pick a fixed target. At the workshop, some panelists suggested that the target should be soft rather than fixed, because the soft target would provide greater flexibility to LSEs. For example, some panelists suggested using an emissions intensity target rather a mass-based target. As CEC Commissioner Scott aptly recognized, California must reduce emissions to a specific mass-based number. Using an emissions intensity target would most likely be counter-productive.

- 7. What are the data requirements associated with the methodology you recommend? If these data entail forecasting or simulation, please describe the input data needed and potential sources of this data.**

See answer 5.

**Other questions related to GHG-target setting:**

- 8. How do we account for hydro variability, and what are the target GHG reductions during average hydro years? How do we incorporate uncertainty?**



Sierra Club shares the concern expressed by TURN’s representative Kevin Woodruff at the workshop. He expressed a concern that some hydro resources used in California may be erroneously classified as not emitting GHGs. For example, he explained that hydro from the Northwest may be replaced by fossil fuel in the regions from which it is purchased. If this occurs, it would be inappropriate to count those resources as emitting zero GHGs. To ensure that this miscounting does not occur, the CPUC and CEC need to account for this increase in GHG emissions by evaluating the sources of the hydro resources.

**9. What are reasonable expectations to allocate GHG targets for the other POUs (not just the 16 largest that are required to do IRPs)?**

The CEC should allocate GHG targets for the POUs that are not required to do IRPs using option B. Option B will provide the GHG allocation for the all the POUs, including the sixteen POUs that need to prepare IRPs. The sum of the allocation of the 16 POUs can be subtracted from the total allocation for CEC jurisdictional entities. The difference should be apportioned among the remaining POUs.

**10. What are stakeholder thoughts on the evolution of filing requirements between compliance periods, particularly between the first and second compliance filings?**

There should be a rigorous evaluation of compliance. At the outset, the CPUC and CEC should set criteria for ensuring compliance. The criteria should remain the same for each period, and should provide transparency and accountability. Similarly, the legislature expressed its intent in SB 350, to make the requirements related to GHGs “permanent, *enforceable*, and quantifiable.”<sup>13</sup>

**11. Should utilities consider the GHG emissions for their own facilities and their vehicle fleets?**

Yes.

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<sup>13</sup> SB 350, § 2(2)(b) (emphasis added).

**12. How should the Energy Commission and CPUC address publicly-owned utilities becoming community choice aggregators, and whose jurisdiction does that fall under for IRPs?**

No answer at this time.

**13. Should utilities consider short-lived climate pollutants in their IRPs?**

Short-lived climate pollutants should be considered in utilities' IRPs. The Proposed Scoping Plan attributes GHG emissions reductions from the state's Short-Lived Climate Pollutant strategy.<sup>14</sup> Those emissions reductions feed into the Proposed Scoping Plan's emission targets for the electricity sector. Since forecasted GHG emissions reductions from short-lived climate pollutants are included in the electricity sector emissions target, the utilities should also consider short-lived climate pollutants in their IRPs.

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<sup>14</sup> California Air Resources Board, The 2017 Climate Change Scoping Plan Update: the Proposed Strategy for Meeting California's 2030 Greenhouse Gas Target, p. 62 (January 20, 2017), [https://www.arb.ca.gov/cc/scopingplan/2030sp\\_pp\\_final.pdf](https://www.arb.ca.gov/cc/scopingplan/2030sp_pp_final.pdf).