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CEERT Comments on the Natural Gas Scenario Workshop

Additional submitted attachment is included below.

Comments of the Center for Energy Efficiency and Renewable Technologies on the April 26th Natural Gas Scenarios Workshop

The Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates the opportunity to comment on the California Energy Commission's Integrated Energy Planning Report (IEPR) Natural Gas Scenarios Workshop held on April 26, 2017. As California works towards the 2030 carbon targets, identifying the appropriate role for natural gas, especially in the electric sector, will become increasingly important.

CEERT would like to thank Chairman Dr. Weisenmiller for his comments suggesting to better align the gas sector projections with the electric sector goals and projections. The Public Utilities Commission and Energy Commission Integrated Resource Planning (IRP) processes in particular should be considered when determining the power sector natural gas outlook. Utility IRPs are required by statute to consider electric sector greenhouse gas targets, established by the Air Resources Board, which would have a direct impact on the natural gas burn in the power sector¹:

“452.52 (a) (1) Commencing in 2017, and to be updated regularly thereafter, the commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule for periodic updates to the plan, to ensure that load-serving entities do the following:

(A) Meet the greenhouse gas emissions reduction targets established by the State Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each load-serving entity that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030.”

It would be prudent for utilities also to align projections of gas burn in gas-fired facilities with the electric sector planning currently underway. For example, the 2016 California Gas Report SoCalGas and SDG&E Forecast Overview presentation² shows approximately a 15-20% decrease in gas demand in the electric sector from 2015-2030. Given the mandated 50% RPS, doubling of energy efficiency in existing buildings, and the usage of greenhouse gas targets in the Integrated Resource Planning process, these projections appear far too high. While a greenhouse gas target for the electric sector has not been set yet, the current law mandates a 40% decrease in overall greenhouse gas emissions by 2030, and most planning studies assume that the electric sector reductions will have to be significantly higher than 40% to meet that mandate³.

In addition, as Dr. Weisenmiller commented, the retirement of and replacement for Diablo Canyon Nuclear Power Plant is currently being determining at the Public Utilities Commission. According to the PG&E Application to Retire Diablo Canyon submitted by Pacific Gas & Electric in a Joint Agreement with

¹ PUC Code Section 452.52(a)(1)(A)

² 2016 California Gas Report SoCALGas and SDG&E Forecast Overview August 2016, Presented April 26, 2017 at the CEC IEPR Natural Gas Scenarios Workshop

³ “Options for Setting GHG Planning Targets Integrated Resource Planning and Apportioning Targets among Publicly Owned Utilities and Load Serving Entities”, CPUC and California Energy Commission Staff <http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/LTPP/2017/GHGOPTIONSPAPER.pdf>

Friends of the Earth, Natural Resources Defense Council, Environment California, International Brotherhood of Electrical Workers Local 1245, Coalition of California Utility Employees, and the Alliance for Nuclear Responsibility, the intention is to replace the facility with zero carbon energy⁴. While the replacement plan has yet to be determined, it can be expected that the electric sector greenhouse gas targets developed for the IRP would limit the ability of natural gas generation to replace the facility.

CEERT recommends that the natural gas scenarios are coordinated with the Air Resources Board. State climate policy may impact natural gas demand through reductions in the power sector and fuel switching in other sectors. Aligning projections with the Scoping Plan is an important step to meeting the State mandated reduction in greenhouse gas emissions.

⁴ <https://www.pge.com/includes/docs/pdfs/safety/dcpp/diablo-canyon-retirement-joint-proposal-application.pdf>