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SoCalGas Comments on 2019 Scoping Order

Please find attached SoCalGas comments on the draft 2019 Scoping Order.

Additional submitted attachment is included below.



Tim Carmichael
Agency Relations Manager
State Government Affairs
925 L Street, Suite 650
Sacramento, CA 95814

Tel: 916-492-4248
TCarmichael@semprautilities.com

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Sacramento, CA 95814-5512

Subject: Comments on the 2019 Integrated Energy Policy Report Scoping Order 19-IEPR-01 - General/Scope

Southern California Gas Company (SoCalGas) appreciates the opportunity to comment on the California Energy Commission's (Commission) 2019 Integrated Energy Policy Report (IEPR) Draft Scoping Order. SoCalGas reiterates the need for a neutral, fact-based assessment of the need for and importance of fossil *and renewable gas* in a decarbonized future in light of the Draft Scoping Order's statement that "[t]he 2019 IEPR will continue and expand on previous efforts to decarbonize California's energy system...."

SoCalGas respectfully provides the following comments on the transportation, natural gas assessment, and climate adaptation sections of the Draft Scoping Order. SoCalGas also requests that the Commission also focus on energy storage for grid management as well as energy affordability of California's aging population during the scope of the 2019 IEPR process.

I. Transportation

SoCalGas agrees that "pollution from the transportation sector must be reduced significantly to help meet the state's clean air standards and climate goals."¹ Senate Bill (SB) 350 and Public Utilities Code section 740.12(a)(1)(A) state that "[a]dvanced clean vehicles and fuels are needed to reduce petroleum use, to meet air quality standards, to improve public health, and to achieve greenhouse gas emissions reduction goals." Further, Public Utilities Code section 740.12(a)(1)(C) states that the increased use of both zero-emission and *near-zero emission vehicles*, in disadvantaged communities is necessary to "enhance air quality, lower greenhouse gas emissions, and promote overall benefits to those communities."

¹ 2019 IEPR Draft Scoping Order at page 2

Heavy-duty diesel engines are a significant source of nitrogen oxides (NO_x) and other complex mixtures of air pollutants in the state.² Combining renewable gas (RG) with low- and ultra-low-NO_x engines provides the best opportunity for California to achieve its air quality and climate change goals in the on-road, heavy-duty transportation sectors in the near term.³ Additionally, when RG is produced from waste resources—including organic sources of methane from sewage, landfills, dairies, and agriculture—it can have a negative carbon intensity⁴ by using methane that otherwise would have been emitted into the atmosphere. Accordingly, California can affordably and efficiently achieve its air quality and climate change goals by using RG in the heavy-duty sector.

The Commission should also consider the use of hydrogen fuel cell electric technology in both the heavy and light-duty sectors and not limit the transportation scope of the 2019 IEPR to battery-electric powered vehicles. The Commission should assess how power-to-gas technology can aid in the production of hydrogen fuel for use with hydrogen fuel cell technologies as referenced in the 2018 IEPR Update.⁵ SoCalGas supports efforts to increase hydrogen production, particularly for use along California’s planned series of hydrogen refueling stations. Increasing this fueling infrastructure could speed up the deployment of zero-emission hydrogen fuel cell vehicles, which can play a significant role in reducing California’s greenhouse gas and criteria air pollutant emissions.

II. Natural Gas Assessment

The Draft Scoping Order states that the Commission plans to update “the analysis of the strategies and options for using natural gas as called for in Assembly Bill [AB] 1257...,” however, the bill specifically requires the Commission “...to identify strategies *to maximize the benefits obtained from natural gas as an energy source*, as specified. [emphasis added]”⁶ SoCalGas is concerned that the Draft Scoping Order’s approach of analyzing options is not “maximizing the benefits obtained from natural gas as an energy source,” the latter of which should include clear, specific policy recommendations from the Commission on: (1) near-zero emission vehicles, including hydrogen fuel cells; (2) RG, including in- and -out-of-state resources and when it is produced from biomass; (3) distributed generation resources, including power-to-gas; and (4) investments in gas infrastructure to make sure that Californians continue to have safe, reliable, diverse, and resilient sources of energy.

² <https://ww2.arb.ca.gov/resources/overview-diesel-exhaust-and-health>

³ Gladstein, Neandross, and Associates. May 2016. *Game Changer: Next Generation Heavy-duty Natural Gas Engines Fueled By Renewable Natural Gas*. Available at: https://www.gladstein.org/gna_whitepapers/game-changer-next-generation-heavy-duty-natural-gas-engines-fueled-by-renewable-natural-gas/

⁴ CARB Website. LCFS Pathway Certified Carbon Intensities. Available at: <https://www.arb.ca.gov/fuels/lcfs/fuelpathways/pathwaytable.htm>

⁵ 2018 IEPR Update, p. 113

⁶ Assembly Bill No. 1257 Available at:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1257

Additionally, the Draft Scoping Order states that meeting the requirements of AB 1257 will ensure “that California continues to shift away from fossil fuels, including methane, as recommended in the 2017 IEPR.” The Commission should replace “methane” with “fossil-based methane” as renewable methane and biomethane are important components of decarbonizing natural gas supplies.

III. Climate Adaptation

SoCalGas appreciates that the Commission plans to recognize that there are “differing vulnerabilities to the natural gas and electricity sectors”⁷ with regards to climate adaptation and resiliency through the 2019 IEPR. These significant differences in vulnerabilities was highlighted in recent Commission-funded research on “Potential Impacts and Adaptation Options for Electricity and Natural Gas Systems from Climate Vulnerability in San Diego.”⁸ The Commission’s research found that gas assets and service disruptions are far less vulnerable than electric infrastructure to widespread service disruptions caused by extreme heat, sea-level rise, flooding, and other extreme climate driven events. In previous comments to the Commission,⁹ SoCalGas included case studies that examined the impacts of various natural disasters on utility and transportation infrastructure throughout the country. Natural gas infrastructure and services were relatively resilient to recent hurricanes and wildfires. More importantly, the case studies highlight concerns with an over-reliance on any *single* energy source and demonstrated that utilizing a diverse energy delivery system contributes to greater reliability, community resilience, and enhances public safety. California must pursue balanced energy policies that are inclusive of a diverse energy portfolio with multiple fuels and technologies.

IV. Consider Energy Storage for Grid Management in the 2019 IEPR

As highlighted in the 2018 IEPR Update, the “growth in renewable resources is a tremendous success story in California’s efforts to reduce GHG emissions, but it is also fundamentally changing the electricity system and posing challenges for managing the grid.”¹⁰ To address these grid management challenges “energy storage, increased efficiency, and adjusting energy use to the time of day when we have the most power” would help with the transition to 100% clean energy.¹¹ Considering this, we ask the Commission to explore the role energy storage will play in ensuring grid reliability in California in the 2019 IEPR. Specifically, we ask the Commission to include an assessment of SB 1369, which requires the California Public Utilities Commission, the California Air Resources Board, and the Energy Commission to consider electrolytic

⁷ 2019 IEPR Draft Scoping Order at page 4

⁸ CEC. Regional Workshops held on January 24, 2019. Potential Impacts and Adaptation Options for Electricity and Natural Gas Systems from Climate Vulnerability in San Diego Area. Slide deck available at: http://www.climateassessment.ca.gov/events/docs/20190124-Slides_ICF.pdf

⁹ SoCalGas Comments Climate Adaptation and Resiliency IEPR Workshop held on August 2, 2018. Available at: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=224506&DocumentContentId=55054>

¹⁰ 2018 IEPR Update, at page 79. Available at: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=226392&DocumentContentId=57166>

¹¹ Ibid, at page 80

hydrogen for long-term energy storage.¹² Electrolytic hydrogen needs to be evaluated rigorously in the 2019 IEPR for its potential as a large-scale energy storage option.

V. Explore Energy Affordability for Aging and Disadvantaged Populations

In addition, we ask the Commission to not disregard recent public comments on the 2018 IEPR Update delivered orally during the Business Meeting held on February 20, 2019. Specifically, the Congress of California Seniors were concerned with energy affordability and the unreasonableness of an all-electric strategy. Although the California's Economic and Demographic Outlook Workshop held on January 17, 2019 highlighted many issues, the Commission needs to explore further how decarbonization policies will impact California's senior population which is entering a period of rapid growth and is estimated to multiply by four million by 2030.¹³ Energy affordability for aging Californians and other disadvantaged communities should be discussed in the 2019 IEPR.

VI. Closing Comments

SoCalGas thanks the Commission for the opportunity to comment on the 2019 IEPR Draft Scoping Order and looks forward to continuing to engage with the Commission and other stakeholders throughout the process. We believe a diverse energy portfolio that includes natural gas, renewable gas, and other emerging gas technologies provides the best pathway to reach California's ambitious climate and environmental goals in a prudent way that is fair and affordable to all Californians.

Sincerely,

/s/ Tim Carmichael

Tim Carmichael
Agency Relations Manager
Southern California Gas Company

¹²SB 1369 Energy: green electrolytic hydrogen. Available at:
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1369

¹³ Public Policy Institute of California. Available at:
<https://www.ppic.org/publication/planning-for-californias-growing-senior-population/>