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PGE Comments on 2022 Pre-Rulemaking

Additional submitted attachment is included below.

November 13, 2019

California Energy Commission
Dockets Office, MS-4
Docket No. 19-BSTD-03
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Pacific Gas and Electric Comments on the October 17, 2019 Lead Commissioner Workshop on the 2022 Energy Code Pre-Rulemaking

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments to the California Energy Commission (CEC) on the 2022 Energy Code Pre-Rulemaking Workshop.

PG&E supports the efforts of the CEC to develop a two-metric approach in Energy Design Rating (EDR) 1 and EDR 2 for use in determining cost effectiveness of the 2022 Building Energy Efficiency Standards (Title 24, Part 6) as well as for compliance with the Standards after adoption. PG&E endorses the use of the two-metric approach as it will ultimately give a correct valuation of the cost-effectiveness of new codes (EDR2) while also focusing on the Green House Gas (GHG) impacts of code choices (EDR1).

PG&E supports the CEC in the development of EDR 1 as the hourly source energy-based metric for signaling high efficiency gas usage as well as building electrification. EDR 1 is designed to be a proxy for determining GHG emissions. By using EDR 1 for compliance with Title 24, Part 6, it can then be used as an emission “cap” for buildings going forward.

PG&E also supports the CEC in the development of EDR 2 as the time-dependent-value (TDV) based metric. PG&E encourages the CEC to continue applying a statewide average retail adjustment in the marginal cost of producing and delivering electricity and natural gas. This approach ensures that Title 24, Part 6 will have a similar overall stringency statewide with variations only due to weather. Since TDV was introduced during the 2005 Title 24, Part 6 Rulemaking, the retail adjustment was determined by using a statewide average. This has kept the Standards stable from cycle to cycle, and TDV has consistently signaled codes toward efficient building envelope features and grid harmonization.

During the workshop several parties recommended that EDR2 switch from the current practice of applying a flat retail rate adjustment in all hours to varying the retail adjustment proportionately to marginal costs. PG&E cautions the CEC against changing current practice and agrees with E3’s observation that this change would exaggerate the benefits of certain technologies (namely battery storage). Further, this methodology would make the TDV metric highly volatile cycle to cycle. For PG&E, rate design practices are more aligned with the current TDV practice of only varying time-of-use differentials by marginal costs. While TDV is not intended to mirror actual rate design, diverging too much would result in measures being put into code that do not benefit participants, violating the core purpose of the Warren-Alquist act.

PG&E also recommends continuing the practice of creating a statewide average retail adjustment in creating the EDR2 metric. The statewide average retail adjustment is created by combining the residential and commercial rates for the different utilities into a statewide weighted average and escalating over a 15- or 30-year time frame using a compound average growth rate. PG&E believes this to be a reasonable approach given the uncertainty of future rate structures.

E3's presentation of gas TDV assumed that the throughput percentage of biomethane into the PG&E pipeline system would be 10% by 2030, 19% by 2050, and an additional 7% as renewable hydrogen by 2050. PG&E is highly supportive of developing renewable natural gas pipeline interconnection projects and the advancement of hydrogen as an energy source to facilitate the reduction of GHGs in California.

In conclusion, PG&E is supportive of the new two metric approach using EDR 1 and EDR 2, where EDR 1 sets a maximum emission target and EDR 2 sets a maximum TDV target. Using the two-metric approach as presented at the workshop will ultimately give the correct signal for developing codes that incorporate building electrification, efficient use of gas, efficient building envelopes, and grid harmonization.

PG&E appreciates this opportunity to provide comments on the 2022 Energy Code Pre-Rulemaking Workshop and looks forward to continued participation in this process.

Sincerely,

Jessica M Melton