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PG&E Comments on the Draft 2022 Integrated Energy Policy Report Update

Additional submitted attachment is included below.

Pacific Gas and Electric Company

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November 30, 2022

California Energy Commission
Vice Chair Siva Gunda
Docket Number 22-IEPR-01
715 P Street
Sacramento, CA 95814

Re: Pacific Gas and Electric Company Comments on the Draft 2022 Integrated Energy Policy Report Update (Docket Number 22-IEPR-01)

Dear Vice Chair Gunda,

Pacific Gas and Electric Company (PG&E) appreciates the California Energy Commission's (CEC) efforts to develop the 2022 Draft Integrated Energy Policy Report (IEPR) Update.

PG&E agrees with the recommendations made in the report across different topics and would like to provide comments specifically on chapters two, three and four of this Draft IEPR Update that addresses emerging topics.

PG&E Supports the California Planning Library

As indicated in the comments PG&E submitted on May 18, 2022, on the CEC's workshop on the California Planning Library (Docket Number 22-IEPR-02)[1], PG&E strongly supports the creation of the California Planning Library. This Library will increase access to—and transparency of—a wealth of information owned by the CEC. This information is especially critical for stakeholders, like PG&E, who are helping implement and execute California's ambitious clean energy goals. Creating a centralized repository like the California Planning Library will streamline efforts at both PG&E and the CEC. In particular, the California Planning Library will eliminate the need for PG&E and other stakeholders to contact CEC staff with data requests, which PG&E routinely does in numerous contexts. Moreover, PG&E anticipates the access and transparency of the California Planning Library will enable stakeholders to better understand the CEC's models, as well as create new opportunities to better collaborate with the CEC on various initiatives such as energy demand forecasting.

[1] PG&E Comments on April 27 Workshop on the California Planning Library, https://efiling.energy.ca.gov/GetDocument.aspx?tn=243132

CARB's Measure on Zero-emission Appliance Sales Should be Incorporated in the Main Planning Scenario of the California Energy Demand Forecast Update

PG&E also supports the revised forecast framework for the California Energy Demand Update (CEDU) 2022 and the associated revisions to the standard forecasting framework to create a more transparent forecasting process. More specifically, generation on one primary set of baseline assumptions and the representation of the transportation assumptions in the Additional Achievable Transportation Electrification (AATE) format will substantially improve the usability of the forecasts.

Chapter three of the 2022 Draft Update, which covers the California Energy Demand Forecast, does not clearly describe the impacts of the control measures of the Proposed 2022 State Strategy for the State Implementation Plan (SIP) adopted by the California Air Resources Board (CARB) on September 22, 2022. As outlined in the SIP, this control measure would require all new space and water heaters (for both new construction and existing buildings) sold in California in 2030 to meet zero-emission standards and should be represented in the energy demand forecasts. However, a CEC presentation during a Demand Analysis Working Group meeting on November 15, clarified that this proposed CARB measure will only impact the local reliability scenario, but not the planning forecast. While the details of this measure will be determined through a future rulemaking process, PG&E believes that the planning scenario should also reflect some implications from this measure as it was described in the adopted 2022 SIP.

Suggested Correction in the Section on the Role of Hydrogen in California's Clean Energy Future

In Chapter 4, where the 2022 Draft IEPR Update describes the role of hydrogen in California's clean energy future, PG&E supports the CEC's acknowledgment of the connection of hydrogen to grid reliability. Furthermore, PG&E supports the CEC's plans outlined on page 84 in terms of spending $100 million of hydrogen funding from the state budget "toward establishing a hydrogen program to provide financial incentives to in-state low-carbon hydrogen production through electrolysis or biofuels using renewable energy."

PG&E, however, recommends that the CEC makes a correction on pages 79 and 80 under "Grid Reliability." The 2022 Draft IEPR Update states that:

> *Projects are already exploring upgrading gas turbines for hydrogen combustion, including the Los Angeles Department of Water and Power's Intermountain Power Plant project in Utah and the Northern California Power Agency's (NCPA) Northern California Pacific H2ub project at the Lodi Energy Center*.

PG&E would like to note that NCPA's gas turbine is already upgraded and able to blend up to 45 percent hydrogen.

Based on this, PG&E recommends that the above paragraph in the 2022 Draft IEPR Update, reads as follows:

> *Projects have already upgraded or are exploring upgrading gas turbines for hydrogen combustion, including the Los Angeles Department of Water and Power's Intermountain Power Plant project in Utah and the Northern California Power Agency's (NCPA) Northern California Pacific H2ub project at the Lodi Energy Center*.

PG&E notes that the above-mentioned project in Northern California refers to the facility where PG&E will be locating the Hydrogen to Infinity blending facility.[2] This facility is a demonstration and market activation project for hydrogen blending in natural gas transmission systems. Hydrogen to Infinity will provide the information necessary to support permitting and implementation of blending hydrogen into the gas transmission networks. The findings and information necessary to proceed will be shared with national and international gas utilities, industrial and research associations. The project also includes production, significant consumer loads, testing facilities with a comprehensive research and development (R&D) program, training facilities with a workforce transition program to hydrogen, and an internal and external stakeholder education facility. The goal is to support large scale decarbonization of natural gas networks and natural gas users, which will provide significant carbon reductions given the significant existing infrastructure and wide-scale use of natural gas.

PG&E appreciates the opportunity to provide comments to the 2022 Draft IEPR Update and welcomes the opportunity for future discussion and collaboration with the CEC and stakeholders across energy forecasts, hydrogen and other topics addressed in this Draft Update. Please do not hesitate to contact me if you have any questions.

Sincerely,
/s/
Licha Lopez

[2] https://investor.pgecorp.com/news-events/press-releases/press-release-details/2022/PGE-Launches-the-Nations-Most-Comprehensive-Study-on-Hydrogens-Feasibility-Within-Gas-Pipelines/default.aspx