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California Energy Commission
Docket Office, MS-4
Attn: Docket 06-AFP-1
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET 06-AFP-1	
DATE	OCT 12 2007
RECD.	OCT 12 2007

RE: State Alternative Fuels Plan

Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) would like to thank the California Energy Commission (CEC) for this opportunity to offer comments on the CEC report, Publication CEC-600-2007-011-CTD, entitled "State Alternative Fuels Plan" (Plan).

SoCalGas and SDG&E are hopeful the Plan will expand our understanding of the potential natural gas and electricity have to assist the state in economically reducing greenhouse gas emissions, improving regional air quality, and reducing petroleum dependency. To that end, SoCalGas and SDG&E offer the following comments on the Plan:

General

1. We applaud the CEC's efforts in recognizing the potential that natural gas and electricity have in achieving the petroleum reduction goals outlined in AB 1007. We believe there are aspects of the analysis that can be refined, but believe the CEC has performed an admirable job.
2. We recommend that a set of Appendices be added to the Plan which would provide the background data and analysis performed to develop the tables, charts, and other data used in the Plan.
3. We note that the CEC makes recommendations for actions by other government entities that are not presently actions proposed by these entities. How will these recommendations be followed-up and by whom? Will the CEC initiate follow-up with these agencies?

Executive Summary

1. On page ES-6, under sub-section "Market Niches", we recommend removing natural gas and placing the following statement as a separate bullet on page ES-5, under sub-section "Fuels":

"Natural gas is a primary option to displace diesel fuel. Natural gas use in heavy-duty vehicles alone could represent about 36 percent of the freight and off-road vehicle use by 2050."

2. On page ES-7, under sub-section “Costs”, we recommend placing the following statement as separate bullet:

“Natural gas was the only alternative fuel to provide net savings with respect to petroleum reduction and GHG emissions reductions over all three cases and all time periods evaluated.”

Chapter 2

1. On page 12, under sub-section “California Air Resources Board”, we recommend including the following statement as a separate bullet:

“The CARB CNG fuel specification should, at a minimum, be updated to a performance based standard to ensure proper engine performance while providing maximum flexibility to encourage the use of new and existing sources of natural gas. The long-term goal should be harmonization of the CARB CNG fuel specification with CPUC gas quality specifications.”

2. On page 12, under sub-section “California Public Utilities Commission”, we recommend amending the last two bullets as follows:

“Allow ratebase recovery of utility investments in natural gas vehicle refueling equipment and electric vehicle charging equipment.”

“Expand opportunities for electric and natural gas utility rate-based investments in electric and natural gas vehicles, customer information, education and training programs, and RD&D.”

3. The last recommendation under “Governor and Legislature” (page 12) should be deleted until its implications can be fully understood and weighed. This reads: “Recipients of state alternative fuel incentives should transfer to a Carbon Credit Fund all or part of any GHG emission credit received as a result of successful projects subsidized by state government incentives.” What this will effectively do is to take incentives and therefore economic value away from these projects that will also be participating in the Low Carbon Fuel Standard and other carbon reduction programs. This will force project proponents to choose between participation in LCFS and state incentive programs, which will likely decrease the effectiveness of both programs. We believe the programs should be designed to be complementary to each other, rather than in competition with each other. Note that the UC LCFS Team in their Policy Report (Part 2) goes out of its way to say that LCFS alone cannot achieve the technological innovation necessary to reach California’s ambitious GHG reduction goals; that other complimentary programs will be necessary to do this.¹
4. Actions Needed by Fuel Type (pages 13-20), we note that virtually all of these recommendations do not identify WHO will do these things, or HOW they will be done, or WHAT is necessary to accomplish them. While we appreciate these “Actions Needed”, we believe that this is the major shortcoming of the Draft State Alternative Fuels “Plan” at this time; it lacks the detail of other “plans” (like the State Implementation Plan for Air Quality”) to describe what specific actions

will be taken to achieve the goals of the Plan. Perhaps this detail is something that gets incorporated in the future; we understand this is an extremely difficult undertaking. But without this level of detail it is difficult to see how this Plan describes the way that California will go from where we are today with alternative fuels to the future target levels.

5. On page 18, under sub-section “Natural Gas Fuel and Technology Actions”, we recommend including the following statement as a separate bullet:

“Update the CARB CNG fuel specification to a performance based standard to ensure proper engine performance while providing maximum flexibility to encourage the use of new and existing sources of natural gas.”

6. In the section on Electric Transportation Technologies – Immediate Term Actions, number 10, “Install up to 2 million plug-in hybrid electric home fast recharging systems over 15 years.”, we recommend that the word “fast” be deleted from this sentence. “Fast” recharging generally connotes a level of voltage and amperage significantly above standard household current (110 volts, 15 amp). Therefore “fast” recharging generally requires different wiring or circuitry than standard household current, and so would require additional infrastructure and cost for consumers. One of the benefits of PHEVs is that they do not require additional infrastructure. We do not believe that fast recharging of PHEVs is necessary or appropriate.

Based upon the findings of the Plan, SoCalGas and SDG&E encourage the CEC and other state agencies to endorse state policies which will continue to promote natural gas and electricity as viable alternative fuels that can cost-effectively reduce greenhouse gas emissions, improve regional air quality, and reduce petroleum dependency.

SoCalGas and SDG&E hope that these comments will help to improve the accuracy and completeness of the Plan. If you have any questions or comments, please feel free to contact me at any time.

Sincerely,

Bernie Orozco

¹ A Low-Carbon Fuel Standard for California, Part 2: Policy Analysis, Project Directors: Alexander E. Farrell, UC Berkeley, and Daniel Sperling, UC Davis, August 1, 2007, pages 17-18).

Docket Optical System - Docket No. 06-AFP-1

From: "Jones, Debran E."
To: '
Date: 10/12/2007 4:38 PM
Subject: Docket No. 06-AFP-1
Attachments:

Attached are comments from the Sempra Energy Utilities, SoCalGas and San Diego Gas & Electric, concerning the CEC report entitled "State Alternative Fuels Plan." A hard copy is also being delivered to the Commission office.

We appreciate the opportunity to participate in this proceeding.

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Take time to notice all the usually unnoticed simple things in life. Delight in the never-ending hope that's available every day!