

**Comments of the Natural Resources Defense Council (NRDC) on the
2008 Integrated Energy Policy Report (IEPR) Update and 2009 IEPR**

Docket Number 08-IEP-1

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Submitted by:
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I. Introduction and Summary

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer these comments on the proposed scope for the 2008 Integrated Energy Policy Report (IEPR) Update and the 2009 IEPR discussed at the California Energy Commission's *2008 Integrated Energy Policy Report (IEPR)* Committee hearing held on April 28, 2008. NRDC is a nonprofit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that Californians demand. We focus on representing our more than 124,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption.

NRDC commends the Commission for soliciting comments on the upcoming 2008 IEPR Update topics and scope of the 2009 IEPR, and we generally support the proposed scope included as Attachment A to the April 28 Committee hearing notice. Our comments are summarized below:

2008 IEPR Update:

Topic #2: Energy Efficiency Projections and Demand Forecasting

- NRDC generally supports the focus of the energy efficiency projections and demand forecasting in the 2007 IEPR Update and urges the Commission to also include an examination of the embedded natural gas efficiency in the demand forecast.
- NRDC recommends that the Commission explore the best means to collaborate now, in advance of the IEPR Update, so that there can be a coordinated effort to address the questions posed.

Suggested additions to the IEPR Update topics:

- NRDC recommends including a focus on continuing the momentum of Assembly Bill 2021 (AB 2021) towards achieving the aggressive goals set by the publicly-owned utilities.

2009 IEPR Update:

- NRDC recommends that the Commission includes an expanded discussion and further recommendations for encouraging renewable resources to replace natural gas use.
- NRDC recommends that the Commission elaborate on the importance of the water-energy nexus to include specific recommendations for how to encourage water efficiency as it pertains to energy efficiency and to ensure the state fully utilizes other water management tools to reduce the need for imported water supplies.
- NRDC recommends that the Commission pursue research and analysis of the relationship between more compact development and energy efficiency to quantify the extent of the correlation for land use planning and greenhouse gas reduction purposes. In addition, we recommend that the Commission include a discussion of how to improve the transportation models to reflect the benefits of smart growth.

II. Discussion

2008 IEPR Update

Topic #2: Energy Efficiency Projections and Demand Forecasting

NRDC generally supports the focus of the energy efficiency projections and demand forecasting in the 2007 IEPR Update and urges the Commission to also include an examination of the embedded natural gas efficiency in the demand forecast.

NRDC thanks the Commission for its proposed focus on delineating the embedded energy efficiency in the demand forecast. We generally support the questions identified in the proposed scope that will be addressed in the 2007 IEPR Update and urge the Commission to ensure that an examination of the embedded natural gas efficiency in the demand forecast is included in addition to electricity energy efficiency. The staff's discussion and assessment of conservation impacts in the demand forecast focus exclusively on electricity energy efficiency. However, it is equally important that the amount of natural gas energy efficiency savings that are included in the natural gas forecast be clearly identified as well.

NRDC recommends that the Commission explore the best means to collaborate now, in advance of the IEPR Update, so that there can be a coordinated effort to address the questions posed.

In addition, we commend the Commission for identifying the need for increased collaboration among the involved agencies and rather than simply identifying in the 2008 IEPR Update what collaboration is necessary, we suggest that the Commission explore the best means to collaborate now, in advance of the IEPR Update, so that there can be a coordinated effort to address the other questions posed by the proposed scope.

Suggested additions to the IEPR Update topics:

NRDC recommends including a focus on continuing the momentum of Assembly Bill 2021 (AB2021) towards achieving the aggressive goals set by the publicly-owned utilities.

NRDC thanks the Commission for the hard work on the first ever AB 2021 report released in December of last year. Moving forward, we urge the Commission to include AB2021 in the 2008 IEPR Update to continue the momentum towards achieving the aggressive goals set by the publicly-owned utilities. In particular, we recommend that the Commission include in its scope of the 2008 IEPR Update the plan to outline key guidance points for the POUs to focus on setting rigorous targets pursuant to AB 2021, submitting thorough and complete status reports pursuant to SB 1037, and establishing robust independent measurement and verification protocols. For further details, please refer to pages 10-12 of NRDC's comments submitted on October 19, 2007 on the draft 2007 IEPR.¹

2009 IEPR Update:

Suggested additions to the scope of the 2009 IEPR:

NRDC recommends that the Commission includes an expanded discussion and further recommendations for encouraging renewable resources to replace natural gas use.

NRDC appreciates the inclusion of recommendations in the 2007 IEPR that support natural gas efficiency and utilizing renewable resources, such as biomethane, to

¹ *Comments of the Natural Resources Defense Council on the Committee Draft of the 2007 Integrated Energy Policy Report*, submitted October 19, 2007.

replace natural gas. Looking ahead to the 2009 IEPR, we recommend that the Commission develop additional recommendations to support the increased adoption of renewable resources to replace natural gas. Specific policies the CEC could promote in the 2007 IEPR to encourage the use of biomethane include:

- Develop a Renewable Fuel Portfolio Standard like the RPS in the electric sector
- require utilities to increase procurement of biomethane every year
- Enable and encourage long-term contracts for biomethane facilities
- Facilitate biomethane suppliers' interconnection with the utilities' natural gas pipelines
- Pursue technology transfer from European countries that have significant experience with biomethane
- Expand the Public Interest Energy Research program's focus on RD&D to advance biomethane.

NRDC recommends that the Commission elaborate on the importance of the water-energy nexus to include specific recommendations for how to encourage water efficiency as it pertains to energy efficiency and to ensure the state fully utilizes other water management tools to reduce the need for imported water supplies.

Increasing water efficiency in the state will be an important strategy for the state to pursue to help it meet its AB 32 goals. The 2005 IEPR was instrumental in calling attention to the long-overlooked connection between water and energy, and provided recommendations that led to the initiation of a CPUC proceeding on the water-energy connection. We believe that modeling California's water efficiency efforts after the state's successful energy efficiency programs and policies can yield tremendous energy savings and associated reductions in greenhouse gas emissions. As such, NRDC suggests including an expanded discussion with recommendations for achieving a more thorough connection between water conservation and energy efficiency in the 2009 IEPR.

Furthermore, NRDC urges the commission to ensure that the state is fully utilizing other water management tools, such as water recycling and low impact

development, which can both achieve significant energy savings and greenhouse gas emission reductions by reducing the need for imported water supplies.

NRDC recommends that the Commission pursue research and analysis of the relationship between more compact development and energy efficiency to quantify the extent of the correlation for land use planning and greenhouse gas reduction purposes. In addition, we recommend that the Commission include a discussion of how to improve the transportation models to reflect the benefits of smart growth.

NRDC commends the Commission for making the important connection between land use and global warming, particularly with regards to the connection between land use and climate change. The CEC's important report "The Role of Land Use in Meeting our Climate and Energy Goals" continues to serve as the most complete treatment of the issue in California. Furthermore, the work of the Land Use Subcommittee of the Climate Action Team (LUSCAT), under the leadership and guidance of CEC staff, has been extremely productive and beneficial towards this effort.

In addition to continued analysis of the issues presented in "The Role of Land Use" and LUSCAT draft chapters, NRDC recommends that the CEC, in the upcoming IEPR, pursue research and analysis of the relationship between more compact development and energy efficiency. Compact development can both shorten transmission distances--through locating in fill projects within known service areas--and potentially lessen "line loss" per household when compared to conventional single family development. Although perhaps instinctive, further research is needed to quantify the extent of the correlation for the purposes of land use planning and GHG reduction.

Furthermore, Chapter 8 of the 2007 IEPR acknowledges that differences in neighborhood characteristics result in differences in trip generation, discusses transportation modeling tools as an area in need of further research, but does not include specific policy measure recommendations to correct these deficiencies. We believe that sufficient expertise exists on the appropriate mechanisms to improve the models immediately and urge the Commission to include a specific recommendation that all metropolitan planning organizations (MPOs) improve their models to account for the benefits of smart growth. We believe improvements can be made to the models immediately to better reflect the

benefits of smart growth, while simultaneous fine-tuning of the models can lead to continual refinement in our understanding of travel behavior.

III. Conclusion

NRDC appreciates the opportunity to comment on the proposed scope for the 2008 IEPR Update and 2009 IEPR. We thank the Commission for considering our recommendations, and we look forward to participating in the upcoming IEPR proceeding.

Respectfully submitted,



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