

**Comments of the Natural Resources Defense Council (NRDC) on the
2011 Integrated Energy Policy Report (IEPR) Scope**

Docket Number 11-IEP-1

July 26, 2010

Submitted by:

Lara Ettenson

I. Introduction and Summary

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer these comments on the proposed scope for the 2011 Integrated Energy Policy Report (IEPR) presented in the California Energy Commission's "*Notice of Request for Public Comments on Draft Committee Scoping Order for the 2011 Integrated Energy Policy Report*," (Notice) dated July 12, 2010. 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 105,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption. We support the proposed 2011 Integrated Energy Policy Report (IEPR) scope with the inclusion of the following recommendations as summarized below:

- NRDC recommends that the 2011 IEPR scope specify which publicly owned utility (POU) energy efficiency program investments and savings topics will be covered.
- NRDC recommends that the scope of the California Environmental Quality Act (CEQA) review also include a statewide assessment of the need for new resources and the related greenhouse gas (GHG) and environmental impacts of power plants.
- NRDC recommends expanding the scope of the once through cooling (OTC) analysis to examine how the transition away from OTC will occur.

II. Discussion

NRDC recommends that the 2011 IEPR scope specify which publicly owned utility (POU) energy efficiency program investments and savings topics will be covered.

While the Notice indicates that information on the POU efficiency program investments and savings is within the scope of the 2011 IEPR, NRDC recommends including additional detail specifying which topics should be included in the 2011 IEPR. Under AB 2021 (Levine,

2006) the CEC must include the following information on the POU efficiency savings and programs in the IEPR:

- A summary of the POU's annual reports on their progress at saving energy, investments in efficiency and the sources of those investments, methodologies for determining cost-effectiveness, and independent evaluation and measurement of savings,
- A comparison of each POU's annual targets and actual savings, and
- Recommendations to each POU on improvements in their targets or achievement of savings, if the CEC determines that improvements could be made. (Public Utilities Code Section 9615(f))

In addition to this information, we recommend the 2011 IEPR scope explicitly note that an analysis of the POU's 2010 potential study and targets, with recommendations and guidelines for improvements well in advance of the next target-setting process, will be included in the 2011 IEPR. Furthermore, we urge the CEC to include an analysis in the 2011 IEPR of how the POU's have responded to the following recommendations made by the CEC to the POU's in the 2009 IEPR and the December 2009 staff report entitled "*Achieving Cost-Effective Energy Efficiency for California: 2008 Progress Report*" (Progress Report):¹

- Describe the role of energy efficiency in integrated resource planning, which includes reporting additional pertinent funding data (2009 IEPR p.224, Progress Report p.43)
- Include additional information and improve transparency of reported information (2009 IEPR p. 225, Progress Report p.42-43)
- Provide evaluation plans and studies, include additional information and rationale for any modifications to the standard savings reporting tool, and describe how the results from the evaluations resulted in modifications to the utility efficiency programs (Progress Report, p.44)

Such an analysis of the POU's completion of these recommendations should also include follow-up actions to ensure full compliance with the AB 2021. We therefore recommend the following addition to the 2011 IEPR scope on p.3 of the Notice:

"Publicly owned utility energy efficiency program investments and savings, as required by Assembly Bill 2021 (Levine, Chapter 734, Statutes of 2006) including but not limited to the following:

¹ See: California Energy Commission, *2009 Integrated Energy Policy Report*, Final Commission Report, December 2009, CEC-100-2009-003-CMF. ("2009 IEPR") and Lewis, Kae, Nicholas Fugate, Che McFarlin, and Irene Salazar. 2009. *Achieving Cost-Effective Energy Efficiency for California: 2008 Progress Report*. California Energy Commission, Electricity Supply Analysis Division, CEC-200-2009-008-SF ("Progress Report").

- A summary of the POU's' annual reports on their progress at saving energy, investments in efficiency and the sources of those investments, methodologies for determining cost-effectiveness, and independent evaluation and measurement of savings.
- A comparison of each POU's' annual targets and actual savings.
- Recommendations to each POU on improvements in their targets or achievement of savings, if the CEC determines that improvements could be made.
- An analysis of POU completion of CEC previous recommendations and follow-up actions to ensure compliance with AB 2021, and
- An analysis of the POU's' 2010 potential study and targets and recommendations for future improvements.”

NRDC recommends that the scope of the California Environmental Quality Act (CEQA) review also include a statewide assessment of the need for new resources and the related greenhouse gas (GHG) and environmental impacts of power plants.

NRDC recommends that the 2011 IEPR include both the general examination of the Energy Commission's process for satisfying CEQA requirements identified in the Notice, as well as a comprehensive statewide assessment of the need for additional resources. Such an assessment should include at least three scenarios for meeting California's power needs and state mandates, as well as information evaluating the GHG emissions and environmental impacts of those scenarios. We recommend the following addition to the 2011 IEPR scope on p.2 of the Notice:

“In March of 2009, the Energy Commission's Siting Committee determined that issues associated with that evaluation should be addressed in individual siting cases and in the IEPR. This evaluation will include examining expected statewide electricity needs, and at least three scenarios for meeting those needs and California's legal mandates (e.g., energy efficiency requirements, AB 32, the RPS/RES, once through cooling policy, and the Emissions Performance Standard). These scenarios will also evaluate the potential GHG impacts of new power plants included in the scenarios as well as other environmental impacts (including criteria pollutant impacts).”

NRDC recommends expanding the scope of the once through cooling (OTC) analysis to examine how the transition away from OTC will occur.

NRDC recommends that the section addressing the OTC policy also identify the key issues associated with transitioning away from OTC to comply with state policy. We urge the CEC to make this analysis the primary focus, since the OTC policy includes a protracted timeline that allows sufficient time for system upgrades to comply with the policy and maintain reliability. We therefore offer the following modifications to the current 2011 IEPR scope language on p.3 of the Notice:

“...the lowest cost and fastest possible elimination of once through cooling in order to comply with reliability requirements and meet reliability impacts of the State Water Resources Control Board’s state policy on once through cooling mitigation that was adopted May 4, 2010...”

III. Conclusion

NRDC thanks the Commission for the opportunity to comment on the proposed 2011 IEPR scope and for considering our recommendations.