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**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

**DOCKET
11-IEP-1**

In the Matter of:

Preparation of the
2011 Integrated Energy Policy Report

Docket 11-IEP-1

Committee Scoping Order

DATE AUG 31 2010RECD. AUG 31 2010

COMMITTEE SCOPING ORDER

In this order, the California Energy Commission's Integrated Energy Policy Report Committee (Committee) establishes the general scope of the *2011 Integrated Energy Policy Report (2011 IEPR)* and a schedule of expected milestones for completing the report. Chairman Karen Douglas is the Presiding Member and Commissioner Jeffrey D. Byron is the Associate Member of the Committee. Detailed information about topics that will be covered in the report will be provided as workshops and hearings on those topics are scheduled.

Background

Public Resources Code requires the Energy Commission to prepare and adopt an Integrated Energy Policy Report (IEPR) every two years beginning in 2003, with an update in the intervening years, to assess all aspects of energy supply, demand, production, transportation, delivery, distribution, and price. The objective of the IEPR is to evaluate market trends and develop energy policies that will “conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety.” (Public Resources Code § 25301[a])

On March 24, 2010, the Energy Commission adopted an Order Instituting Informational Proceeding to gather and assess information from market participants that will be used in developing the *2011 IEPR* and to delegate authority to develop the *2011 IEPR* to the Committee. The information and data collected during this proceeding will provide the robust and complete record needed for the Committee to make its energy policy recommendations to the full Energy Commission.

Because Public Resources Code also directs state government entities to carry out their energy-related duties and responsibilities using the information and analyses contained

in the IEPR, the Committee will coordinate closely with other agencies during this proceeding to ensure consistency in the underlying information that is used to develop policy recommendations in this report that may affect those agencies.

Scope of the 2011 Integrated Energy Policy Report

The 2009 IEPR, adopted in December 2009, identified the many challenges associated with implementing California's energy policy goals. The report recommended policies and actions in all of California's energy sectors — electricity, natural gas, and transportation — to reduce energy demand and greenhouse gases, develop a broader range of alternative energy resources, improve energy infrastructure, and continue to develop and adopt the "clean energy" technologies that are critical for long-term reliability and economic growth.

The driving force for California's energy policies continues to be maintaining a reliable, efficient, and affordable energy system that also minimizes the environmental impacts of energy production and use. In the 2011 IEPR, the Committee intends to focus on energy infrastructure planning and development in all energy sectors as one of the primary challenges facing energy decision makers over the next decade in terms of optimizing energy reliability, affordability, and environmental protection.

For the electricity sector, the 2011 IEPR will build on analyses and recommendations in the 2009 IEPR regarding the need for common planning assumptions among the state's energy agencies. It is essential that agencies use the same assumptions when assessing California's future electricity infrastructure needs and the best location for that infrastructure, particularly assumptions about the levels of preferred resources expected to be in place over the next decade. As part of this infrastructure planning assessment effort, the Committee anticipates requiring load serving entities to submit demand forecasts and resource plans according to forms and instructions established through current Energy Commission data collection regulations, Sections 1345-1349.

The 2011 IEPR will also examine the Energy Commission's process for satisfying California Environmental Quality Act requirements for evaluating greenhouse gas (GHG) emissions in power plants. The Energy Commission is responsible for evaluating the potential GHG emission impacts of proposed power plants as part of its power plant licensing responsibilities. In March 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.

In December 2009, the Energy Commission approved the Application for Certification of the Avenal Energy Project, a 600-megawatt power plant in the City of Avenal in Kings County. In its adopted decision, the Energy Commission determined that GHG emissions from a power plant's operation should be assessed in the context of the operation of the entire electricity system rather than by treating the plant as a stand-alone facility operating in a vacuum. In addition, the decision found that GHG emissions in power plants should be assessed in the context of the state's GHG laws and policies.

The *2011 IEPR* will evaluate the framework laid out in the Energy Commission's decision on the Avenal Project and refinements that may be needed for GHG decisions in future power plant licensing cases.

The Committee also intends to coordinate closely with the California Public Utilities Commission's (CPUC) 2010 Long Term Procurement Plan proceeding, as well as with other analytical efforts either planned or underway at the CPUC, the California Independent System Operator's recently consolidated transmission planning process, the California Air Resources Board, and the Renewable Energy Action Team. These efforts include analyses of electric system reliability in the South Coast Air Basin as required by Assembly Bill 1318 (V. Manuel Perez, Chapter 285, Statutes of 2009), the reliability impacts of the State Water Resources Control Board's state policy on once through cooling mitigation that was adopted May 4, 2010, impacts of integrating high levels of renewable resources on the state's transmission system, and efforts to facilitate planning of renewable energy projects such as the Desert Renewable Energy Conservation Plan.

The *2009 IEPR* also committed to addressing the following electricity sector topics in the *2011 IEPR*: the impacts of integrating increased levels of energy efficiency, demand response, renewables, combined heat and power, and other distributed generation into the electricity system; the transparency and quality of the Energy Commission's electricity and natural gas demand forecasts; the impact of electricity market structures on infrastructure planning processes; and reliability issues associated with potential outages at the state's nuclear facilities.

An important subtopic in the *2011 IEPR* will be energy storage as it relates to integrating preferred resources into the electricity system. Prior IEPRs have identified the need for energy storage as a strategy to help integrate variable renewable resources like wind, solar, and hydroelectricity into the electric system while maintaining reliability and grid stability. The use of energy storage can also help avoid or defer the need for new fossil peaking power plants, potentially reducing costs to ratepayers and decreasing the emissions associated with those facilities.

The *2011 IEPR* will also include information on transmission, energy efficiency, and resource adequacy that is required by statute, including:

- The Strategic Transmission Investment Plan required by Senate Bill 1565 (Bowen, Chapter 692, Statutes of 2004).
- Status of the comprehensive program to improve the energy efficiency of existing buildings that is required by Assembly Bill 758 (Skinner, Chapter 470, Statutes of 2009).
- Publicly owned utility (POU) 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: 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 Energy Commission determines that improvements could be made; an analysis of POU completion of the Energy Commission's previous recommendations and follow-up actions to ensure compliance with AB 2021; and an analysis of the POUs' 2010 potential study and targets and recommendations for future improvements.

- Resource adequacy efforts by publicly owned utilities in California, as required by Assembly Bill 380 (Núñez, Chapter 367, Statutes of 2005).

For the fuels and transportation sector, the 2011 *IEPR* will focus on the vehicle and infrastructure improvements that will help the state achieve its energy diversity, petroleum reduction, and GHG emission reduction goals. *The State Alternative Fuels Plan*, jointly adopted by the Energy Commission and the California Air Resources Board in December 2007, identified strategies to reduce California's dependence on petroleum fuels, increase energy diversity through in-state production and use of low-carbon and renewable fuels, and reduce GHG emissions from the transportation sector. The plan examined both near- and long-term strategies for California to increase the use of alternative fuels including providing necessary support infrastructure.

As part of its most recent investment plan for the Alternative and Renewable Fuel and Vehicle Technology Program, the Energy Commission identified a "pathway to 2020 and 2050." This pathway is based on the core analysis from the "2050 Vision" in *The State Alternative Fuels Plan* which has been updated to incorporate more recent fuel demand forecasts and updated carbon intensity values for alternative and renewable fuels. Based on the updated analysis, the investment plan identifies short-term investments that can provide immediate GHG benefits, as well as energy diversity and petroleum reduction benefits. It also identifies the array of alternative fuels and technologies needed to achieve longer-term GHG emission reductions.

The Alternative and Renewable Fuel and Vehicle Technology Program is an important strategy to help achieve California's energy and environmental goals. As required by Assembly Bill 109 (Núñez, Chapter 313, Statutes of 2008), the 2011 *IEPR* will include an evaluation of research, development, and deployment efforts funded by the Alternative and Renewable Fuel and Vehicle Technology Fund, including:

- The list of projects funded.
- Expected benefits of the projects in terms of air quality, petroleum use reduction, GHG emissions reduction, technology advancement, and progress towards achieving these benefits.
- The overall contribution of the funded projects toward promoting a transition to a diverse portfolio of clean, alternative transportation fuels and reduced petroleum dependency in California.
- Key obstacles and challenges to meeting these goals identified through funded projects.
- Recommendations for future actions.

In addition to the detailed evaluation of the Alternative and Renewable Fuel and Vehicle Technology program, the *2011 IEPR* will also look broadly at trends in technology and infrastructure development for conventional, alternative, and renewable fuels, and include assessments and analyses of transportation fuel supply, demand, and prices.

In addition to topics unique to each energy sector, the *2011 IEPR* will also present recommendations to address barriers to the development of bioenergy related to both electricity and transportation fuels. These recommendations will be based on findings in the *2010 Bioenergy Action Plan*, development of which is being overseen by the Energy Commission’s Renewables Committee.

2011 Integrated Energy Policy Report Schedule

The *2011 IEPR* proceeding will use the following general schedule of key milestones. When workshop and hearing topics and dates are finalized, they will be posted on the Energy Commission’s website and stakeholders will be notified at least 10 days in advance.

2011 IEPR Task	Date
Issue Order Instituting Informational Proceeding for <i>2010 IEPR Update</i> and <i>2011 IEPR</i>	March 24, 2010
Staff and Committee Workshops and Hearings on Specific Topics	October 2010–June 2011
Issue <i>Committee Draft 2011 IEPR</i>	August 2011
Committee Hearing on <i>Draft 2011 IEPR</i>	September 2011
Issue <i>Committee Final 2011 IEPR</i>	October 2011
Business Meeting Adoption	November 2011

Participation in the Integrated Energy Policy Report Proceeding

The *2011 IEPR* policy recommendations will be based on the record developed during the proceeding, including data and technical analyses by the staff and by other participants. In addition, analysis and information developed as part of other proceedings at the Energy Commission and by other agencies will be incorporated as appropriate. The Committee has opened a new docket, 11-IEP-1, for the *2011 IEPR* proceeding. Parties will be directed to use this docket and related subdockets listed below when submitting information for the Energy Commission’s consideration.

- 11-IEP-1A – General/Scope
- 11-IEP-1B – Electricity Resource Plans
- 11-IEP-1C – Electricity Demand Forecast
- 11-IEP-1D – Electric Reliability
- 11-IEP-1E – Transmission Planning
- 11-IEP-1F – Energy Efficiency/Demand Response
- 11-IEP-1G – Renewables

- 11-IEP-1H – Distributed Generation
- 11-IEP-1J – Nuclear Issues
- 11-IEP-1K – Natural Gas Supply, Demand, Price
- 11-IEP-1L – Transportation Fuels and Infrastructure
- 11-IEP-1M – Land Use
- 11-IEP-1N – Research and Development
- 11-IEP-1O – Climate Change/GHG Emission Reduction

The Committee encourages the active participation of all interested and affected stakeholders to ensure a complete and thorough record. As in previous proceedings, the Committee recognizes that close coordination with federal, state, local, tribal, and other agencies is critical to identifying and addressing energy infrastructure and related environmental challenges. The Committee directs staff to continue working with these agencies to ensure their participation in this proceeding.

The Energy Commission’s Public Adviser provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this proceeding, please contact the Public Adviser’s Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [PublicAdviser@energy.state.ca.us].

News media inquiries should be directed to the Media and Public Communications Office at (916) 654-4989 or by e-mail at [mediaoffice@energy.state.ca.us]. Technical questions should be directed to Suzanne Korosec, Assistant Director of Policy Development, at (916) 654-4516 or by e-mail at [skorosec@energy.state.ca.us].

Date: August 31, 2010

KAREN DOUGLAS
 Chairman and Presiding Member
 Integrated Energy Policy Report Committee

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 Commissioner and Associate Member
 Integrated Energy Policy Report Committee

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