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SoCalGas Comments on the Joint En Banc on Consumer and Retail Choice

Additional submitted attachment is included below.

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California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Comments on the Joint En Banc on Changing Nature of Consumer and Retail Choice in California, Docket number 17-IEPR-01

Dear Commissioners:

Southern California Gas Company (SoCalGas) appreciates the opportunity to comment on the Joint En Banc on Changing Nature of Consumer and Retail Choice in California, held on May 19, 2017. We specifically address assumptions made in the California Public Utilities Commission (PUC) Staff White Paper that fuel switching in the natural gas industry is a state greenhouse gas (GHG) reduction strategy[1]. We assert that fuel switching (or fuel substitution) from natural gas to electric infrastructure and end-uses would, in fact, impede the State from reaching its 2030 GHG reduction goals.

SoCalGas supports California's ambitious climate and energy efforts, and encourages the CEC and PUC to consider both the impacts to ratepayers as well as the State's environmental objectives when evaluating proposals such as fuel switching and fuel substitution.

Electrification of Final End-Uses Impedes Implementation of Climate Goals

In Part 3 of the Staff White Paper, "fuel switching in the natural gas industry" is included as one of "California's GHG strategies." SoCalGas cautions that including electrification of final end-uses as a strategy to reduce energy consumption may preclude implementing California's goals to increase the use of renewable gas in the transportation and building sectors. The State recently adopted several policies that rely on the continued use of natural gas infrastructure to meet the State's decarbonization goals. Specifically, Senate Bill (SB) 1383 (Chapter 395, Statutes of 2016) and the California Air Resources Board's (CARB) Short-Lived Climate Pollutant (SLCP) Reduction Plan require the increased use of renewable gas to reduce methane from organic sources by 40% by 2030, including injection into natural gas pipelines and utilization in the

[1] Consumer and Retail Choice, the Role of the Utility, and an Evolving Regulatory Framework, CPUC, May 2017, p. 13.

transportation sector.[2] Reliable natural gas infrastructure is crucial to meeting these objectives and the delivery of renewable gas to end-uses.

Furthermore, CARB's 2017 Climate Change Scoping Plan Update relies heavily on the SLCP Reduction Plan to achieve about one-third of GHG reductions needed to reach the 2030 goals[3] and demonstrates that California can meet its 2030 goals *without* electrification of buildings. The Proposed Scoping Plan Scenario (Proposed Scenario) analysis states that "this scenario does not include fuel-switching of natural gas or diesel end uses to electric end uses."[4] Rather, the 2030 goal can be met by extending existing programs such as Cap-and-Trade and the Low Carbon Fuel Standard, and implementation of new legislation such as SB 1383. CARB's economic analysis also demonstrates that the Proposed Scenario achieves the 2030 goal in a more cost-effective manner than alternative scenarios that include electrification of buildings.[5]

Natural gas use in ultra-low emitting technology applications will also help achieve GHG emission reductions targets and generate air quality benefits. Replacing the use of fossil natural gas with renewable gas could be an effective "fuel-substitution" measure – not only to reduce GHGs associated with energy use, but also to reduce methane emissions from organic sources, which account for over 80% of California's methane emissions. Renewable gas can be used for all existing natural gas end-uses to lower net life-cycle GHG emissions by at least 40%.[6] A CARB/UC Davis study estimated that around 20% of California's residential natural gas can be supplied by renewable gas from organic sources such as dairy manure, landfills, organic municipal solid waste, and wastewater treatment facilities.[7]

Conclusion

SoCalGas appreciates the CEC's consideration of these comments in the 2017 IEPR and looks forward to continuing to work on advancing California's energy policy goals and objectives. In crafting policy to reach those goals, we believe the CEC and PUC should consider both the financial impact to ratepayers of policy decisions as well as their environmental benefits.

Please do not hesitate to contact us for more information.

Sincerely,

/s/ Tim Carmichael

Tim Carmichael
Agency Relations Manager
Southern California Gas Company

[2] CARB Short-Lived Climate Pollutant Reduction Strategy, March 2017, p. 66.
[3] CARB Proposed Scoping Plan, January 2017, Figure 2, p. 41.
[4] CARB Proposed Scoping Plan, January 2017, Appendix D, p. 8. Available at https://www.arb.ca.gov/cc/scopingplan/app_d_pathways.pdf.
[5] CARB Scoping Plan, January 2017, Appendix E, p. 17. Available at https://www.arb.ca.gov/cc/scopingplan/app_e_economic_analysis_final.pdf.
[6] https://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf.
[7] https://www.arb.ca.gov/research/apr/past/13-307.pdf.