DOCKETED	
Docket Number:	22-IEPR-01
Project Title:	2022 Integrated Energy Policy Report Update
TN #:	242423
Document Title:	SoCalGas Comments on the 2022 IEPR Update Draft Scoping Order
Description:	N/A
Filer:	System
Organization:	Southern California Gas Company
Submitter Role:	Public
Submission Date:	3/22/2022 4:06:35 PM
Docketed Date:	3/22/2022

Comment Received From: Southern California Gas Company
Submitted On: 3/22/2022
Docket Number: 22-IEPR-01

SoCalGas Comments on the 2022 IEPR Update Draft Scoping Order

Additional submitted attachment is included below.

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March 22, 2022

The Honorable Siva Gunda
Vice Chair, California Energy Commission
Docket Unit, MS-4
Docket No. 22-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Comments on the 2022 IEPR Update Draft Scoping Order

Dear Vice Chair Gunda,

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide comments on the California Energy Commission's (CEC) 2022 Integrated Energy Policy Report (IEPR) Update Draft Scoping Order. The 2021 IEPR made considerable progress in distilling public policy recommendations to propel California towards reaching its decarbonization goals in 2045, while simultaneously maintaining an integrated electric and gas energy system that can be affordable, reliable, and resilient. The 2022 IEPR Update presents an opportunity to continue this momentum and would benefit from detailed proposals in the Scoping Order. With this in mind, our comments focus on the following topics: 1) The CEC should consider near-term air pollution reductions and supporting technologies in its equity and environmental justice framework to assure benefits to disadvantaged communities; 2) The California Planning Library could be used to streamline gas system decommissioning efforts; and 3) Additional emerging topics that can expedite achieving decarbonization goals should be considered in the 2022 IEPR Update Scoping Order.

1) **The CEC should consider near-term air pollution reductions and supporting technologies in its equity and environmental justice framework to assure benefits to disadvantaged communities.**

As SoCalGas stated in our comments on the 2021 IEPR Draft Scoping Order, we must make sure that our policies and investments benefit disadvantaged communities as we move towards a decarbonized energy economy.[1,2] Prioritizing equity and environmental justice assures disadvantaged communities will not disproportionately bear the brunt of costs from the energy transition. This consideration is critical as California moves toward a decarbonized economy while maintaining an energy system that is affordable, reliable, and resilient.

One high priority equity and environmental justice issue that needs to be addressed to benefit disadvantaged communities should be near-term air pollution reductions and supporting technologies.[3] Recognizing this, Senator Bob Wieckowski, at the Senate Budget and Fiscal Review Subcommittee on the Zero-Emission Vehicle Package, asked California Air Resources Board (CARB) and CEC representatives, "shouldn't [the State] consider short-term solutions for immediate emission reductions today?"[4] There are several affirmative pathways for this to be accomplished. For example, replacing traditional diesel or gasoline with renewable natural gas (RNG) in heavy duty trucks can significantly reduce nitrogen oxide (NOx), particulate matter, and greenhouse gas emissions today. These vehicles are commercially available now and capable of replacing diesel-fueled vehicles on a one for one basis. Matt Miyasato, Deputy Executive Officer of Science and Technology Advancement for the South Coast Air Quality Management District (SCAQMD) similarly recognized the importance of achieving near-term air pollution reductions through technologies that are available today in his remarks at the Senate Transportation Committee Informational Hearing on Sustainable Transportation, noting that zero-emission technologies for heavy duty trucks are "not available in large volumes."[5] Nor are there standardized charging equipment specifications and/or available public charging networks to support mass battery-electric trucking purchasers of Classes 7 and 8 trucks. Additionally, Classes 7 and 8 hydrogen fuel cell trucks, the most viable zero-emission vehicle solution, are still in demonstration phases. Given these circumstances, California should embrace available technologies, where feasible, to reduce harmful air pollution today while planning for the future. Mr. Miyasato urged policy makers to act by saying, "…we should be saving lives today by putting out a cleaner technology that is commercially available in large numbers...we can clean the air while we plan for a zero emissions future."[6]

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[1] *See* "SoCalGas Comments on the 2021 IEPR Draft Scoping Order," SoCalGas, February 19, 2021, available at: https://efiling.energy.ca.gov/getdocument.aspx?tn=236856.

[2] The Joint Agencies Disadvantaged Communities Advisory Group (DACAG) defines disadvantaged communities as those that consist of communities in the 25% highest scoring census tracts according to the most recent version of the California Communities Environmental Health Screening Tool (CalEnviroScreen); all California tribal lands; census tracts with area median household income/state median income, less than 80 percent; and households with median household income less than 80 percent of area median income (AMI).

[3] *See* Legislative Analyst Office comments on Zero-Emission Vehicle Package for the Senate Budget and Fiscal Review Subcommittee Number 2 Hearing held March 2, 2022, at page 10, available at https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Sub%202%20Agenda%203.2%20Final.pdf.

[4] *Ibid*.

[5] *See* Senate Transportation Committee Informational Hearing on Sustainable Transportation: Reducing GHG Emissions from Medium-, Heavy-Duty, and Non-Road Vehicles held February 15, 2022, available at https://www.senate.ca.gov/media/senate-transportation-committee-20220215/video.

[6] *Ibid.*

2) **The California Planning Library could be used to streamline gas system decommissioning efforts.**

The CEC's proposal to create a California Planning Library can streamline policymaking efforts as it will consolidate various IEPR energy demand forecasts and scenarios including end-user gas, electricity, and transportation fuel demand forecasts to 2035, as well as energy demand scenarios to assess long-term decarbonization policy impacts on gas and electricity demand to 2050. We believe this library format will support releasing gas and electricity demand and forecast data in a timely and orderly fashion making it readily accessible to inform proceedings at sister agencies, such as in the California Public Utilities Commission (CPUC) Gas Planning Order Instituting Rulemaking 20-01-007 (OIR).

This library format is also relevant to the CEC's gas system decommissioning planning efforts, and to related CEC-funded research and pilot projects. As there are multiple proceedings focused on long-term gas system planning occurring in parallel, gas network decommissioning efforts should be completed in a streamlined fashion so that the most up-to-date data can be used to inform and enable the best decision-making for California residents.

3) **Additional emerging topics that can expedite achieving decarbonization goals should be considered in the 2022 IEPR Update Scoping Order.**

The CEC's recognition of the role of hydrogen in helping decarbonize California's energy system will be an emerging topic that should continue to be discussed in the 2022 IEPR Update proceedings. We respectfully submit the following topics that can expedite achieving decarbonization goals for additional consideration in the 2022 IEPR Update:

- *Long-duration storage as part of California's energy reliability portfolio*

Long-duration hydrogen storage has the potential to be crucial component of the State's energy reliability portfolio and will help California attain greater grid resilience. The Lawrence Livermore National Laboratory (LLNL), currently conducting modeling to determine the feasibility of hydrogen storage in subsurface systems such as salt dome structures and caverns, has stated long-duration hydrogen storage is a "critical component of a low-carbon energy future."[7] Supporting hydrogen infrastructure development by implementing hydrogen policies to scale the adoption of hydrogen energy storage would help to drive down costs. Given the lead time on development of long-duration storage assets and the vital role hydrogen can play in a transportation and storage network, the 2022 IEPR Update should examine planning criteria to accelerate deployment of these assets.

[7] *See* "LLNL, other labs to study hydrogen storage," LLNL, July 9, 2021, available at: https://www.llnl.gov/news/llnl-other-labs-study-hydrogen-storage.

- *Hydrogen infrastructure clusters can help decarbonize hard-to-abate sectors like industry and heavy-duty transportation*

Industrial processes for heavy industry, such as steel, cement, and chemicals, among others, require high temperatures and are therefore difficult to electrify. Enabling the decarbonization of the gaseous fuel needed by these industries would be a big step towards advancing decarbonization in California while supporting a robust economy. As CEC staffer Ilia Krupenich pointed out during the CEC Gas Research and Development (R&D) Workshop, "renewable hydrogen can decarbonize high-temperature industrial processes, which accounts for approximately 20 million metric tons of carbon dioxide (CO_2) equivalent emissions per year."[8, 9] SoCalGas' Clean Fuels Report describes the detailed buildout of a potential clean fuels network in Southern California as part of our company's Clean Fuel Strategy.[10] The new hydrogen delivery infrastructure could be used to deliver hydrogen at significant volumes to industrial customers and long-haul truck refueling stations, which would help to decarbonize heavy-duty trucks.[11] Recently, SoCalGas has announced a proposal to establish a memorandum account to analyze the potential for a hydrogen pipeline in Southern California, which could support decarbonization of dispatchable electric generation, hard-to-electrify industries, and heavy-duty transportation.[12] Angeles Link would deliver green hydrogen in an amount equivalent to almost 25 percent of the natural gas SoCalGas delivers today and eliminate an estimated 14.3 million metric tons of carbon dioxide from the air annually – the equivalent of taking 3.1 million cars off the road.[13]

Industrial clusters provide a unique platform to aggregate energy demand and create a scalable internal market for hydrogen that can be used in these industrial processes. Benefits of a cluster for this sector include the reduction of emissions to avoid potential carbon taxes and associated financial consequences, as well as a business opportunity through the development of premium low-carbon products. Furthermore, an increased visibility on industrial demand for different sources of energy can aid capital expenditure planning and strategic outlook for energy companies. SoCalGas has provided additional details on the many considerations that need to be into taken account for developing hydrogen industrial clusters in written comments on the CEC's Staff Workshop to Discuss Proposed Natural Gas Research Initiatives for Fiscal Year 2022-2023.[14]

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[8] The CEC Gas R&D Workshop took place on January 19, 2022. More information can be found here: https://www.energy.ca.gov/event/workshop/2022-01/gas-rd-workshop.

[9] *See* "Proposed Natural Gas Research Initiatives for Fiscal Year 2022-23," CEC, January 19, 2022, available at: https://www.energy.ca.gov/sites/default/files/2022-01/FY_2022-23_Gas_R_and_D_Initiatives_Presentation_ADA.pdf.

[10] *See* "SoCalGas Clean Fuels Report," SoCalGas, available at: https://www.socalgas.com/sites/default/files/2021-10/Roles_Clean_Fuels_Full_Report.pdf.

[11] *Ibid.*

[12] *See* "A. 22-02-007 Angeles Link Project Memorandum Account Application," February 17, 2022, available at https://www.socalgas.com/sites/default/files/A22-02-SOCALGAS-Angeles_Link_Memorandum_Account_Application.pdf.

[13] *See* "SoCalGas Angeles Link: Shaping the Future with Green Hydrogen," SoCalGas, February 2022, available at https://www.socalgas.com/sustainability/hydrogen/angeles-link.

[14] *See* "SoCalGas Comments on the CEC Gas Research and Development (R&D) Workshop," SoCalGas, January 31, 2022, available at: https://efiling.energy.ca.gov/GetDocument.aspx?tn=241348&DocumentContentId=75302.

- *Impact of recently approved CPUC renewable gas procurement targets*

The CPUC recently established renewable gas procurement targets for utilities, including SoCalGas, to reduce short-lived climate pollutant (SLCP) emissions.[15] The CPUC stated, "Renewable gas procurement will reduce otherwise uncontrolled methane and black carbon emissions in our waste, landfill, agricultural and forest management sectors."[16] The decision can help California achieve a 40 percent reduction in emissions of methane and other SLCPs by 2030. The decision coincides with Senate Bill (SB) 1440 which authorizes the CPUC to adopt biomethane procurement targets or goals for the gas utilities it regulates and SB 1383 which requires California to reduce emissions of methane by 40 percent below 2013 levels by 2030. The 2022 IEPR Update Scoping Order should include analysis of the impacts of this recent development, as well as incorporate the renewable gas procurement targets in the development of policies to increase production and use of renewable gas.

Conclusion

SoCalGas looks forward to continuing to collaborate with the CEC on the upcoming 2022 IEPR Update proceedings. The challenges to successfully navigating the magnitude of decarbonization will be best surmounted through processes and dialog that are open to participation and perspectives across all market participants and stakeholders. Thank you again for the opportunity to participate in the initial process of the 2022 IEPR Update.

Respectfully,

/s/ Kevin Barker

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[15] *See* "CPUC Sets Biomethane Targets for Utilities," CPUC, February 24, 2022, available at: https://www.cpuc.ca.gov/news-and-updates/all-news/cpuc-sets-biomethane-targets-for-utilities.
[16] *Ibid.*