



# California Public Utilities Commission Committee on Finance and Administration



**Report on Strategic Directive 08**

**Climate Change**

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# Strategic Directive 08 – Climate Change

The CPUC promotes greenhouse gas (GHG) reductions through its decisions and leadership for the benefit of California's residents, ecosystems, climate and economy. Within its jurisdictional authority, the CPUC will:

- a. Further California's goal to reduce GHG emissions to 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050;
- b. Consider adaptation to the impacts of climate change in CPUC decisions and assure that activities by CPUC-regulated entities are so informed.





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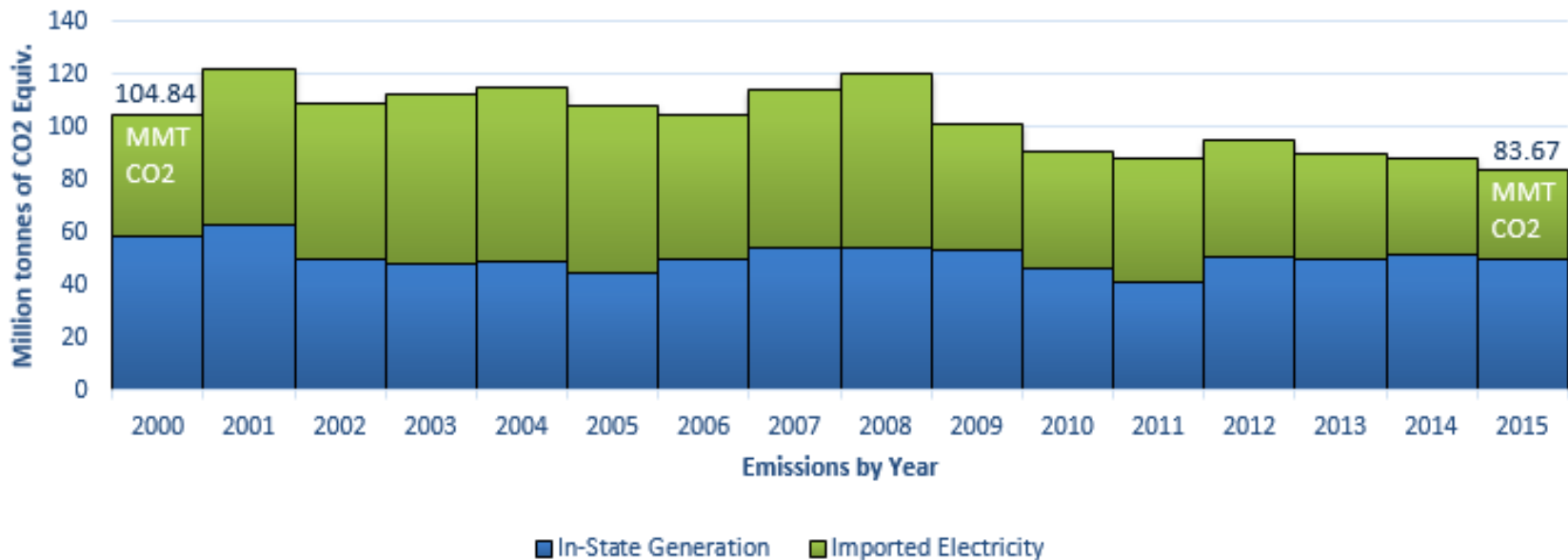


# Energy Sector GHG Emissions

GHG emissions from the Electricity Sector have decreased:

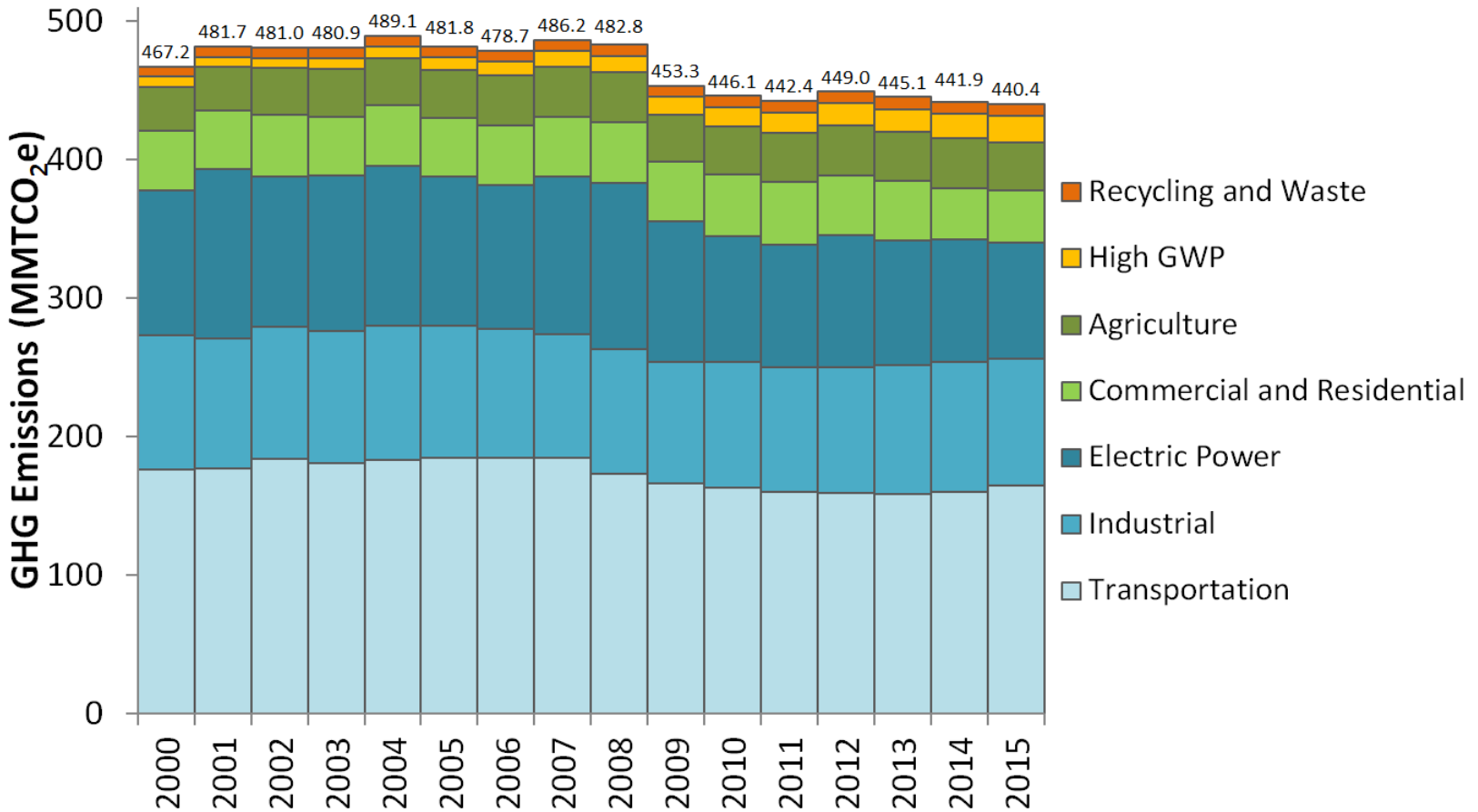
- 20% from 2000 to 2015
- 30% from 2008 to 2015

## Electric Sector Emissions Changes, 2000-2015





# Emissions by Source – Dropping since 2004





# Transportation Sector GHG Emissions

- The transportation sector accounts for a plurality of GHG emissions in CA (39% in 2015).
- While aggregate emissions are falling in CA, transportation section emissions continue to rise (3% between 2014 and 2015). On-road passenger vehicles account for 69% of transportation sector emissions that are rising ever faster (5.6% between 2014 and 2015).
- Within the next 12 months, the Commission plans to hold a workshop in R.12-12-011 on issues related to reducing transportation emissions in the for-hire vehicle sector.





# Other Suggested Metrics

1. 100% of CPUC cost-effectiveness calculations include total cost of GHG

2. 100% of relevant procurement **take into account** GHG impact.

3. 100% of CPUC-regulated entities are on track to meet GHG goal





# 1. Cost Effectiveness

- Since June 2017, all distributed energy resource proceedings utilize the same GHG adder as a consistent avoided cost, which is now determined in the Integrated Resource Plan (IRP) proceeding.
- All DER cost effectiveness analyses must use the same avoided costs per a June 2016 decision.  
(EE business plan applications and annual budget filings; DR budget applications; ESA budget applications; CSI thermal; and SGIP; and future proceedings to revisit NEM.)
- Staff is proposing a common resource valuation method (CRVM) for both supply and demand side resources which would incorporate both the cost effectiveness methods used on the demand side and least cost best fit methods used on the supply side.







## 2. “Take into Account GHG Impacts”

How should we measure this sub-element?





### **3. 100% of CPUC-regulated entities are on track to meet GHG goal**

1. Potentially use SB 1110 Product Content Label in Future to track this metric.
2. Suggest that a more important metric is to review the energy sector as a whole and maybe the energy sector's impact on other sectors.





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# Adaptation Proceeding

The CPUC has initiated [R.18-04-019](#) to consider strategies and guidance to address the impacts of climate change on utility functions. Phase 1 of this Rulemaking will consider:

- How to define climate change adaptation for the electricity and natural gas utilities.
- Ways to address climate change adaptation issues in Commission proceedings and activities to ensure safety and reliability of utility operations.
- Data, tools, and resources necessary for utility planning and operations related to climate adaptation.
- Risks facing the electric and natural gas utilities with respect to climate change adaptation and the magnitudes of these risks.
- Guidance to electric and gas utilities on how to incorporate adaptation into their planning and operations.





# Compliance with Strategic Directive 08

- CPUC staff believe the organization is substantially in compliance with Strategic Directive 08.





# Questions?

