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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into Policies to Promote a Partnership Framework between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs.

Rulemaking 13-12-011
(Filed December 19, 2013)

ASSIGNED COMMISSIONER'S RULING REQUESTING COMMENTS TO SUPPORT INTEGRATION OF THE EMBEDDED COST OF NATURAL GAS INTO THE WATER-ENERGY COST CALCULATOR

The purpose of this Assigned Commissioner's Ruling is to support development of recommendations on how to effectively integrate and calculate the associated indirect natural gas energy it takes to move and treat water into the Water-Energy Cost Calculator.

The Commission adopted the initial version of the Water-Energy Cost Calculator in Decision (D.) 15-09-023. The current tool calculates the embedded electric energy associated with water use and the avoided electric capacity cost associated with water savings but does not capture the value of natural gas embedded energy. In light of the natural gas leak at the Aliso Canyon storage facility, reducing use and conserving natural gas has become of even greater importance to the State of California and its residents.

The state of emergency at Aliso Canyon highlights the important role that natural gas plays in our infrastructure. California's ongoing drought has prompted the issuance of states of emergency and additional governor executive

orders. A primary purpose of the Water-Energy Cost Calculator is to document the relationship between energy and water. The calculator can assist the state to conserve water, conserve energy, and mitigate the negative impacts of the drought by identifying water saving opportunities that also save electricity and natural gas and supporting a framework for energy and water utilities to co-fund programs that reduce energy consumption in supplying, conveying, treating, and distributing water.

On February 10, 2016, the assigned Administrative Law Judge issued a Ruling to develop the record to update the Water-Energy Cost Calculator. In response, parties provided some comments on how much natural gas is used in water and waste-water operations, but this question deserves a more detailed evaluation in order to gain a better understanding of natural gas-related embedded energy savings that can come from water savings, in light of the Aliso Canyon emergency.

Parties are requested to comment on the following topics within 20 days:

- 1) Please propose overall strategies to enhance or augment the water energy calculator to recognize embedded use of natural gas;
- 2) Please detail both the embedded and direct use of natural gas in any and all places in the California water system not currently captured by the Water-Energy Cost Calculator;
- 3) For the utilities, please identify the appropriate contact person in the area of conservation and partnership programs for further communication and programmatic updates. We anticipate that there will be additional workshops on both the calculator in particular and in the water/energy nexus proceeding in general; and
- 4) Should we form a Natural Gas/Water/Energy Nexus Working Group? If so, what should its charge be regarding Cost Calculator 2.0 proposals, the Aliso Canyon

State of Emergency, or other Natural Gas/Water/Energy
Nexus issues.

IT IS RULED that Comments in response to this ruling may be filed in
20 days and reply comments 10 days afterwards.

Dated August 3, 2016 at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL
Catherine J.K. Sandoval
Assigned Commissioner