

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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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.

R.13-12-011  
(Filed December 19, 2013)

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK IN RESPONSE TO  
THE ASSIGNED COMMISSIONER'S RULING REQUESTING COMMENTS TO  
SUPPORT INTEGRATION OF THE EMBEDDED COST OF NATURAL GAS INTO  
THE WATER-ENERGY COST CALCULATOR**



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**I. Introduction**

On August 3, 2016, Commissioner Sandoval issued the *Assigned Commissioner’s Ruling Requesting Comments to Support Integration of the Embedded Cost of Natural Gas into the Water-Energy Cost Calculator*. The Ruling seeks comments on how to calculate the indirect natural gas energy it takes to move and treat water, and incorporate it into the Water-Energy Cost Calculator (Calculator) adopted by the California Public Utilities Commission (CPUC or Commission) in Decision 15-09-023. Opening comments were filed on August 23, 2016 by Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SCG) and San Diego Gas & Electric Company (SDG&E) (“Joint Utilities”), The Utility Consumer Action Network (UCAN), and the Association of California Water Agencies and California Municipal Utilities Association (ACWA-CMUA).

Pursuant to the Assigned Commissioner’s Ruling, TURN offers the following reply comments in response to the opening comments of PG&E and ACWA-CMUA.

**II. The Commission should not Prioritize Gas-Related Embedded Energy Savings as an Expansion of the Calculator at this Time**

TURN is not aware of any data clearly demonstrating that incremental energy savings can be captured from the more efficient use of gas-related embedded energy in water.

Therefore, TURN agrees with other parties this is not the appropriate time to focus on expanding the Calculator. Based on a greater understanding of the facts and issues, PG&E modified their previously categorized position that the addition of default gas energy-intensity

values is a high-priority update to the Calculator. In making this determination, PG&E references the three “Embedded Energy in Water Studies,” prepared for the CPUC in 2010–2011 to explore the water-energy relationship (CPUC Water Studies). The CPUC Water Studies indicate that very little natural gas is used in the provisioning of water.<sup>1</sup>

Similarly, ACWA and CMUA clarify the often-misinterpreted 2005 California Energy Commission (“CEC”) statistics regarding energy consumption associated with water systems. ACWA and CMUA explain that the CEC report concludes that California’s “Water Sector” uses 19% of the state’s electricity and 32% of the state’s natural gas, not used for power generation, and the *vast majority* of this energy is not associated with the production, treatment, or distribution of urban and agricultural water, but is associated with *customer end uses*.<sup>2</sup> ACWA and CMUA further point out that the CEC report details that a total of 99% of the non-power plant natural gas use associated with the “Water Sector” is from customer end uses.<sup>3</sup> ACWA and CMUA concluded that because less than 0.2% of the natural gas used in California is used for water conveyance, treatment and distribution, integrating the embedded cost of natural gas into the calculator does not further the general purpose of this Rulemaking.<sup>4</sup>

PG&E provides further information regarding the actual level of natural gas usage in the provision of water. The 2015 update of PG&E’s “Energy Baseline Study for Municipal Wastewater Treatment Plants” confirmed that natural gas usage at wastewater treatment plants is low, beyond what is used to produce the electricity provided to the plants.<sup>5</sup> The natural gas

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<sup>1</sup> PG&E Opening, p. 3.

<sup>2</sup> ACWA and CMUA Opening, p. 2.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at p. 4.

<sup>5</sup> PG&E Opening, p. 2.

used to produce electricity is already accounted for in the electric portion of the Water-Energy Cost Calculator.<sup>6</sup>

Given these findings, PG&E recommends that the CPUC not target gas-related embedded energy savings as an expansion of the Calculator at this time. PG&E states “further efforts to incorporate this into the Calculator would be a distraction from including and accurately capturing the much more significant energy source, which is electricity.”<sup>7</sup> PG&E notes that the inclusion of electricity in the Calculator already accounts for the natural gas used to produce and deliver water resources.<sup>8</sup> PG&E recommends prioritizing expediting the implementation of the initial Calculator adopted in D.15-09-023.

TURN appreciates PG&E’s additional review and analysis of gas-related embedded energy savings. TURN also appreciates ACWA and CMUA’s clarification of the CEC data that shows natural gas use in water is predominately for customer end uses, which will decline over time “as electric utilities work to meet the renewable portfolio standard of 50% renewable energy sources by 2030.”<sup>9</sup> For these reasons, TURN agrees with PG&E’s recommendation that the CPUC not focus on gas-related embedded energy savings as an expansion of the Calculator at this time.

Regarding opportunities to improve the efficiencies of water and wastewater treatment facilities, TURN reiterates one of its recommendations from the Water-Energy Nexus Workshop on Cost Allocation held on May 4, 2015. TURN recommends that the Commission

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<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> ACWA and CMUA Opening, p. 3.

consider integrated distributed energy resource opportunities to recover gas off of wastewater systems and use that gas to generate electricity.<sup>10</sup>

### **III. TURN Supports ACWA and CMUA’s Recommendation that the Aliso Canyon State of Emergency is Outside of the Scope of this Proceeding**

TURN and ACWA and CMUA acknowledge and understand the Commission’s interest in identifying water saving opportunities that also save electricity and natural gas in order to advance opportunities that will help address the Aliso Canyon State of Emergency.<sup>11</sup> However, ACWA and CMUA noted that the scope of the Rulemaking has been broadened many times and urged the Commission and the parties to this proceeding to focus on the issues that were identified in the Amended Scoping Memo. TURN agrees with ACWA and CMUA that the Aliso Canyon State of Emergency would be more expeditiously addressed in a separate proceeding and that the issues identified in the April 27, 2014 Amended Scoping Memo and Ruling should be the focus of this proceeding.

### **IV. Conclusion**

TURN appreciates the opportunity to provide these reply comments and looks forward to working with the Commission, energy and water utilities, and other parties on these important issues. TURN encourages the Commission to focus on operationalizing and finalizing the implementation of the version of the Calculator adopted in D.15-09-023 so that the tool can be used to evaluate electricity related embedded energy savings of various programs and proposals.

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<sup>10</sup> R.13-12-001, TURN Post-Workshop Comments Water-Energy Nexus Workshop on Cost Allocation, June 15, 2015, p. 3, FN. 8.

<sup>11</sup> ACWA and CMUA Opening, p. 5.

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Respectfully submitted,

By: \_\_\_\_\_ /s/

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