



**Dawn Wilson**  
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Michael Tollstrup  
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Mr. Tollstrup,

Southern California Edison Company (“SCE”) respectfully submits its comments to the California Air Resources Board (“ARB”) on its Climate Change Scoping Plan Update (“Draft Update”). SCE appreciates this opportunity to comment on the topics discussed, elements of the Scoping Plan as updated, progress since the 2008 Scoping Plan, and ARB’s focus on post-2020 activities. These comments focus on six points:

1. SCE continues to support AB 32 and believes that electric utilities can play a key role in achieving the state’s long-term climate goals.
2. While SCE agrees with ARB staff that a comprehensive state energy plan is desirable, this will require serious analysis before additional action.
3. Combined Heat and Power (CHP) targets are a clear example of where revised analysis is necessary.
4. SCE believes California’s approach to reducing GHG emissions should not just allow cross-sector opportunities – it should encourage them.
5. Any future sector-specific “targets” must recognize cross-sector actions.
6. California’s climate policy must be developed as an integrated part of a much larger whole.

**SCE continues to support AB 32 and believes that electric utilities can play a key role in achieving the state’s long-term climate goals.** From energy efficiency measures to transportation electrification, SCE has developed experience implementing many of the actions recommended in this Draft Update. As the State determines future climate policies, SCE looks forward to sharing that experience, and learning from the experience of others, through a robust stakeholder process.

**While SCE agrees with ARB staff that a comprehensive state energy plan is desirable, this will require serious analysis before additional action.** Central to this comprehensive approach must be a transparent analysis of proposed emission reduction measures – regardless of the sector they fall into – in order to determine and pursue least-cost abatement opportunities. In addition, an objective environmental and economic evaluation of some *existing* measures is necessary, as it will help inform post-2020 policy pathways. Waiting five more years until the 2018 Scoping Plan Update will be too late to conduct this

much-needed analysis, as many of the recommended actions found in this Draft Update are proposed to begin before 2018. If the analysis is done now it can help inform policy choices.

In 2008, the original Scoping Plan developed emission reduction measures based on forecasts of potential abatement and the economic cost that would result. Now the State can use its experience with these measures to evaluate the actual emission reductions produced as well as the cost of the measures.

**Combined Heat and Power (CHP) targets are a clear example of where revised analysis is necessary.** The 2008 Scoping Plan included a target of 4,000 MW of new Combined Heat and Power capacity (“CHP”). However, as a result of measures adopted by the ARB and other regulatory agencies, the electric grid is benefiting from lower-emitting generation. As renewable generation increases and as less coal-fired generation is used, the potential for emission reductions from CHP is further reduced. Because of this, the ARB should evaluate and update the CHP policy target established in the 2008 Scoping Plan and allow California customers to benefit from a more accurate evaluation of the benefits of this policy.

Along with technical changes, economic changes over the past five years have affected the economic efficiency of the CHP policy. The 2008 Scoping Plan stated that 4,000 MW of new cogeneration capacity would be available, producing 30,000 GWh of generation. This additional CHP was forecast to reduce emissions by 6.7 mmtons. The industrial need for heat, which is the underlying factor driving the supply of CHP, decreased as a result of the recession, as have the opportunities for efficient CHP. ARB has already recognized this fact in its Updated Economic Analysis of California’s Climate Change Scoping Plan (“Updated Analysis”). This updated analysis, which recognized the economic conditions resulting from the recession, showed that less than 30,000 GWh of CHP potential was available: “The policy calls for a target of 30,000 GWh. However, the model did not find this level of self-generation potential to be available, so a lesser amount is actually achieved.”

The Draft Update references ARB’s earlier study and maintains the goal of obtaining 4,000 MW of new CHP. Because the ARB’s revised economic analysis showed that 4,000 MW of new CHP was not cost-effective, pursuing this target could risk violating the cost-effectiveness requirement of AB 32.

**SCE believes California’s approach to reducing GHG emissions should not just allow cross-sector opportunities – it should encourage them.** In principle, compliance entities should be encouraged to pursue least-cost abatement opportunities in whatever sector they can be found. SCE continues to believe the best way to encourage this is through a robust cap-and trade program, not through additional regulatory mandates.

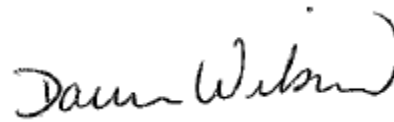
**Any future sector-specific “targets” must recognize cross-sector actions.** Sector targets should be understood as guidelines for State-level planning purposes only. Otherwise, future targets will function as silos, effectively cutting off cross-sector collaboration. For example, the energy and transportation sectors are linked through many of the recommended actions found in this Scoping Plan Update. The transition from fossil fuels to electrification will be one of the most obvious examples of the need for cross-sector accounting. If a utility engages in actions that promote transportation electrification, and thereby reduces GHG emissions from the transportation sector, that utility and the overall energy sector should receive due credit for those emission reductions.

**Finally, California’s climate policy must be developed as an integrated part of a much larger whole.** The Draft Update reflects the understanding that California’s emissions abatement alone will not cause a

material impact on the concentration of GHGs in the atmosphere, nor would it have any significant influence on future climate change. Climate change is truly a global issue and California-only actions, as well-intentioned as they are, can only have an impact as part of widespread action taken by jurisdictions beyond our borders. This underscores the importance of persuading other jurisdictions to follow California's lead. Climate Leadership should mean creating a structure that encourages cost-effective investment in California – which can be an example for implementation elsewhere.

SCE thanks the ARB again for the opportunity to comment on its Draft Update and encourages the ARB to implement the suggestions described in these comments.

Sincerely,

A handwritten signature in black ink that reads "Dawn Wilson". The signature is written in a cursive style with a large initial "D" and a prominent flourish at the end.

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