



Association of California Water Agencies

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November 1, 2013

Mr. Michael Tollstrup, Chief
Project Assessment Branch
Air Resources Board
1001 "I" Street
P. O. Box 2815
Sacramento, CA 95812

Subject: Discussion Draft of the 2013 Updated AB 32 Scoping Plan

Dear Mr. Tollstrup:

The Association of California Water Agencies (ACWA) appreciates this opportunity to comment on the Discussion Draft of the 2013 Updated AB 32 Scoping Plan (Discussion Draft). ACWA represents nearly 430 public water agencies in California that collectively supply 90% of the water delivered in California for domestic, agricultural and industrial uses.

Climate change will have a dramatic impact on California's resources including water supply and quality. The climate-related changes predicted for our State, some of which are already underway, will have significant impacts on water agency operations and budgets. ACWA's Board of Directors has recognized the need to proactively address these issues and has adopted both Policy Principles on Climate Change and an ambitious workplan for its Energy Committee.

In addition, ACWA members continue to respond to climate-related challenges by developing local innovative adaptation and mitigation strategies best suited for local conditions. As acknowledged in the first AB 32 Scoping Plan in 2008, water agencies are playing a leadership role in shaping and implementing renewable energy and greenhouse gas reduction (GHG) programs, promoting water conservation measures, implementing water recycling projects and deploying cleaner fleets and fuels. ACWA appreciates ARB's acknowledgement in the Discussion Draft that "California's water community is continuing collaborative efforts to reduce its carbon footprint while improving public safety, fostering environmental stewardship and supporting a stable state economy."

Following are ACWA's specific comments regarding the Discussion Draft, specifically with respect to the water sector recommendations on pages 94-97 of the Discussion Draft:

Partnership Opportunities with Water Sector

ACWA supports the recommendation under Administration in the Discussion Draft that calls for the facilitation of “partnerships between local water, wastewater, and energy utilities to further implement joint water-energy programs.” With incentive funding, water agencies are in a unique position to voluntarily reduce GHG emissions associated with electricity use in California. Strategic investments in water sector programs will yield benefits in multiple areas and significantly contribute toward the State’s climate change goals. The successful development of these renewable energy and related projects on a voluntary basis will depend on addressing current administrative barriers along with the appropriate incentives.

For example, the air quality rules regarding the use of biogas for energy generation in Southern California may soon restrict the use of that technology by water agencies. While water agencies are at the cutting edge of testing new gas cleaning technologies and fuel cell applications that may enable biogas to be used under the existing rules, the cost effectiveness of these technologies has not yet been demonstrated. We encourage the ARB to allow for more time to develop these technologies and to explicitly allow their use by water agencies in the standards being developed to implement AB 1900 (Chapter 602, Statutes of 2012).

Another challenge is the interconnection agreements with the Investor Owned Utilities (IOUs), which continue to be one of the major obstacles to the development of renewable energy projects by water agencies. While ACWA appreciates the recent improvements to Interconnection Rule 21 that the California Public Utilities Commission adopted, it is still proving to be a challenge for water agencies to receive approval in a timely manner for renewable energy projects that are located on sites with multiple tariffs. These projects could achieve significant GHG emission reductions for California, and efforts should be made to streamline the interconnection process.

Water-Energy Education and Outreach Opportunities

ACWA encourages the ARB to continue working with water utilities on water-energy education and outreach programs, particularly since end user-related GHG emissions account for a significant amount of water-related energy use. ACWA’s successful partnership with the Office of Governor Brown and the California Center for Sustainable Energy (CCSE) in the summer of 2013 to coordinate a statewide education and outreach program on the water-energy nexus can serve as an excellent template for future efforts.

State Role in Providing Financial Incentives

Water use efficiency, which contributes to energy efficiency and GHG emission reductions, is a water management tool that ACWA has long supported and encouraged its members to responsibly implement in order to help maintain a sustainable water supply on a statewide

basis. ACWA also supports continued implementation of existing and new water use efficiency programs and objectives. We encourage ARB to work with its State agency partners on providing funding and incentives that will further both water and energy efficiency and conservation initiatives.

Groundwater Management

The Discussion Draft offers many meaningful recommendations. However, ACWA is concerned about two statements in the discussion draft regarding groundwater resources. The first at page 96 is a recommendation that *the State will need to assume a greater role in developing policies, providing financial and regulatory incentives, and employing regulatory oversight to (...) improve assessment and sustainable management of groundwater*. The second at page 97 is the following key recommended action for the water sector: *Develop and implement a groundwater management strategy that contributes to enhanced water quality and water supply reliability*.

ACWA agrees that sustainable management of groundwater is critical. In 2011, ACWA published its groundbreaking policy document on groundwater management, *Sustainability from the Ground Up: A Framework for Groundwater Management in California*, which outlines strategies to achieve sustainable groundwater resources. ACWA is also actively engaged with our members and both the Department of Water Resources and the State Water Resources Control Board (State Water Board) on this critical issue. For example, ACWA is working with the State Water Board on its Groundwater Workplan Concept Paper. The State Water Board is initiating discussions with the stakeholder community on the Concept Paper, and we anticipate many of the broader management issues will appropriately be considered in that forum.

While ACWA appreciates that the ARB recognizes the importance of sustainable groundwater as a key element in the state's water portfolio, these very broad groundwater-related goals outlined in the Discussion Draft go beyond the scope of The Global Warming Solutions Act of 2006. ACWA recommends that these statements be deleted. We believe that a more effective strategy for the Discussion Draft would be to focus on incentive-based strategies and recommendations that relate directly to groundwater and energy usage. For instance, an approach for addressing groundwater in the Discussion Draft might be to recommend that the State provide incentives for groundwater users that are able to voluntarily install renewable energy or energy efficiency projects.

Collection of Data on Water Use and Related Energy Used for Water Services

ACWA supports its members on identifying current water use and demand and developing and implementing programs to further incentivize conservation and efficiency. The Discussion Draft references at page 96 the collection of data for energy used for water services. Discussions are

needed regarding this topic, and ACWA and its member agencies should be involved in those discussions.

Pricing and Rate Structure Policies that Promote Water Use Efficiency

This proposal raises a concern because water rate structures need to be set at the local level to reflect local demands and conditions. Water agencies throughout the state have varied rate structures and methodologies, demonstrating that one size does not fit all when it comes to rate making. To ensure continued local authority for the development of rate structures, ACWA suggests that the recommendation at page 97 be modified to instead focus on State incentives for improvements to rate structures.

Conclusion

ACWA appreciates ARB's consideration of our comments. If you have any questions, please contact me at 916-441-4545 or danielleb@acwa.com.

Sincerely,



Danielle Blacet
Special Projects Manager

cc: Mr. Richard Corey, Executive Officer, Air Resources Board
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