

August 1, 2008



Chairman Mary Nichols and Members of the Board
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 94812

Re: Draft AB 32 Scoping Plan

Dear Chairman Nichols and Members of the Board:

The State Water Contractors (“SWC”) appreciates the opportunity to submit comments on the Air Resources Board’s (“ARB”) “Climate Change Draft Scoping Plan” released in June 2008. The SWC¹ is a non-profit, mutual benefit corporation organized under the laws of the State of California, comprised of 27 public agencies holding contracts to purchase water delivered by the State Water Resources Development System, otherwise known as the State Water Project (“SWP”), which is owned and operated by the California Department of Water Resources (“DWR”). SWC’s public agency members are the beneficial users of the SWP, which provides water for drinking, commercial, industrial, and agricultural purposes to a population of more than 20 million people and to over 750,000 acres of farmland throughout the San Francisco Bay-Area, the Central Valley of California, and Southern California. The primary purpose of the SWP is to store and deliver water to the SWP contractors, who repay all of the water supply costs incurred by the SWP.

The SWC has a vested interest in the ongoing development of regulations for implementing AB 32 since the final regulations will affect the operation of California’s electrical system. The SWP’s ability to deliver water throughout the state is critically dependent on a reliable, efficient power system. Delivery of this water is vital to the health, welfare and productivity of the SWP contractors’ service areas.

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Solano County Water Agency

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Terry Erlewine

¹The SWC members are: Alameda County Flood Control & Water Conservation District, Zone 7; Alameda County Water District; Antelope Valley-East Kern Water Agency; Casitas Municipal Water District on behalf of the Ventura County Flood Control District; Castaic Lake Water Agency; Central Coast Water Authority on behalf of the Santa Barbara County Flood Control & Water Conservation District; City of Yuba City; Coachella Valley Water District; County of Kings; Crestline-Lake Arrowhead Water Agency; Desert Water Agency; Dudley Ridge Water District; Empire-West Side Irrigation District; Kern County Water Agency; Littlerock Creek Irrigation District; The Metropolitan Water District of Southern California; Mojave Water Agency; Napa County Flood Control & Water Conservation District; Oak Flat Water District; Palmdale Water District; San Bernardino Valley Municipal Water District; San Gabriel Valley Municipal Water District; San Geronio Pass Water Agency; San Luis Obispo Co. Flood Control & Water Conservation District; Santa Clara Valley Water District; Solano County Water Agency; and Tulare Lake Basin Water Storage District.

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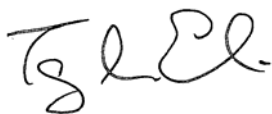
In November 2007, the SWC commented on the ARB's "Rulemaking to Consider Adoption of a Regulation for the Mandatory Reporting of Greenhouse Gas Emissions." The SWC commends the ARB for ensuring rigorous and consistent accounting of emissions by eliminating the assignment of a default emission value to hydropower generation. We continue to urge the ARB to acknowledge the renewable nature of all hydro generation and incorporate this resource, which can be critical to the reliability of the power system, into the mix of emission reduction strategies.

As the development process moves forward, the SWC encourages the ARB to adopt an equity principle regarding development of final regulations to be applied between sectors and within sectors. No sector or entity within a sector should be required to contribute a level of greenhouse gas emissions reduction that is not proportionate to its contribution. Another important principle in ensuring equity is eliminating potential regulatory overlaps. The call for a public goods charge on water is an example as it will likely result in duplication of locally-administered water conservation and water management programs.

The SWC also encourages the ARB to work closely with the California Independent System Operator and involved stakeholders to ensure the integration of increasing levels of renewable energy supplies into the CAISO's grid is technically feasible and will not jeopardize electric system reliability or security.

The SWC appreciates this opportunity to comment on the Draft Scoping Plan and looks forward to the ARB continuing a scientifically sound process as it moves from the current Draft Scoping Plan to the adoption of the final regulations over the next two years. The SWC may provide additional comments on the Plan's Appendices after further review.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Erlewine". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Terry Erlewine
General Manager