CALIFORNIA URBAN WATER AGENCIES

August 8, 2008

Ms. Mary Nichols, Chair
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Subject: Draft AB 32 Scoping Plan Appendices Comments

Dear Ms. Nichols:

The California Urban Water Agencies (CUWA) appreciates this opportunity to comment on the recently released Climate Change Draft Scoping Plan Appendices Document (Appendices). CUWA's member agencies recently submitted several comments on the Draft Scoping Plan, which were communicated to the California Air Resources Board (ARB) in a letter dated July 31, 2008. The comments on the Appendices, as described below, are intended to supplement CUWA's comments on the Draft Scoping Plan.

As detailed below, CUWA's member agencies share several specific concerns about the Appendices, and request that the following issues be addressed in future revisions:

- **Clarify and Leverage the Role of End User Related Emissions.** One key recommendation in Section 5 of the Appendices is to increase water recycling, reuse of urban runoff, and water conservation as a means to reduce energy used in transporting and treating water. However, because 74 percent of the electricity and 99.6 percent of the natural gas associated with water occurs with the end user[1], mostly in heating and cooling water, increasing reuse of urban runoff and water recycling is likely to have limited effect on greenhouse gas (GHG) emissions reduction. Programs that promote efficient use of heated water will have a much greater benefit. The Draft Scoping Plan and Appendices should consider the foregoing in identifying maximum potential GHG emissions reduction opportunities. CUWA would be happy to work with ARB staff to share our insight and extensive experience with end user programs to inform development of targeted, effective end user measures.

- **Public Goods Charge.** CUWA member agencies request that the public goods charge be dropped from further consideration. Any discussion of water use efficiency programs which might also reduce energy use and GHG emissions should be coordinated with water-specific activities currently being implemented by other state agencies[2].

[1] Source: *California's Water-Energy Relationship*, CEC Final Staff Report, November 2005
[2] Including the Governor's Office, Department of Water Resources and State Water Resources Control Board

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If water agencies require an additional charge to achieve higher levels of water use efficiency, these agencies should be permitted, and enabled, to assess such a charge. The Appendices provide further indication that the proposed public goods charge would be collected as a flat rate charge applied to each water connection, not based on the quantity of water use. Such a charge is not likely to directly reduce water use or the associated emissions – clearly the goal for this section in the Draft Scoping Plan and Appendices. In addition, the "funds raised by this measure would be distributed among local, regional, and statewide planning efforts to reduce water-related GHG emissions." Raising revenues and then distributing them outside the local (water supplier) area raises numerous issues of equity and efficiency. Ratepayers served by agencies that have already made major investments in water use efficiency would effectively be penalized as their funds were directed to areas that are lagging in this regard. Efficiency would be compromised as a state administrative apparatus was put in place to redistribute the funds.

- **Leverage the Importance of Agricultural Water Users with Regards to Water Use and Water-Related GHG Emissions**. Page 159 in Appendix C briefly touches on agricultural water use efficiency, and acknowledges that the agricultural sector accounts for approximately 80 percent of California's total water use. However, the Draft Scoping Plan and Appendices do not determine a course of action for achieving GHG emissions reductions from agricultural water use efficiency, and defers action on this issue by stating that further analysis is needed. CUWA's member agencies request that agricultural water users' contributions to water-related GHG emissions be acknowledged, and that the agricultural water users be required to take an active role in solutions to reducing water-related GHG emissions (i.e. most of the proposed water sector related GHG reduction measures could be directly applied to agricultural water users as well).

- **Renewable Energy Production from Wastewater Systems should not be Funded by Water Users.** Reduction Strategy W-5 indicates that there is a significant potential for generating renewable energy from wastewater systems (i.e. capture and use of gases from decomposing organic wastes). We concur that capture of methane gas and effective utilization of it as an energy source is an important strategy to be used to reduce GHG emissions, but it is a strategy to be used first by the wastewater sector, and of course by the landfill and agricultural sector as well. As currently described in the Appendices, the proposed public goods charge would be collected as a charge applied to each water connection, and would be used to fund GHG emissions reduction strategies W-1 through W-5 (including the renewable energy production from wastewater systems). CUWA's member agencies strongly disagree with the use of funds collected from water users to fund projects at wastewater agencies. Wastewater agencies have their own revenue source through wastewater charges applied to wastewater connections, which would be a more appropriate and efficient revenue source to fund GHG emissions reduction projects at wastewater agencies.

- **National Pollutant Discharge Elimination System Permits should not be Modified to Require Recycling Plans.** Reduction Strategy W-2: Water Recycling proposes that the

National Pollutant Discharge Elimination System permits be amended to require preparation and implementation of water recycling plans at wastewater treatment plants in communities that rely on imported water supplies and communities where water recycling would otherwise require less energy than current supplies. CUWA's member agencies welcome the concept behind this proposed strategy, and concur that wastewater and water agencies in California should have water recycling addressed in their water supply and wastewater discharge/reuse plans; however, water and wastewater agencies should be allowed to implement the projects identified in those plans based upon criteria such as environmental impacts, system reliability, community input, and cost, in addition to energy efficiency and GHG reduction associated with offset emissions.

- **Reuse of Urban Runoff Strategy Must Consider Relative Level of Energy Savings.** The implementation of this recommended strategy should consider that the level of energy savings associated with reuse of urban runoff, in particular construction of neighborhood facilities to capture and reuse dry weather flows, varies significantly across the state. This comment is analogous to CUWA's previous comment regarding the energy savings associated with recycled water implementation. As requested previously, enhanced collaboration between CUWA and the ARB, Department of Water Resources (DWR), and the State Water Resources Control Board (State Water Board) would most effectively help our communities and the regulators determine the energy benefits of proposed GHG reduction measures across the state.

- **Additional Detailed Comments on the Appendices.**
  - Page C-81 states that "Approximately 19 percent of electricity and 30 percent of non-power plant natural gas consumed in California are used by the Water Sector…" This statement should be clarified to reflect that approximately 80 percent of water sector energy use (and associated GHG emissions) occurs with the end user.
  - In Chapter 5 in Appendix C it is stated that several water sector GHG emissions reduction strategies have the co-benefit of improving water quality; however, no supporting information is provided. The Proposed Scoping Plan and Appendices to be released in October should clearly describe how these GHG emissions reduction strategies improve water quality.
  - Strategy W-6 (Public Goods Charge) is not a GHG emissions reduction strategy, but only an approach to fund strategies W-1 thru W-5.
  - The discussion under strategy W-3 (Water System Efficiency) makes reference to end user efficiency activities. That is already captured in strategy W-1 (Water Use Efficiency), which focuses on end-users, and should be deleted from strategy W-3 to avoid overlap.
  - CUWA's member agencies request confirmation that the water sector will not be subject to the Cap and Trade program or carbon fees. This should be clarified under the water sector discussion.

- There is potential for overlap between water sector measures and local government measures to reduce GHG emissions from community water and wastewater agencies. This should be clarified as much as possible.
- There is potential for overlap between the green building water use efficiency program and the water sector efficiency measures. This should be clarified as much as possible.
- The proposed solar water heater incentive program could significantly reduce GHG emissions related to water end user behavior. The interrelationship between the two programs should be noted.

CUWA requests that the issues and recommendations presented above be addressed in the Proposed Scoping Plan and Appendices to be released in October. We appreciate your careful consideration of our comments and will continue to seek a higher level of collaboration with the ARB, DWR and the State Water Board to refine the Draft Scoping Plan and Appendices to achieve our mutual GHG emissions reduction objectives. If you have any questions, please contact me at cuwaexec@sbcglobal.net or 916-552-2929.

Sincerely,

Elaine M. Archibald

Elaine M. Archibald
Executive Director