

**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY TO THE
CALIFORNIA AIR RESOURCES BOARD ON CALIFORNIA ENVIRONMENTAL
QUALITY ACT (CEQA) SCOPING FOR THE PROPOSED CAP-AND-TRADE
REGULATION**

RICHARD TOM
KELLY O'DONNELL

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: 626-302-4411
Facsimile: 626-302-1926
E-mail: kelly.odonnell@sce.com

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I.

INTRODUCTION

Southern California Edison Company (“SCE”) welcomes this opportunity to comment on the California Air Resources Board’s (“CARB”) August 23, 2010 scoping meeting for its California Environmental Quality Act (CEQA) review of the proposed cap-and-trade regulation. SCE appreciates the time and effort put forth by CARB staff in organizing these public meetings and in seeking stakeholder input.

II.

CARB’S AB 32 SCOPING PLAN FUNCTIONAL EQUIVALENT DOCUMENT PROVIDES A STRONG FOUNDATION FOR THE CAP-AND-TRADE CEQA REVIEW

CARB’s Functionally Equivalent Document (FED) for the AB 32 Scoping Plan took a programmatic approach and considered over 30 scoping plan measures.¹ The evaluation concluded that implementation of the scoping plan would generally improve air quality. SCE recommends the cap-and-trade FED: (1) include complementary AB 32 measures in the cumulative analysis; (2) acknowledge that subsequent project-basis environmental review will provide another level of assurance to prevent or mitigate potential environmental impacts; and (3) recognize that the existence of multiple state, local, and federal environmental regulations controlling GHG emissions provide further assurance that potential adverse impacts would not occur.

SCE recognizes that CARB staff has already completed a health impact assessment of the proposed cap-and-trade program which found no negative health impacts.² This assessment

¹ CARB, Climate Change Scoping Plan Appendix J: California Environmental Quality Act Functional Equivalent Document (December 2008) at J-25, <http://www.arb.ca.gov/cc/scopingplan/document/scopingplandocument.htm>.

² CARB, Climate Change Scoping Plan Appendix H: Public Health Analysis (December 2008), <http://www.arb.ca.gov/cc/scopingplan/document/scopingplandocument.htm>. See also CARB, Health Impact Assessment of Cap-and-Trade Program Progress to Date (June 2010), www.arb.ca.gov/cc/ejac/meetings/060910/hia_status.pdf.

shows that regardless of program design, the cap-and-trade program should have no negative impacts on California communities. This assessment should be included in the FED's air quality analysis.

III.

PROJECT DESCRIPTION

The FED project description will be premised on the proposed design of the cap-and-trade regulation and number of compliance-ready offset protocols. SCE understands the project description will include allowance allocations and an initial set of offset protocols. CARB staff members have indicated they expect to include a minimum of four initial offset protocols focused for use in California. The overall project description should state clearly that future offset protocols will require separate FEDs as part of CARB's approval process. Similarly, the regulation's proposed design will dictate eligible linkage to existing offset systems. The project description should state clearly that future individual linkage to other systems (in-state or out-of-state) will require separate FEDs as part of CARB's approval process.

IV.

FRAMEWORK

SCE understands that the Cap-and-Trade FED will be a programmatic review of the cap-and-trade regulation and a minimum number of offset protocols. We note that many complementary AB 32 measures are concurrently being implemented or are under review. These include the Pavley clean car standards, the low carbon fuel standard, a Renewables Portfolio Standard, a Renewable Electricity Standard, and over 60 other Scoping Plan measures. We recommend that the FED include review of these complementary AB 32 measures in the cumulative impact analysis.

SCE also understands that the Cap-and-Trade FED baseline conditions will encompass regulatory measures already in effect, plus reasonably foreseeable regulatory actions. These

overlapping requirements provide assurance that potential adverse impacts should not occur.

The current regulatory landscape includes:

- Federal and state ambient air quality standards set by USEPA and CARB, and subsequently adopted state implementation plans;
- Hazardous air pollutant and toxic air contaminant requirements enforced by USEPA, CARB, and local air districts; and
- Local air district review of permit applications for compliance with federal, state, and local regulations.

The foreseeable future regulatory structure includes:

- Proposed tightening of national and state ambient air quality standards by USEPA and CARB, with subsequent tightening of air quality implementation plans by CARB and local air districts; and
- Local implementation of USEPA GHG permitting requirements such as the new Tailoring Rule, which tightens Prevention of Significant Deterioration and Title V Operating Permit requirements.

We thus recommend that the FED's discussion of the regulatory setting include a comprehensive inventory of other relevant laws, such as the Clean Air Act and related state and federal regulations.

V.

CONCLUSION

SCE appreciates the opportunity to comment on CARB's CEQA Scoping Meeting for the Proposed Cap-and-Trade Regulation and urges CARB to conduct its CEQA-equivalent review in line with the recommendations contained herein.

Respectfully submitted,

RICHARD TOM
KELLY O'DONNELL

/s/ Kelly O'Donnell

By: Kelly O'Donnell

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
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