ALCANTAR & KAHL, LLP

January 11, 2016

Chris Gallenstein
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: December 14, 2015 Workshop Comments

Dear Mr. Gallenstein:

The Energy Producers and Users Coalition[1] (EPUC) appreciate this opportunity to comment on the December 14 California Air Resources Board (CARB) Workshop discussing California's implementation of the EPA Clean Power Plan (CPP). As an initial matter, EPUC appreciate CARB staff's comments during the workshop acknowledging the CPP exemption for efficient industrial Combined Heat and Power. During the workshop, CARB staff suggested that it is considering a California implementation plan which would primarily rely on the Cap-and-Trade Program (C-T) for compliance. Before pursuing this option, CARB should assess whether the suite of measures included in Senate Bill (SB) 350, including California's 50% Renewable Portfolio Standard (RPS), is sufficient to achieve the CPP's required emissions targets.

Senate Bill 350, signed by Governor Brown in fall 2015, extends the Renewable Portfolio Standard to require procurement of 50% renewable energy by 2030. Senate Bill 350 also doubles energy efficiency savings in that same time frame. As noted by EPUC in its comments on the September 2015 CARB White Paper, these programs will provide significant emissions reductions towards California's CPP obligations.

At the workshop, CARB staff presented the preliminary results of CARB, California Public Utilities Commission (CPUC) and California Energy Commission (CEC) staff analysis and modeling. The analysis develops high, medium and low demand forecasts based on the draft Integrated Energy Policy Report demand forecast. CARB/CPUC/CEC also developed a stress case scenario by modifying the Preliminary

---

[1] EPUC is an *ad hoc* group representing the electric end use and customer generation interests of the following companies: Aera Energy LLC, Chevron U.S.A. Inc., ExxonMobil Power and Gas Services Inc., Phillips 66 Company, Shell Oil Products US, Tesoro Refining & Marketing Company LLC and California Resources Corp.

SAN FRANCISCO OFFICE
345 California Street, Suite 2450 | San Francisco, CA 94104
415-421-4143 | Fax 415-989-1263 | www.a-klaw.com

PORTLAND OFFICE
121 SW Salmon Street, Suite 1100 | Portland, OR 97204
503-402-9900 | Fax 503-402-8882 | www.a-klaw.com

High Demand Scenario developed as part of the CEC California Energy Demand forecast for 2015-2016. As demonstrated by the analysis, under not only the high, medium, and low demand forecast scenarios, but also a stress case scenario, California is on track to comfortably meet its CPP obligations.

The results presented at the December workshop do not make clear the progress towards emissions reductions targets attributable to individual, existing emissions reductions measures, like C-T or the current energy efficiency and RPS requirements. Further, the CARB/CPUC/CEC analysis and modeling has not yet taken into account the potential impacts of the SB 350 programs.

Before finalizing any specific implementation plan, the CARB/CEC/CPUC modeling should consider, and present to stakeholders, the separate impacts of different measures already adopted in California. Demonstrating the emissions progress of individual measures will provide stakeholders and the CARB Board with a better understanding of CARB's policy choices. Additionally, CARB staff should analyze whether implementation of the SB 350 measures on their own are sufficient for compliance with the CPP. Without a clear comparison of the emissions impact of different combinations of projects, CARB cannot make a fully informed decision regarding the best compliance mechanisms. This will also ensure that California submits the most efficient and cost-effective compliance plan. CARB should take all the time required to determine that it has crafted the most appropriate compliance program.

EPUC looks forward to continuing to work with CARB to develop California's implementation plan.

Sincerely,

Katy Morsony

Evelyn Kahl
Katy Morsony

Counsel to the
Energy Producers and Users Coalition