



December 16, 2016

Richard Corey  
Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2828

RE: Southern California Edison Comments on the Discussion Draft of the Scoping Plan Update

Mr. Corey,

Southern California Edison (SCE) respectfully submits these informal comments to the California Air Resources Board (CARB) on the Discussion Draft of the Scoping Plan Update (Draft Plan), and comments on the Draft Scoping Plan Scenario (Draft Scenario) described in this Draft Plan.

**SCE supports the general structure of the Draft Scoping Plan Scenario, and a well-designed Cap-and-Trade program to help the state achieve its post-2020 climate goals.** A well-designed Cap-and-Trade Program can help keep total scenario costs down while encouraging innovation and achieving environmental goals. SCE therefore supports the general structure of the Draft Scenario, which includes this important mechanism.

**SCE believes the Electric Sector can help other sectors decarbonize, and therefore supports widespread electrification and fuel-switching.** SCE supports widespread electrification and recognizes fuel switching will be necessary to achieve many of the air quality and greenhouse gas (GHG) goals the state has laid out in these draft policy scenarios. We look forward to bringing proposals to our regulatory agencies that highlight where SCE can help the state achieve its goals, and bolster the success of electricity in penetrating these new applications and markets.

**California's Electric Sector has been leading the way in GHG reductions.** The electric sector has made significant progress in reducing emissions (currently about 20% below 1990 levels) and the policy scenarios in the Final Scoping Plan Update need to recognize those early and sustained efforts, and encourage other sectors to do their fair share. For example, the Transportation Sector has been directed by Executive Order B-16-12 to reduce its emissions to 80% below 1990 levels by 2050, but remains far off from attaining that goal even under the most ambitious scenario in this Draft Plan.<sup>1</sup> Meanwhile, the electric sector will be called upon to achieve reductions that (on a percentage basis) almost double the efforts of the industrial and transportation sectors, both of which emit more greenhouse gases than the electric sector today.<sup>2</sup>

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<sup>1</sup> Alternative Scenario #1 would see the Transportation sector -38% below 1990 levels in 2030, while the Electric Sector would be -73% below 1990 levels in 2030. <https://www.arb.ca.gov/board/books/2016/111716/16-10-3pres.pdf> (p. 18)

<sup>2</sup> The most recent state GHG inventory shows that the top three emitting sectors in order are 1. Transportation, 2. Industrial, 3. Electric (combined in-state and out-of-state generation) <https://www.arb.ca.gov/cc/inventory/data/data.htm>

**This Scoping Plan Update process will be critically important for utility planning, in a way that no Scoping Plan has before.** Upon completion of this public rulemaking process, the final Scoping Plan will set the range of GHG emissions that the state wishes to see come from the electric sector out to 2030. This range will likely be taken by the CPUC and used to inform the electric utilities' Integrated Resource Plans as required by SB350. This makes it crucial to ensure that any electric 'sector GHG targets' or 'sector GHG ranges' don't just consider the appropriate abatement effort for our sector, but also incorporate an understanding of what other sectors need to do, such as the Industrial and Transportation Sectors. It is also important that any sector GHG 'range' be informed by a high electrification scenario, similar to the "HIGH BEV" Scenario in the State Agency Pathways Modeling project as SB350 requires electric utilities to accelerate the electrification of transportation and of other end uses.

**CARB should continue to remove disincentives for increased electrification in Transportation and other end-uses through the Cap-and-Trade allowance allocation process.** SCE would like to highlight the need for ARB staff to continue its work with stakeholders to understand a methodology for allocating allowances due to increased electrification. As the state continues towards its long-term climate targets, the emissions intensity of delivered electricity will continue to fall, making it an ever more attractive option as an end-use fuel. Electricity's role in powering transportation systems, industrial boilers, and building heating are just a few examples of the applications that may increase the emissions attributable to SCE (due to the nature of CARB's current accounting system) but would result in clear emission reductions from a societal perspective. SCE looks forward to discussing options to quantify these cross-sectoral effects and determine a reasonable method for delivering allowances to utilities where they are warranted.

**CARB and the California Public Utilities Commission should encourage increased Electrification in Transportation and other end-uses through the Integrated Resource Plan GHG targets.** The need to properly quantifying out-of-sector impacts is also being discussed at the CPUC. Load serving entities are actively working with CPUC's Energy Division to create and execute the first Integrated Resource Plans based on SB 350 requirements. As currently anticipated, an electric-sector GHG range or target from CARB's Scoping Plan Update will inform SCE's plan. Without an emissions accounting framework that recognizes the benefits of fuel-switching on societal emissions, any GHG 'ranges' or 'targets' stemming from this Scoping Plan Update may serve as a constraint to increased fuel switching.

**CARB should release the Pathways data sets supporting the decisions in their Draft Plan so stakeholders, like SCE, can build a more informed understanding of the Draft Scenario proposed therein.** It is not currently possible for stakeholders to comment on the equity or cost of the Draft Plan until the release of the specific datasets and outputs from the California Pathways model runs that CARB is relying upon to inform the Draft Plan. Until the Pathways model run input and output data are released, entities can only speculate on the sector costs, marginal costs of abatement, and marginal adoption rates of technologies – all are key components of in developing an informed position on the cost, equity, and feasibility of the Draft Plan.

Thank you for your time, and consideration of the comments presented in this letter.  
Sincerely,

Dawn Wilson  
Director, Environmental Affairs and Sustainability