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to Change the World*

April 28, 2017

Submitted electronically

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

**Re: Comments on Second 15-Day Changes to the Cap-and-Trade Program
Proposed Amendments**

Dear Ms. Nichols:

The City of Santa Clara, doing business as Silicon Valley Power (City or SVP), appreciates the opportunity to provide these comments to the California Air Resources Board (CARB) in support of the revised methodology for allocating allowances to the electrical distribution utilities (EDU) set forth in the April 13, 2017 Second 15-Day Changes.

The revised EDU allowance allocation proposal recognizes the greenhouse gas (GHG) emission reductions that EDUs accomplish through a range of State climate policies and related mandates, in addition to meeting the emissions cap mandated by the Cap-and-Trade Program. By providing the EDUs with allowances to cover their program compliance costs, the revised proposal better protects the State's electricity ratepayers from unreasonable rate increases associated with compliance costs. The revised allocation proposal also modifies the load forecast assumptions for 2021 for SVP based on verified growth in the City's load that exceeded the forecasted projections used in the original allocation proposal. As more fully explained in the City's January 20 comments,¹ SVP has experienced unprecedented load growth in the last few years, due almost exclusively to "data centers" locating in Santa Clara. SVP experienced 5% load growth from 2014 to 2015, and an additional 7% growth from 2015 to 2016. Using the currently available data and continuing even a modest growth rate out to 2030, SVP's load growth projections greatly differ from the numbers used in the original CARB model. This load growth is evidenced in Attachment 15 to the second 15-Day Changes,² the City of Santa Clara's 2016 Audited Utility Fact Sheet, and is the reason why the original proposal for allocation of allowances significantly underestimated SVP's cost burden and substantially under-allocated allowances to the City for the benefit of its ratepayers. Using the City's updated load forecast demonstrated in Attachment 15, the revised EDU allowance allocation proposal more accurately

¹ City of Santa Clara, Silicon Valley Power Comments on Cap-and-Trade Program Proposed Amendments, January 20, 2017.

² City of Santa Clara, Silicon Valley Power; Utility Fact Sheet – January 2016 to December 2016.

reflects the cost burden to SVP and better protects its electricity ratepayers through the allocation of additional allowance to accommodate the load growth. For these reasons, the City encourages the Board to adopt the revised EDU allowance allocation proposal, including the updated load projections for SVP, as set forth in the April 13, Second 15-day changes and listed in Attachment 10 to those further proposed modifications.

Respectfully submitted,

For



John Roukema
Utility Director
Silicon Valley Power