



April 28, 2017

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

RE: California Joint Utility Group Comments on Proposed Post-2020 Electric Distribution Utility Allowance Allocation

Dear Mr. Corey,

The California Joint Utility Group (“JUG”)¹ respectfully submits this letter, on behalf of customer interests, to the California Air Resources Board (“CARB”) regarding staff’s methods for post-2020 allowance allocation to electric distribution utilities (“EDUs”) as presented in the 15-Day Modifications posted April 13, 2017. The aim of JUG recommendations during this regulatory rulemaking has been to mitigate the bill impacts of AB32/SB32/SB350 programs on their distribution customers. The JUG appreciates staff availability for continued dialogue on the proposed changes to the Cap-and-Trade Program post-2020, and views this iteration of 15-day modifications as a positive resolution for our customers.

JUG Members support the proposed allowance allocation methodology to electric distribution utilities for the protection of ratepayers, as found in these 15-day modifications.

Board approval of the proposed allocation methodology will help ensure that the cost of the State’s climate policies will not unduly impact California households, providing critical support to help the State meet its ambitious climate goals at an affordable cost. While the support found in this letter comes from a wide-ranging group of California electric utilities, it is important to note each utility is affected differently by the regulatory changes proposed in the 15-day language. In recognition of this fact, JUG members support the allocation methodology proposed but individual JUG members may reach out to CARB staff to discuss specific issues and technical assumptions.

In helping the state achieve its emission reduction goals, JUG members look forward to working with CARB and other state agencies in a future rulemaking to implement a methodology that would provide allowances for incremental electricity use when that electrification results in cross-sector emission

¹ Southern California Edison, Pacific Gas & Electric Company, San Diego Gas and Electric, Los Angeles Department of Water and Power, Sacramento Municipal Utility District, Southern California Public Power Authority, Northern California Power Agency, Pacificorp, Turlock Irrigation District, Modesto Irrigation District, M-S-R Public Power Agency.

reductions. It is important that CARB develop an effective regulatory framework to avoid discouraging the electrification of transportation and other sectors of the California economy as proposed in the recent Scoping Plan Update. Key components of this allocation framework will include recognition that most forms of electrification cannot economically or practically be accompanied by sub-metering programs, and requiring such sub-meters acts as a barrier to implementation.

The JUG believes that the proposed allowance allocations will serve as a positive step towards the ARB's long-held intent of mitigating the cost burden levied upon electric distribution utility customers by AB 32/SB 32/SB 350 programs (e.g. cap-and-trade, 50% RPS, doubling of energy efficiency, etc.) to help achieve the state's climate goals. JUG members appreciate the continued dialogue with CARB staff and management on these important issues. JUG members urge CARB Board members to approve the electric distribution utility allocation proposal as found in these 15-day modifications. Thank you for your time and for your careful consideration of these issues.

CC:

Steve Cliff
Edie Chang
Rajinder Sahota
Mary Jane Coombs
Jason Gray
Michael Gibbs