



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
1160 NICOLE COURT
GLENORA, CA 91740
(626) 793-9364 – FAX: (626) 793-9461
www.scppa.org

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November 18, 2016 | Submitted Electronically

Ms. Rajinder Sahota
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: SCPPA Comments on November 7, 2016, 2030 Target Scoping Plan Workshop

Thank you for the opportunity to provide these comments on the November 7, 2016, Staff Workshop outlining the 2030 Target Scoping Plan options and objectives.

The Southern California Public Power Authority (SCPPA) is a joint powers agency whose members include the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. Our Members collectively serve nearly five million people throughout Southern California. Each Member owns and operates a publicly-owned electric utility governed by a board of local officials who are directly accountable to their constituents.

Each SCPPA Member has a duty to provide reliable power to their customers, many of which include existing disadvantaged communities, at affordable rates while also complying with all applicable local, regional, state, and federal environmental and energy regulations and policies. Currently, SCPPA and our Members own, operate, or have binding long-term procurement arrangements with 38 generation and natural gas projects and three transmission projects, generating power in California or importing from Arizona, New Mexico, Utah, Oregon, Washington, Nevada, Texas, and Wyoming. This is in addition to individual, Member-owned or contracted and operated transmission, generation, and natural gas projects throughout the Western United States. SCPPA, its Members, and their customers will be significantly affected by all three of the Scoping Plan options presented.

Support for Continuation of the Cap-and-Trade Program

As recently as our November 4, 2016 comment letter on the pending amendments to the Cap-and-Trade regulation, SCPPA reaffirmed our support for the continuation of the Cap-and-Trade Program as the most workable strategy to achieve the State's increasingly aggressive long-term GHG emissions reduction goal. We believe that this market-based mechanism is the most cost-effective means of achieving GHG emissions reductions throughout the state -- which includes promoting Greenhouse Gas Reduction Fund projects and programs designed to simultaneously provide economic and public health co-benefits as well. The Program as currently constructed allows our Members to pass the value of allowance allocations directly to their customers. **These benefits flow through to all of our Members' customers, including those in the disadvantaged communities.** The continuation of a well-designed Cap-and-Trade program is critical towards supporting public utilities' ability to provide Californians with affordable energy *and* still maintain a sustainable path toward 2030 statewide GHG goals.

Scoping Plan Objectives

Slide 6 of the workshop presentation highlighted the objectives of the 2030 Target Scoping Plan.¹ In addition to achieving the State's new 2030 GHG target, those objectives included: providing direct GHG emissions reductions through the

¹ <https://www.arb.ca.gov/cc/scopingplan/meetings/110716/scopingplanpresentation.pdf>

existing suite of measures; minimizing emissions (economic) leakage; continuing support for cost-effective and flexible compliance; supporting climate investments for programs in disadvantaged communities; and providing air quality co-benefits. SCPPA agrees that these goals are appropriate for ARB to be focused on in such an influential planning and policy document.

Local Action

SCPPA appreciates staff highlighting the importance of local action to reduce GHG emissions. Our members have long been committed to, and remain actively engaged in undertaking progressive steps to combat the effects of climate change at the local level, beyond procuring energy resources and the day-to-day operations for locally-owned utilities. This often occurs with City Council and local governing board processes and considerations that encourage direct participation from customers in the development and implementation of a myriad of projects and programs that directly benefit climate change efforts. SCPPA Members have made considerable efforts to take local actions to reduce GHG emissions. For example:

- **Renewables.** SCPPA Members have aggressively worked to meet the State's 33% and 50% renewable generation requirements – and have also established programs promoting solar energy for customers and schools, electrification of the transportation sector, energy and water efficiency, and much more.
- **Energy Efficiency.** SCPPA Members have provided: rebates for energy efficiency measures that reduce GHG emissions by increasing energy efficiency; direct installation for small businesses, restaurants, and hotels and motels that lower their GHG emissions by increasing their energy efficiency; funds for a municipal upgrade program that provides energy efficiency for City facilities; and new water conservation standards reducing GHG emissions by pumping less water city-wide.
- **Energy Storage.** Some SCPPA Members established and fund a thermal energy storage program, in which participating commercial customers receive free thermal storage equipment for peak load reduction. Some Members couple this program with incentives for customers to replace old air conditioning systems with new, more energy-efficient models.
- **Transportation Electrification.** SCPPA and SCPPA Members have supported electrification initiatives and charging deployment opportunities at both residences and non-residential destinations, including but certainly not limited to:
 - Offering rebates for electric vehicle charging infrastructure for housing, employment, and commercial locations.
 - Funding installation of Level 2 public charging stations and low-income, multifamily housing curbside charging stations.
 - Adopting local EV rates to encourage EV deployment.
 - Providing rebates or incentives to customers up to \$500 for the installation of Level 2 chargers at their home or business.
 - Procuring electric vehicles as part of local public fleets.
 - Offering incentives to electrify medium- and heavy-duty fleet vehicles, forklifts, buses, and rail.
 - Participating in community events, local auto shows, and Earth Day events to promote EVs.
 - Collaborating with automakers and electric vehicle supply equipment (chargers) companies.
 - Seeking grant funds for electric riding mowers used by local parks and for recreation department uses.
- **Early Action.** SCPPA and SCPPA Members have successfully worked towards the early divestiture of coal generation from resource portfolios.
- **Climate Action Plans.** SCPPA Members have prepared Climate Action Plans with the direct participation of local customer-owners that outline ways in which local jurisdictions can reduce GHG emissions. This includes proactively taking inventories of GHG emissions from municipal operations and communitywide activities, which is a critical step toward the development of a Climate Action Plan.
 - Some SCPPA Members actively participate in the ICLEI- Local Governments for Sustainability initiative.
 - Members have also successfully sought grant funding for Urban Forestry Management Plan and GHG inventory to mitigate GHG emissions with a master tree planting plan.

- **Integrated Resource Plans.** SCPPA Members have developed and adopted comprehensive Integrated Resource Plans through open and transparent processes with input from customer-owners – some of which have even more aggressive GHG emission reduction efforts than required by the State.
- **Affordable Housing.** SCPPA Members have actively supported opportunities for infill and affordable housing that not only provide critically-needed housing in the region but also serve to reduce vehicle miles traveled by offering housing choices near employment centers.

Draft Scoping Plan Policy Scenarios

Achieving the 2030 GHG statewide target is a monumental undertaking, and its potential costs and implications should not be understated. Any of the three scenarios presented will require enormous effort and lead-time to complete, and will only be impactful if the citizenry of California is on board. Therefore, having a program that is both cost-effective and able to be expanded throughout the western region (such that California does not become a “regulatory island”) is very important in an inter-connected market.

The three scenarios presented are very similar to the original three options debated in 2007-2008 when the Original AB 32 Scoping Plan was developed—Market Mechanism vs. Carbon Tax vs. Command and Control. Then, just as it is now, the benefits of a market-based program outweigh those of the other two options, including environmental certainty and overall cost-effectiveness (notwithstanding a two-thirds majority support for a “carbon tax” that would likely be required by the state legislature and, potentially, California voters). Over the past five years since the Cap-and-Trade program was implemented, there has been a tremendous amount of study on the program. While much of this effort has not shown “direct” emissions reductions from the Program, it, in combination with the other programs, is known to have reduced GHG emissions – especially in the electricity sector – while the economy has grown (despite a national recession).

It is also important to recognize that – while emissions reductions are more certain under the Draft Scoping Plan Scenario, since it would implement a Cap-and-Trade Program – any one sector that does not achieve its own emissions reductions will necessarily impact the other sectors. It is therefore important that the Cap-and-Trade Program continue to be structured to include a “safety-valve” that protects electric utility customers and the functioning electricity markets from excessively high prices due to any failures of the various measures in achieving their forecasted reductions. Because of the heavy reliance on new measures (such as those under the Short-lived Climate Pollutant Strategy), it is absolutely critical to ensure sufficient allocation of allowances to electric utilities to protect utility customers from rate shock and the potential for extremely high electricity prices. The electricity sector has historically made, and continues to make, significant strides in reducing its GHG emissions consistent with the State’s goals – but this sector should not be unfairly burdened if other sectors or programs do not achieve their share of reductions. Particularly if the electricity sector incurs increasing loads to support accelerating transportation electrification initiatives in order to meet the State’s very own climate change goals.

The myriad of “complementary measures” implemented under the AB 32 banner provide significant direct reductions – with the Renewables Portfolio Standard, Low Carbon Fuel Standard, and the Clean Cars Standard leading the way. These programs together with Cap-and-Trade help to ensure that direct emissions reductions can occur at the pace needed to meet the 2030 target. Staff’s matrix of the scenarios (slide 24) provides a good overview of the measures needed in comparison to each other. Of the 11 categories shown, 7 of them directly impact California’s utilities (RPS, EE, PV/DG, Building Electrification, Transportation Electrification, LCFS, and Carbon Pricing).

Alternative 1 and 2 both show a forecasted “Electric Power” contribution that greatly exceeds the percentage reductions required of other sectors. Since this is also true for the Draft Scoping Plan Scenario, it can easily be stated that the electricity sector is key to achieving the State’s GHG goals and the success of the 2030 Target Scoping Plan. That being said, SCPPA is concerned that the reduction target presented will be used in other regulatory and administrative proceedings as a quantitative, hard target mandate as opposed to a forecast reduction based on assumed performance of the variety of programs interacting together. SCPPA recommends that ARB clearly articulate that this percent reduction is

only a **planning goal of the sector-wide forecast of expected GHG emissions reductions**, and should not be used to set any quantitative or “hard-target” standards.

SCPPA also appreciates staff’s presentation on Direct Cost Estimates. The difference between a carbon price and direct regulation (alternative 1) is striking and should be reason enough for the State not to pursue a “command and control” path. The \$8 billion in increased regulatory costs will disproportionately harm the State’s most vulnerable populations, with the electricity sector bearing a larger share of the reductions than other sectors. SCPPA strongly supports efforts that would *minimize* costs to our members’ ratepayers – not burden those that can least afford high electricity bills.

As staff works towards releasing the draft 2030 Target Scoping Plan for public comment and expedited Board review, we encourage ARB to release detailed information as soon as possible on the underlying assumptions used toward developing the Plan.

Thank you for your time and consideration. SCPPA and our Members continue to seek forward progress on a variety of issues that have been raised over the past year. We remain ready to meet with ARB staff to work towards mutually agreeable solutions that best advance the State’s climate change goals in an affordable manner for California ratepayers.

Respectfully submitted,



Tanya DeRivi
Director of Government Affairs



Sarah Taheri
Energy Analyst, Government Affairs