

November 19, 2021

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RE: Electricity Sector Technical Workshop of the 2022 Scoping Plan Update to Achieve Carbon Neutrality by 2045.

The Joint Utilities Group (JUG) appreciates the opportunity to offer comments on the California Air Resources Board’s (CARB) November 2, 2021, Public Workshop on the 2022 Scoping Plan Update (SPU) – Electricity Sector Workshop (ESW), jointly convened with the California Public Utilities Commission (CPUC), California Energy Commission (CEC) and the California Independent System Operator (CAISO). The JUG consists of the electricity sector’s investor-owned, publicly-owned and electric cooperative utilities in California.¹²³⁴

The JUG would like to thank the State’s energy agencies for participating in and providing this opportunity to discuss electricity sector issues in more detail. The ESW is the first step, among many, needed to discuss how the electric sector will support the Scoping Plan’s objectives while still maintaining reliable and affordable electric service. As discussed during the workshop, the electricity sector has already significantly reduced greenhouse gas (GHG) emissions and increased renewables, beyond the State’s mandates. Also highlighted in the workshop were some of the challenges that we face in further decarbonizing the electric sector and supporting the transition to electricity of other sectors of the economy.

Permitting

The discussion on permitting and issues concerning land-use and transmission planning was particularly helpful. These are important factors that affect the electric sector’s ability to decarbonize. The State’s electric utilities are already planning to meet the electric sector GHG targets for 2030 informed by the last Scoping Plan. Moreover, the CPUC is considering adopting a 38 million metric ton (MMT) GHG target by 2030 through its Integrated Resource Planning (IRP) process for jurisdictional load-serving entities (LSEs). As noted in the

¹ This JUG letter represents the collective comments of the following utilities: Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison, Turlock Irrigation District, the Golden State Power Cooperative, the Northern California Power Agency, Southern California Public Power Authority, and the California Municipal Utilities Association.

² The Northern California Power Agency (NCPA) is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

³ 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. SCPPA 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.

⁴ The California Municipal Utilities Association is a statewide organization of local public agencies in California that provide electricity and water service to California consumers. CMUA membership includes publicly-owned electric utilities that operate electric distribution and transmission systems. In total, CMUA members provide approximately 25 percent of the electric load in California.

CPUC's and CEC's Senate Bill (SB) 100 Implementation presentation⁵, land-use and permitting for an unprecedented build-out of new generation and transmission capacity will already be challenging. Expediting the permitting process at the local, state, and federal levels and enabling a method to address land-use challenges needs to be addressed before the State considers implementing more ambitious mandates with accelerated requirements for GHG emissions reductions by 2030.

Reliability

California is unlikely to meet its clean energy goals without further electrifying other sectors of the economy, and this necessary electrification cannot be achieved without a reliable electric grid. As such, the JUG reiterates its previous comments on the critical need to prioritize grid reliability in assessing the various Scoping Plan scenarios (i.e. that the resulting electric portfolios can reliably produce and deliver clean energy 24x7 for all days and seasons of the year). The CPUC and CEC acknowledged that the first SB 100 report does not include such a reliability assessment. The Scoping Plan assessment needs to compensate for this lack of analysis to ensure that the considered scenarios do not compromise reliable electricity. The JUG recommends an additional discussion with CARB and the energy agencies on how best to incorporate the reliability of the electric grid into the Scoping Plan analysis of scenarios and final recommendations.

Affordability

It is imperative that the state achieve its SB 100 and clean energy goals while still ensuring that electricity is affordable. The JUG appreciates the panel discussions in the ESW on affordability and equity of energy costs. Affordable electricity is necessary to enable electrification within other sectors of the economy as well as being essential to the health and wellness of all Californians, including low-income and vulnerable community members. Professor Borenstein's discussion of other ways to pay for the social goods that are currently included in electric rates was particularly helpful in highlighting how a different approach to the components covered by energy rates is needed.⁶ The affordability of rates and recommendations to consider other financing mechanisms for electric sector programs that provide societal benefits was also raised in the SB 100 Implementation presentation as well as the recent joint report to the Governor on SB 100⁷. Affordability and equity of energy rates are of critical importance and must be proactively designed into the SPU.

All Options

As noted in the JUG's previous comments, diverse existing and emerging zero-carbon generation technologies will be needed to meet the State's goals while maintaining the affordability and reliability of the electric grid. The JUG appreciates the discussion of flexible technologies such as hydrogen and carbon capture and sequestration in the ESW – these and other clean, firm resources need to continue to be eligible for the State's future decarbonized energy portfolio mix. The JUG urges CARB to refrain from restricting or limiting the technologies and resources in the SPU that can be utilized to decarbonize the electric grid.

⁵ "Senate Bill 100 Implementation," Le-Quyen Nguyen-CEC, Simon Baker-CPUC; presentation; <https://ww2.arb.ca.gov/sites/default/files/2021-11/SB100-CEC-CPUC-sp22-electricity-ws-11-02-21.pdf>

⁶ "Designing Electricity Rates for an Equitable Energy Transition," Severin Borenstein, Meredith Fowlie, and Jim Saltee, UC Berkeley and the Energy Institute at Haas; presentation p. 11; <https://ww2.arb.ca.gov/sites/default/files/2021-11/UCB-sp22-electricity-ws-11-02-21.pdf>

⁷ "Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy," September 2021, CEC-200-2021-008, p. 18. Available at <https://www.energy.ca.gov/sites/default/files/2021-09/CEC-200-2021-008.pdf>

The JUG looks forward to furthering discussion of the important challenges highlighted in the ESW as the SPU process advances towards the selection of a path to achieve a decarbonized future, while also maintaining an electric grid that is affordable, reliable, and can be feasibly achieved in the required timeframes.