



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

September 19, 2016

Clerk of the Board

Sent Via Electronic Submittal

Mr. Richard Corey, Executive Officer
Ms. Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, California 95814

Dear Mr. Corey and Ms. Nichols:

The Metropolitan Water District of Southern California (Metropolitan) has reviewed the Air Resources Board's (ARB's) proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market Based Compliance Mechanisms Regulation (C&T proposed amendments) that ARB released on August 2, 2016. Under the current C&T regulation, Metropolitan, as a public wholesale water agency is provided an annual allocation of allowances to help meet its compliance obligation. In the C&T proposed amendments, ARB is proposing to retain this annual allowance allocation through 2020 and for future budget years after 2020. Metropolitan supports ARB's retention of the current allocation both through 2020 and in future budget years, as ARB references in Sections 95871 and 95895 of the C&T proposed amendments.

Background

By way of background, as the nation's largest provider of drinking water, Metropolitan distributes water from the Colorado River and Northern California to 26 member agencies (cities and water districts), and supplies more than one-half of the water used by nearly 19 million people in the 5200 square mile coastal plain of Southern California. Metropolitan's regional water supply and distribution systems include some of the largest pumping plants and water treatment facilities in the United States. In order to bring Colorado River water to Southern California, Metropolitan often imports energy into California exclusively to serve the wholesale electrical pumping requirements of the Colorado River Aqueduct. This wholesale energy is not marketed or resold to other entities in California; it is used only by Metropolitan to bring water into Southern California, and the amount imported varies from year to year, depending on Metropolitan's pumping needs. Since 2010, Metropolitan has actively participated in the C&T rulemaking process, including the submittal of detailed written comments and providing oral testimony at various workshops and hearings. Additionally, Metropolitan staff engaged in numerous meetings with ARB staff on C&T and its applicability to Metropolitan. Following

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these discussions, ARB amended its regulations to allow public wholesale water agencies to receive an allowance allocation. Metropolitan has received this annual allocation since 2015, and looks forward to a continuing allocation post 2020. Note that ARB will need to update the current definition of public wholesale water agencies to reflect the data years from 2020-2030, since the current definition refers to 2013-2020.

Comment on Verification Deadlines

Based on Metropolitan's experience with the current C&T and Mandatory Reporting regulations, Metropolitan offers a comment regarding ARB's proposed changes to the verification deadline. Metropolitan requests ARB not change the verification deadline from September 1st to August 1st. This change would create additional burdens to complete the verification process within a shortened timeframe by the new deadline. Presently, there are only a small number of accredited verifiers from which to choose. ARB should encourage and develop a larger pool of accredited verifiers to support regulated entities.

Conclusion

As noted above, Metropolitan supports ARB's proposal to continue an allowance allocation to Metropolitan through 2020 and in post-2020 budget years.

If you have any questions, please contact Jon Lambeck at (213) 217-7381 or jlambeck@mwdh2o.com, or Janet Bell at (213) 217-5516 or jbelle@mwdh2o.com

Sincerely,



Jeffrey Kightlinger
General Manager

JB:reg