

COMMENTS OF TURLOCK IRRIGATION DISTRICT ON THE CALIFORNIA AIR RESOURCES BOARD DRAFT 2022 SCOPING PLAN UPDATE

Turlock Irrigation District (“TID”) submits the following comments on the California Air Resources Board’s (“CARB”) Draft 2022 Scoping Plan Update, dated May 10, 2022 (“Draft Plan”). TID appreciates CARB’s history of working with a diverse array of stakeholders, including those in frontline communities. TID supports this outreach and consideration of equity in the Scoping Plan. A majority of our ratepayers are located in disadvantaged communities. In addition to our work to provide environmental stewardship, TID is also responsible for providing reliable and affordable electrical service to frontline communities. TID strongly supports the ARB’s emphasis on both the health and the economic impacts of the proposals of the Draft Plan on our communities.

As discussed below, we appreciate CARB’s robust stakeholder process and evaluation of multiple carbon reduction scenarios in the 2022 Scoping Plan. TID is supportive of CARB’s efforts to achieve carbon neutrality and reduce all GHG emissions as contemplated in Scenario 3. We believe this scenario most closely aligns with the requirements in the Health and Safety Code to evaluate technical feasibility and cost effectiveness of emission reductions. TID also expresses concerns with the level of load growth contemplated in Scenarios 1 and 2. We are concerned that this degree of load growth will pose reliability and affordability concerns in the state. The massive load growth in Scenarios 1 and 2 would primarily be served through the development of new carbon-free resources, as well as investments in transmission and distribution facilities. The state has historically not developed new resources at the proposed scale and timeframe. By recommending Scenario 3, the Scoping Plan will minimize affordability issues for customers, particularly those in smaller, publicly owned utilities. In order to facilitate the pace and scale of development required by deep decarbonization scenarios, utilities will need extensive lead times to facilitate these changes in load. Above all, CARB must ensure that the achievement of the state’s important carbon reduction goals do not come at the cost of utilities’ obligations to provide reliable and affordable power.

TID Background

TID was organized as the first Irrigation District in California on June 6, 1887 and is in its 135th year of operation. TID is a Publicly Owned Utility (“POU”) currently serving a retail electric customer base of just over 100,000 customers and provides irrigation water to over 5,800 growers and nearly 150,000 acres of farmland. Of the fourteen communities that TID serves, eleven are classified as Disadvantaged Communities, and a majority of our service territory is in the top 20% of Cal EnviroScreen 3.0 impacted communities.

TID’s mission is to provide stable, reliable, and affordable water and power to its customer owners; be good stewards of our resources; and provide a high level of customer satisfaction. TID has been a long-time supporter of California greenhouse gas standards, and made early investments in wind energy and other renewable sources before there was any requirement for POU’s to do so.

TID is also distinguished from the large Investor Owned Utilities in that it operates as a Balancing Authority Area and is not part of the California Independent System Operator (“CAISO”). TID is one of eight Balancing Authorities (“BA”) in California tasked with balancing retail demand, generation, and wholesale purchases and sales while providing adequate reserve capacity to maintain reliability within its Balancing Authority Area. TID’s generation, transmission and distribution facilities are all necessary to support TID’s legal requirements and comply with National Electric Reliability Council (“NERC”) Reliability Standards.

DISCUSSION

Assembly Bill (“AB”) 32 requires CARB to prepare and approve a Scoping Plan for achieving the “maximum technologically feasible and *cost-effective* reductions in greenhouse gas emissions”¹ in consultation with the California Public Utilities Commission (“CPUC”) and the California Energy Commission (“CEC”) on energy-related matters including electrical generation, load based-standards or requirements, the provision of reliable and affordable electrical service, and statewide fuel supplies. TID supports CARB staff’s selection of Alternative 3 as the Proposed Scenario for the 2022 Scoping Plan Update. CARB’s robust economic modeling work confirms that of the four scenarios under consideration, Alternative 3 adheres to the statutory requirements by serving as the most cost-effective of the scenario alternatives. Importantly, Scenario 3 will also maintain California’s progress toward achieving its ambitious greenhouse gas (“GHG”) reduction targets.

In reviewing Alternatives 1 and 2, TID was concerned about the high costs and challenges to reliability that those scenarios would have presented to the state’s electricity sector. As summarized in the Draft Plan, Alternative 1 would have the highest direct costs due to early retirement of nearly all vehicles and gas appliances by 2035 and a large number of end-of-life replacements to begin around 2045, the highest rate of slowing for economic growth in 2035, and the highest rate of slowing for job growth in 2035. Alternative 2 was identified as the second highest in all of these economic metrics.² If adopted, it is certain that some of the high costs associated with the implementation of either of those scenarios would end up being passed on TID’s ratepayers, posing a significant challenge to affordability. At the same time, the complete phase-out of all combustion in Alternative 1 would pose significant challenges to utilities, particularly small and publicly owned electric utilities like TID that serve as their own balancing authority and must balance supply and demand within their service territory. With the combination of, an extreme reliance on electrification of the other sectors, the ongoing unavailability of solar development projects, and the shortened timeframe for transmission and distribution deployment, reliability will be even more challenging than it already is demonstrating itself to be today. We support the development of new, renewable resources, but also must have firm dispatchable capacity available.

Alternative 3, when compared with the other three alternative scenarios, provides the most technologically feasible and cost-effective GHG reduction benefits, as called for in AB 32. It

¹ California Health and Safety Code section 38561(a), (Italics added).

² Draft 2022 Scoping Plan Update (May 10, 2022) at p. 44, p. 46, available [here](#).

also achieves environmental targets on a realistic timeframe by providing sufficient lead time before the deep decarbonization goals under SB 100 take effect. Alternative 3 also provides significant health benefits and has the most minimal effect on employment and economic growth, which are core considerations for our customers.

For all of these reasons, TID is joining with CARB staff in recommending the adoption of the Alternative 3 scenario for the final 2022 Scoping Plan Update.

CONCLUSION

TID supports the state's greenhouse gas reduction goals. The policies set forth in the Scoping Plan must strike an appropriate balance between the state's environmental goals and economic impacts. TID appreciates CARB's sensitivity to the utilities' responsibility to provide reliable power in a cost-effective and environmentally friendly manner. The proposal of Alternative 3 strikes an appropriate balance of costs and meeting policy objectives. TID looks forward to continuing to work with CARB to help achieve the State's GHG targets in a way that minimizes costs for ratepayers and meets reliability targets of all balancing authorities in California.

Respectfully Submitted,

Austin Avery
Turlock Irrigation District