



October 22, 2021 | Submitted Electronically

Liane Randolph, Chair California Air Resources Board 1001 I Street Sacramento, CA 95814

## SUBJECT: Comments on the 2022 Scoping Plan September 30th workshop on carbon neutrality scenarios

Dear Chair Randolph:

On behalf of Burbank Water and Power (BWP), I appreciate the opportunity to comment on the September 30<sup>th</sup> workshop on draft carbon neutrality scenario alternatives for the 2022 Scoping Plan Update. BWP is a publicly owned utility serving the residents and businesses of Burbank with electricity and water. BWP remains committed to working with the state to achieve the greenhouse gas (GHG) reduction goals, as required by Assembly Bill (AB) 32, Senate Bill (SB) 32 and AB 398. In addition, we look forward to the request of Governor Gavin Newsom, that California Air Resources Board (CARB) evaluate the potential to achieve carbon neutrality earlier than 2045. We believe the scoping plan process will be an opportunity to provide input for a workable framework and we look forward to working with the CARB on this process. Furthermore, BWP supports the jointly submitted comments by the Southern California Public Power Authority, Northern California Power Agency, and California Municipal Utilities Association.

As stated in our September 2, 2021 comments, the City of Burbank supports sustainability goals and is updating its own GHG reduction plan that will reduce our GHG emissions through a holistic and citywide approach. BWP will seek to achieve the City's goals through energy efficiency, building electrification, as well as facilitating the adoption of transportation electrification and access to charging infrastructure for Burbank's community. In addition, BWP will begin an update to our integrated resources plan, which will include considerations for fuel diversity within our energy portfolio, such as solar plus storage, wind, biofuel, options for carbon sequestration as well as exploring the potential for hydrogen at our Magnolia Power Plant (MPP).

For the electricity sector, it is imperative that the CARB model scenarios that are feasible for agencies like BWP and consider alternatives that maintain reliability and provide a cost-effective approach to reducing GHG emissions. BWP would urge CARB to model scenarios that do not impact reliability and prefer modeling alternatives three and four for the following reasons:

Alternative 1 aims to achieve carbon neutrality with a complete phase out of combustion and no reliance on engineered carbon removal by 2035. This alternative is not achievable with the

technologies that exist today, and this would severely limit the potential for having a reliable grid. The accelerated timeline does not provide ample time for the permitting and construction of new zero-carbon resources and well as new transmission lines. Additionally, this acceleration will come at a high cost to our ratepayers, given the potential for stranded assets and supply and demand concerns with the availability of zero-carbon resources. The Magnolia Power Plant (MPP), which is located in the City of Burbank, would become a stranded asset as a result of this alternative.

The MPP is a combined cycle, efficient natural gas power plant with a turbine nameplate maximum capacity of 310 MW. MPP generates this power on behalf of BWP (with a 31% share) and MPP's five other participants: the municipal utilities of Anaheim (38%), Glendale (17%), Pasadena (6%), Colton (4%), and Cerritos (4%). Each utility has a share in the project through the Southern California Public Power Authority. As discussed in our September 2, 2021 comments, BWP is the operator and manager of MPP, and BWP reports the GHG emissions from this facility under the mandatory reporting rule (MRR) and retires allowances for this facility under the capand-trade program. Any scenario planning or GHG target setting analysis should also provide exemptions for jointly owned resources which are used for grid reliability. These exemptions include potentially exceeding GHG targets, in order to maintain reliability for the grid and to mitigate ratepayer impacts. A similar provision was part of the RECLAIM program several years ago when there were similar constraints on nitrogen oxide limitations. Language was added to the RECLAIM program to ensure that the utilities were able to meet such requirements in a cost-effective manner. As such, it would be appropriate to include similar language as part of the scoping plan analysis.

Additionally, the 23 million metric tons (MMT) CO2 allowed under Alternative 1 (for electric sector as a whole) in 2030, would not work for BWP, since we would exceed this with MPP alone. This baseload resource provides reliability to Southern California and to the grid, overall. For reference, last year, for BWP, we had around 200,000 metric tons of CO2 reported for Magnolia. An 126,000 metric tons of CO2 target (for BWP, based on our historical share of GHG emissions) wouldn't cover MPP or our share of the Intermountain Power Project (IPP) Renewal project (which will be fueledby a combination of green hydrogen and natural gas, working toward a 100% green hydrogen solution), by 2030. MPP adds important reliability benefits for BWP, and it provides local power to our customers, while freeing up its regional transmission rights to bring in renewable resources, which are important for BWP to meet its sustainability goals, as well as the state's renewable mandates. The IPP Renewal is necessary for BWP to retain rights on the Southern Transmission System (STS), a transmission hub which provides BWP with access to renewable resources in the east. These renewable resources are vital for BWP to meet the state's renewable portfolio standard, to maintain reliability of the grid and provide access to base load energy.

The scoping plan sets a goal for GHG reductions, but when reliability and affordability are at risk, there should be exemptions for the GHG reduction goals, for operators of baseload resources that assist with reliability. Alternatives with a short time frame that do not meet reliability requirements with technologies in existence today, should be removed from consideration.

As noted in BWP's September 2, 2021 comments, discussions on the impact to utilities that manage, maintain, and operate resources that are used to ensure reliability of the grid should be an integral part of the scenario selection and evaluation process. As a matter of equity, the implications to such utilities will need to be addressed through the MRR. All participants of jointly owned projects should be liable for the GHG implications in proportion to the power used by the joint owner. Under the MRR, section 95112, operators of resources in California are liable for reporting the GHG emissions from electric generating units. As part of the scenario analysis, exemptions need to be made for operators of joint resources, so that each owner is accountable for carbon generated by the power that they use.

Alternative 2 aims to achieve carbon neutrality by 2035, with a full suite of technology options, including engineered carbon removal, and provides a costly transition to new unvetted technologies. BWP supports including a full suite of technology options including engineered carbon capture and removal. It is important to consider the timeline for transition and the impact to reliability and costs passed to our ratepayers. Unfortunately, the 30 million MMT of CO2 allowed, by 2030, would also not work for Burbank, given its share of MPP and IPP, which provide reliability to the grid. With the limited types of technologies that exist today, that offer baseload reliability, this option will lead to reliability issues with the grid. Mainstream battery energy storage systems, on average, only provide four megawatt hours of energy. This does not provide enough energy to cover intermittent resources like wind and solar, when they are not producing electricity.

The limitations on a baseload resource mix that has a fossil fuel component, via Alternative 1 and 2, will negatively impact reliability. Alternative 1 and 2, assume that technologies will exist in eight years, to cover baseload needs. Today, there are insufficient baseload renewable resources to provide reliability to the grid, at a cost that is not detrimental to ratepayers.

Alternative 3 aims to achieve carbon neutrality by 2045, utilizing a broad portfolio of existing and emerging fossil fuel alternatives and achievement of Executive Order N - 79 - 20. However, total load coverage as the denominator, allows for less flexibility in compliance. BWP supports this Alternative, since this timeline enables the necessary timeframe to develop additional baseload renewable resources and is consistent with SB 100. However, BWP's preference and recommendation is for Alternative 4.

Alternative 4 aims to achieve carbon neutrality by 2045, utilizing existing and emerging technologies, in line with recent agency reports (AB 74 carbon neutrality in transportation, SB 100 zero-carbon electricity grid). Alternative 4 is the preferred option for BWP, due to its flexibility on compliance. Retail sales as the denominator, the inclusion of Attachment 2 (which allows a variety of zero-carbon resources to count towards the carbon neutrality target, as well as keeping the timeline consistent with SB 100, in 2045, is the most realistic option. This allows utilities, such as BWP, additional time to study alternative fuel for existing baseload fossil fuel plants, allows time for the development and construction of transmission lines and this option would be the most cost effective to ratepayers.

As we continue to focus on meeting our compliance mandates, many challenges remain with a changing climate resulting in extreme heat events, wildfires and drought. The importance of electric system reliability cannot be overstated. If homes, businesses, and industry cannot rely on dependable electric service, customers will not adopt electrification as a viable long-term strategy. Transmission constraints need to be part of the modeling and assumptions, as not all utilities have transmission access to plentiful zero-carbon resources. In order to provide additional, flexible and baseload resources to the grid, transmission needs to be built and financed.

Burbank has been, and will continue to be, a leader in our region in sustainability. Furthermore, we are committed to participating in the scoping plan and providing guidance on the scenarios and modeling efforts. BWP supports CARB's recommendation to hold additional Electricity Sector Workshops and appreciates the transparency in the scoping plan process.

Thank you for the opportunity to play an active role in this process. If you have any questions or require additional information regarding our comments, please contact Dawn Roth Lindell, Burbank Water and Power General Manager at (818) 238-3554 or drothlindell@burbankca.gov.

Sincerely,

Dawn Roth Lindell

Dawn Roth Lindell General Manager