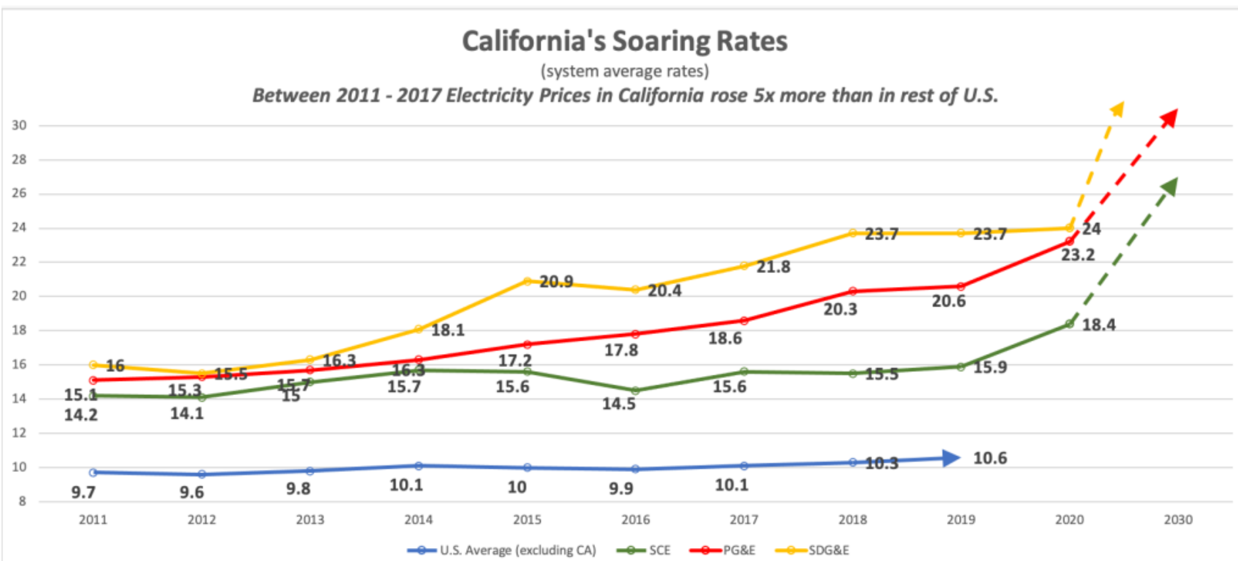
Agricultural Energy Consumers Association

July 9, 2021

Re: Climate Scoping Plan Update

The Agricultural Energy Consumers Association (AECA) appreciates the opportunity to offer these preliminary comments on the 2022 Climate Scoping Plan Update. We want to share our thoughts on energy sector planning and our mounting concerns with rapidly rising energy costs which are increasingly harming the farming and food processing sectors. As CARB moves forward with the Scoping Plan Update, energy affordability must be a growing concern and consideration.

<u>Energy Rates</u>
California's Electricity rates are already double the national average and have risen five times faster than the rest of the country. Utility mismanagement and resulting wildfire causation are ensuring California's already sky-high electricity rates go even higher.



- Baseline residential rates have increased 59% (SCE), 104% (PG&E), and 126% (SDG&E) between 2009-2020.
- System average rates have increased as much as 45% from 2009 and are expected to continue rising at an alarming rate, far outpacing inflation.
- Residential rates are expected to reach 44¢/kwh (SDG&E), 33¢/kwh (PG&E), and 29¢/kwh (SCE) by 2030.
- Commercial and Industrial rates in California (14.28¢/kwh) are more than double those found in other neighboring western states such as Arizona (5.92¢/kwh), Nevada (5.02¢/kwh) and Oregon (6.13¢/kwh).

- Soaring agricultural rates are more than double those found in other states and are exacerbated by looming water shortages, which require farms to use more energy to pump water.
- Rapidly rising rates greatly exacerbate California's highest in the nation poverty rate (18.1%) and worst in the country homelessness crisis.

Adding to this growing burden, PG&E just announced another major rate increase that will send rates for all customers more than 30% higher in just the next few years.

<u>Natural Gas Rates</u>
The CPUC has recently documented that natural gas rates are also expected to rise rapidly over the next decade, as much as 6% annually or 60% in total. CARB must take these economic impacts into consideration as it advances climate policies in the energy sector.

As major consumers of natural gas, we agree with staff that electrification of commercial, industrial, and food processing sectors will prove difficult and is not feasible at this time. Several parties, including staff, however, have suggested that one potential solution is substitution of renewable natural gas (RNG). **We do not agree. RNG is five to ten times more expensive than fossil natural gas and is not a cost-effective solution.** Our businesses use substantial amounts of gas, primarily for thermal heat production and dramatic increases in cost are not economically feasible. Most of our members must compete in national and international markets. As a result, we do not support <u>mandatory</u> RNG mandates. We do support continued use of in-state biomethane from dairies, wastewater facilities and landfills as renewable low– or negative-carbon transportation fuel. The use of RNG as transportation fuel represents the highest and best use of methane captured from these facilities.

We also encourage CARB to explore economically sustainable ways to advance energy sector climate policies. Additional funding for the Food Production Investment Program (FPIP) will help advance energy efficiency and carbon capture technologies. Additional mandates and policies that continue to drive energy prices higher for residential and business customers are not sustainable. We look forward to working with CARB on this effort to ensure staff appreciates the need for balanced energy policies that also recognize economic feasibility.

Respectfully,

Michael Boccadoro, Executive Director
Agricultural Energy Consumers Assoc