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October 31, 2013

Michael Tollstrup

Chief, Project Assessment Branch

California Air Resources Board

1001 I Street

Sacramento, CA 95814

Dear Chairman Nichols:

On behalf of the California Municipal Utilities Association (CMUA), we are pleased to submit comments on the California Air Resources Board (ARB's) draft Climate Change Scoping Plan specific to the water sector. CMUA represents water agencies statewide and the majority of publicly owned electric utilities in the state. Representing both water and energy public utilities, CMUA and its members believe the Scoping Plan can help foster myriad opportunities for both sectors to voluntarily collaborate and achieve greater reductions in greenhouse gas emissions (GHGs) through increased water and energy efficiency.

Changes from the 2008 Scoping Plan – Water Sector

We want to acknowledge and thank ARB for making a number of important changes in this updated draft plan for the water sector that CMUA had suggested in its previous comments letter on the 2013 Scoping Plan. Of particular note is the elimination of the recommendation to create a water public goods charge. We believe this proposal would have equated to a new tax on the water sector – the only sector where a new tax was proposed. As such, CMUA appreciates the elimination of this recommendation.

We also want to applaud ARB for acknowledging and referencing the new measures and policies that have been adopted in the water sector since the 2008 Scoping Plan was approved. On Page 31 of the plan, we support the inclusion of the specific 20 x 2020 water conservation goal as written, but believe it would be beneficial to also specify the recycled water and stormwater goals adopted by the State Water Resources Control Board, in 2009 and as modified in 2013, through a stakeholder driven process. These goals are:

- Increase the use of recycled water over 2002 levels by at least one million acre-feet per year (afy) by 2020 and by at least two million afy by 2030.

- Increase the use of stormwater over use in 2007 by at least 500,000 afy by 2020 and by at least one million afy by 2030.

In the 2008 Scoping Plan it was not clear if the emission reductions from various water measures would be attributed to the water or the electricity sectors. This might have led to the double counting of GHG emissions reductions. In this version of the plan the relationship between the energy and water sectors is clarified in the discussions to state that the emissions reductions in the water sector will be counted under the energy sector.

Key Recommended Actions Proposed for the Water Sector

Below are CMUA's comments on some of the proposed new actions in the draft Scoping Plan, specifically those identified on pages 94-97:

Funding

We strongly agree with the recommendation that agencies should continue to increase non-traditional and alternative water supplies and make water and wastewater conveyance, treatment and distribution systems more energy efficient. We want to emphasize that many CMUA agencies are already actively implementing and pursuing further development of non-traditional supplies, such as expanding the use of recycled water and stormwater capture. Also, to be better environmental stewards, and because it is in their best interest to reduce energy costs, wholesale and retail water agencies are continuously evaluating their systems, including conducting energy audits, to make them more energy efficient.

Technological Advances

In general, we agree with the first three bullet points that emphasize the need to increase water and energy conservation. To clarify, we do recommend that the action item to "update and implement new water-related energy conservation measures and energy efficiency standards for water use" state that this should be accomplished through Title 24 changes in the development of building and appliance standards.

We believe that the current action item "collect data on water use and related energy used for water services" should be modified to state, "Continue the **voluntary** collection of data on water use and related energy used for water services." Because standard methodologies and protocols for assessing the embedded energy in water are only now being developed and have not been vetted, we believe it is premature to make this a mandatory action for water agencies at this time. Several issues need to be assessed, including the potential for problematic double counting of energy use in such methodologies. However, much progress in this area can be accomplished through voluntary actions developed through a collaborative approach with water agencies.

Administration

There are three separate recommendations under Administration addressing water rate structures and the relationship of water pricing to water conservation. CMUA notes that rate making that reflects state and local priorities and that meet the requirements of Proposition 218, is one of the primary responsibilities of local government. A variety of water rate

structures are in use today by public water agencies for a host of economic, practical and public policy reasons – including water conservation. No one rate structure is right for all California communities. CMUA believes these decisions need to remain with local government. The recommendations should be clarified to state these are local government decisions; otherwise we would recommend their deletion.

CMUA fully supports the two action items that call for the facilitation of partnerships between water and energy utilities. In a recent poll the Pacific Institute found that “lack of established relationship with potential partners” is a major reason more water and energy projects do not happen. Water and energy utilities within the same region should make developing relationships with each other a priority. CMUA recommends that this concept of partnerships be specifically expanded to include natural gas utilities, as well as electric utilities. Many CMUA water agency members have established partnerships with both electric and natural gas utilities.

CMUA also conceptually supports the recommendation regarding development and implementation of groundwater management strategies. However, as currently worded, the recommendation is unclear as to exactly how this recommendation ties back to the water-energy nexus, and reduction of greenhouse gases. CMUA notes that there are three basic methods available for managing groundwater resources in California: (1) management by local agencies under authority granted in the California Water Code or other applicable State statutes, (2) local government groundwater ordinances or joint powers agreements, and (3) court adjudications. Aside from adjudicated basins, there is significant local flexibility in the management of groundwater in California and this should be retained. CMUA recommends that this recommendation be restated to read, “Develop and implement locally developed groundwater management strategies that contribute to enhanced water quality and water supply reliability.”

The last bullet under Administration pertains to enabling a greater state role in developing policies, providing financial and regulatory incentives, and employing regulatory oversight. CMUA agrees that the water sector needs the state to play a key role in providing funding and other incentives to help achieve the measures identified in the draft Scoping Plan. CMUA recommends that the last bullet be reworded as follows:
“Provide financial and other incentives to facilitate implementation of the measures identified for the water sector.”

Inclusion of New Water-Energy Climate Nexus Report in Appendix

At the ARB workshop on October 15, 2013 the Climate Registry (TCR) and Water Energy Innovations released a “final” report entitled, “California’s Water-Energy-Climate Nexus.” In their oral comments, TCR recommended that this report be included in the Scoping Plan. While this report appears to contain some useful suggestions, it has not been vetted through a process allowing for full stakeholder review and comments. CMUA recommends that instead of including the report in the draft Scoping Plan ARB should solicit feedback from stakeholders about its content, methodologies and recommendations. It will take considerable time and technical expertise to work through a number of issues that the report briefly mentions, including but not limited to, how out-of-state energy sources are attributed to the embedded energy in California water and potential double counting between the water and energy sectors.

Michael Tollstrup
California Air Resources Board
October 31, 2013
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Conclusion

Thank you again for the opportunity to comment on the draft 2013 Scoping Plan. If you have any questions or concerns about our comments, please contact me at (916) 326-5800.

Sincerely,

A handwritten signature in black ink that reads "Jennifer West". The signature is written in a cursive, flowing style.

Jennifer West
Director for Water