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Submitted electronically: https://ww2.arb.ca.gov/applications/public-comments

June 24, 2022

***RE:* Comments on 2022 Climate Change Scoping Plan**

Dear CARB Staff,

On behalf of the Associated General Contractors (AGC) of California, we are submitting comments to the California Air Resources Board (CARB) in response to 2022 Climate Change Scoping Plan.

AGC of California is a member-driven organization that statewide consists of over 900 companies Our members provide commercial construction services on a broad range of projects within vertical building, highway & transportation, and utility. We believe the construction industry is vital to the success of California. Together, our members actively create opportunities to build and strengthen our state. We are passionate about shaping policy, improving industry relationships, and developing our workforce.

Our members utilize strategies that produce some of the lowest carbon footprints in the United States. California's building codes result in construction that is more efficient than construction projects in other states. For instance, new homes come with solar panels and electric vehicle ready charging capabilities; they will also include heat pump water heaters and be prewired for all-electrical appliances. Additionally, water efficiency measures are utilized that save energy consumption and reduce water usage.

AGC of California appreciates the opportunities to participate in CARB's regulatory process by submitting a comment letter to advocate on behalf of the construction industry. A summary of our concerns is in alignment with the California Building Industry Association (CBIA) that includes sustainable community strategies, the lack of reliable electrical grid to

support the increase in electrical energy demands, inequitable access to energy, and the burden of increased costs on disadvantaged communities. Please read below for more information.

1. **Sustainable community strategies (SCS).**
   AGC of California asserts that local government's land use authority should remain under their control. According to SB 375 that established SCS as a part of Regional Transportation Plans, projects approved consistent with SCS would receive an incentive: the environmental document prepared pursuant to CEQA would not be required to reference, describe, or discuss growth inducing impacts; or any project specific or cumulative impacts from cars and light-duty truck trips generated by the project on global warming or the regional transportation network. SB 743 VMT regulation has undermined and reduce the value of this by eliminating the benefit promised by the second incentive. Therefore, CARB should support an exemption from the VMT regulation for projects that are consistent with an SCS.

   AGC of California appreciates CARB's recognition of obstacles in Appendix D and Appendix E; specifically, CEQA, ballot-box planning (both by incentive and referendum), NIMBY opposition, and barriers to housing projects. We encourage CARB to support removing these obstacles; setting higher targets will not be effective without first removing the obstacles. Additionally, we would like to point out some specific concerns associated with Appendix E – Sustainable Communities Objectives and Action. Providing alternative transportation choices to driving is good for California if it does not prohibit road construction or removing lanes. AGC of California supports pricing strategies, as providing alternative transportation will likely require a new funding source, given that they replace SB 743 requirements on new development.

   Section 3.1.2 of Appendix E states, "[c]urrent project pipelines, plans, regulations, and funding programs at all levels of government need to be reviewed to reimagine and rescope road projects that increase single-occupancy VMT. A first action on this front would be adjusting the present project pipeline of State transportation investments and reconfiguring Caltrans' planning processes to rescope VMT- and GHG-increasing projects (Action A). Caltrans and other State agencies have committed to working with stakeholders to evolve projects in their design and suite of investments to address access and connectivity challenges while ensuring their alignment with the State's climate and equity goals, and other key outcomes" (pg. 13). Additionally, section 3.1.3 of Appendix E states "[a]djust the present project pipeline of State transportation investments and reconfigure Caltrans planning processes to reimagine and rescope VMT- and GHG-increasing projects" (pg 16).

   While the above provision appears to prevent projects that increase GHG emissions, sometimes expanding roadways is the most environmentally beneficial option. Removing this option would likely result in drivers to drive farther on surface streets and increase idling at intersections that would result in more GHG emissions. The prohibition would also pose a risk to the safety of Californians. For instance, safety improvements for emergency evacuations from dam failures (e.g., Oroville in 2017) or other flood events, wildfires (e.g., Paradise in 2018), earthquakes or other emergencies would be prevented from getting relief and result in trapping residents during these

emergencies.

Lastly, respondents may report wanting to drive less, however, it is important that road construction is still allowed to increase the lanes on roadways. The Mineta Transportation Institute reported in their study "Surveying Silicon Valley on Cycling, Travel Behavior, and Travel Attitudes," that "respondents generally think increasing the use of other modes is a good thing, creating or improving infrastructure for other users may be problematic when, as it often does, it requires reallocating road space away from cars. Respondents (+21) generally felt that their communities need more car lanes on city streets, and by an even greater margin (+41) they think their communities need more car parking" (Fang, 2020, pg 5). We ask that CARB respect the choices of these voters and consumers. While AGC of California supports CARB in pursuing alternative transportation strategies, it is important to take a balanced approach into how it is implemented.

Section 3.1.2 of Appendix E states "[…] the State should implement the full suite of recommendations in the Climate Action Plan for Transportation Infrastructure (CAPTI) and apply the CAPTI framework to other transportation investments to prioritize allocation of transportation funding based on projects' climate, equity, and safety impacts (Action B)." However, there is a concerning recommendation in the CAPTI framework: addressing safety through the multidisciplinary Safe System Approach that employ tools for speed management, such as road diets, conversion of intersections to roundabouts, and signal coordination to slow speeds. This is concerning because cities that have implemented these suggested changes faced devastating consequences during emergency situations. According to the Los Angeles Times article, "Paradise narrowed its main road by two lanes despite warnings of gridlock during a major wildfire," as the city of Paradise was experiencing the worst wildfire to date, up to 27,000 residents were stuck in traffic that resulted in some dying in their cars as the fires consumed them. As wildfires have been increasing in frequency and intensity, AGC of California asserts that CARB reconsider the "road diet" directive of CAPTI.

Section 3.2.1 of Appendix E states "[a]nother key action would be removing California Constitution Article XIX restrictions on using gas tax monies for transit operational funding or other sustainable transportation-related uses (Action D)" (pg. 14). This action may appear as a bait-and-switch to the voters of California which would negative impact the government's ability to obtain voter approval for future revenue increases for all infrastructure projects. While AGC of California supports expanding transit operations, we believe that new broad-based funding sources will be needed in order to do so.

Section 3.4.2 of Appendix E states "[e]liminating State funding of infrastructure, development, or leases outside of infill areas that do not demonstrate clear alignment with State guidelines on VMT, climate, and equity outcomes. (Action B)" (pg. 27). AGC of California asserts that the infill is too narrow of a scope for this restriction. As mentioned in Appendix D, there are ways to design new development projects that can achieve these goals without meeting the narrow definition of infill areas. Projects and plans that align with State climate goals as identified in Appendix D or otherwise

through CEQA should not lose State funding.

Section 3.4.2 in Appendix E further states that "[t]he State could support those efforts by establishing a requirement that all local general plans demonstrate consistency with the assumptions and growth allocations in regional RTP/SCSs at least every 8 years consistent with existing RHNA and housing element update timelines (Action E)" (pg 27). The top-down approach to land use decisions would be a reversal of the foundation on which SB 375 was built and would face fierce opposition without delivering more projects that are consistent with the SCS. If the goal is to try to get more projects approved that are consistent with the SCS, then a carrot rather than a stick approach would likely be more successful. Currently, RTP/SCS are subject to CEQA and CEQA litigation against the adoption of an SCS has significantly delayed their use by project applicants. Projects should be allowed to rely on the plan until a new SCS is approved regardless of litigation. Any project for which an application is submitted during that period should be protected from future changes.

Greater incentives are needed to overcome the added cost and risk associated with meeting the consistency requirement for SCS. Those incentives should include:

- Projects consistent with the SCS (which already requires that the project be consistent with the environmental document for the SCS) should be exempt from CEQA.
- Projects consistent with the SCS should be removed from the constraints of an initiative or referendum.

It is unrealistic to expect that merely setting more stringent targets will have any greater chance of success if we don't remove the obstacles currently hampering the existing targets.

AGC of California believes that SB 375 would be the slowest way to reduce GHG emissions because it takes so long for projects – transportation, residential, non-residential – and plans to obtain approvals (and complete their subsequent litigation). In addition, projects consistent with an SCS should be fast-tracked. Housing delayed is housing denied.

2. **Lack of reliable electrical grid to support increase in electrical energy demands.**

While AGC of California supports actions that reduce greenhouse gas emissions making our communities an even safer place to live, we urge CARB to consider the feasibility of the 2022 Climate Change Scoping Plan. According to the CalMatter's article, "California's electric grid is not ready to meet climate goals," California's electrical grid was largely developed in the last century and was designed with natural gas fired generation located in urban areas, supplemented by remote hydro, nuclear, and geothermal energy (2022). The electrical grid was *not* designed to accommodate phasing out urban gas-fired generation and tripling the among of energy delivered from remote wind and solar energy.

The National Renewable Energy Laboratory conducted a low carbon grid study that analyzed a 50% emission reduction in California and the associated impacts. They found that 3 million electric vehicles add 13 TWh of load, and if half of the vehicles are assumed to be optimally charged it will create a potential for up to 3,000 MW of load during times of curtailment. They conclude that less

flexible institutional frameworks and a less diverse generation portfolio could lead to higher curtailment (up to 10%), operational costs (up to $800 million higher), and carbon emissions (up to 14% higher).

The peer-reviewed article, "Translating Climate Change and Heating System Electrification Impacts on Building Energy Use to Future Greenhouse Gas Emissions and Electric Grid Capacity Requirements in California," analyzed climate change and electrification impacts to system-wide endpoint impacts on future electric grid configurations (Tarroja, et al., 2018). They concluded that although electrification may decrease greenhouse gas emissions, it requires significant increases in electrical grid capacity. Specifically, that the large loads do not temporally align with daily renewable generation and therefore require increases in dispatchable electric grid capacity to support the electric grid configuration.

Additionally, the most recent 10-year plan developed from the Public Utilities Commission does not take shutting down gas power plants into account from now to 2031. This is concerning because rolling blackouts have been increasing over the years which will drastically impact to Californians especially if they become even more dependent on electricity due to imposed regulations.

Bloom Energy released a California Power Outage Map based on data collected between 2017 and 2019. During that time there were over 50,000 significant power outages across the state that impacted approximately 51 million customers. Although it is commonly perceived that blackouts happen primarily in rural communities, they are becoming more common in cities as well. For instance, California's 5 largest cities including Los Angeles, San Diego, San Jose, San Francisco, and Fresno, experienced 10,417 outages impacting approximately 20% of the state's population. Additionally, San Bernadino alone experienced 1,208 backouts impacting 1.4 million customers. What is perhaps more concerning is that electrical power outages are steadily increasing. In October 2019, the blackout events increased by 80% compared to the year before and the individuals it impacted increased by 204%.

On January 13, 2021, the California Independent Systems Operator, California Public Utilities Commission, and California Energy Commission released a report regarding the root-cause analysis of the mid-August extreme heat wave power blackouts. This report states that the root-cause was attributed to "extreme weather conditions, resource adequacy and planning processes, and market practices". Additionally, it states "[t]he energy markets can help fill the gap between planning and real-time conditions, but the West-wide nature of this extreme heat wave limited the energy markets' ability to do so". Therefore, it expresses the need to have carefully thought-out plans that take California's current resources into consideration, as opposed to initiating a plan that is not practical. It is essential that California's electrical grid be updated to handle increased loads effectively and efficiently.

The sustainability of power drastically impacts the construction industry. Without reliable access to power, this will interfere with projects being completed on time and on budget. Since the construction industry is the foundation of California's infrastructure, this will have negative repercussions on everyone throughout the state. These detrimental impacts should be considered in the development of the Scoping Plan.

3. **Inequitable access to energy.**

While AGC of California understands the need for renewable energy, it is important that it is readily available for everyone, not just a select few. UC Berkley published the peer-reviewed article, "Inequitable access to distributed energy resources due to grid infrastructure limits in California," where the authors analyzed grid limits to new distributed energy resources integration across California's two largest utility territories (Brockway, Conde, & Callaway, 2021). They found that "grid limits reduce access to solar photovoltaics to less than half of households served by these two utilities, and may hinder California's electric vehicle adoption and residential load electrification goals." This stresses the need to address the limits of the electrical grid prior to implementing a plan that imposes unrealistic goals. Furthermore, they evaluated the relationship between demographic characteristics and access. They found that the grid limits exacerbate existing inequities, particularly that disadvantaged census block groups have disproportionately less access to new solar photovoltaic capacity based on circuit hosting capacity.

Additionally, rural job sites may not have adequate access to electric charging stations that may be necessary for the adoption of electrical vehicles. There are several factors that are contributing to the scarcity of vital charging stations, such as the global shortage of essential EV charger components and precious metals (i.e. lithium). Many construction sites are in rural areas that may have reduced access to charging stations. That would result in the vehicles going back and forth between the job site and charging stations which would prolong the duration of the project. It would also increase miles on the vehicle, requiring the need for a replacement battery that much sooner. Lastly, the increased vehicle miles traveled would also influence tire wear emissions, thereby contradicting the goals of this plan.

All in all, AGC of California urges CARB to consider upgrading the electrical grid prior to implementing the Scoping Plan so that energy can reliably get to consumers that would make this plan obtainable.

4. **Burden of increased costs on low-income communities and businesses.**

The California Public Utilities Commission (CPUC) released a report in May 2021 that evaluated electric costs, rates, and equity issues. CPUC expresses the importance of carefully thought-out policy: "[i]f handled incorrectly, California's policy goals could result in rate and bill increases that would make other policy goals more difficult to achieve and could result in overall energy bills becoming unaffordable for some Californians. Electrification goals [...] are among the near-term needs, for example, that place upward pressure on rates and bills." Additionally, they explain that without proper subsidies and low-cost financing options, this may create equity concerns for low- to moderate-income households and exacerbate existing disparities in electricity affordability.

ACEEE's research report, "How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burdens across the U.S." demonstrate a persistent challenge especially across all metro areas, low-income, Black, Hispanic, Native American, and older adult households (Drehobl & Ayala, 2020). Specifically, that they have disproportionally higher energy burdens than the average household. Therefore, it is possible that the regulations that CARB seeks to implement may harm the very communities they swore to protect.

In the Foundation for Research on Equal Opportunity (FREOPP) article, "The High Cost of California

Electricity Is Increasing Poverty," Robert Bryce explains that 18.1% of California residents are experiencing poverty and that the cost of electricity largely contributes to that (Bryce, 2020). Even though the average Californian household uses less than half the energy of the average American household, Californians are paying some of the highest energy bills in the nation. Restrictions on the use of natural gas will increase the cost of electric bills which will put already disadvantaged communities even more at a disadvantage. Since CARB is an organization that values equity, AGC of California encourages this to be taken under consideration in the development of this Scoping Plan.

Although there may be some incentive programs, such as California's net energy metering (NEM) program, there are additional equity concerns associated with such programs historically. For instance, in comparison to California's general population, NEM customers were found to be disproportionately older, located in high-income areas, likely to own their home, and less likely to live in a disadvantaged community (CPUC, 2021). Furthermore, non-NEM customers shoulder an additional rate burden because of the cost shift from NEM customers. While incentive programs are well-intentioned, it is important that they are performing in the way that it was intended for: to assist low to medium-income households, businesses, and other disadvantaged communities.

As the price of electricity and materials continues to escalate, this is will dramatically affect the construction industry's ability to do their job. Manufacturers will be unable to absorb all of the increased costs that will result from the Scoping Plan, therefore, contractors are likely to experience sharp increases in prices. Due to these increase in prices, this will result in more expensive building that may negatively affect consumers. For instance, Enterprise Equity Partners found that 214 affordable housing projects in the Bay Area that are shovel-ready but are still in pre-construction phases of development simply due to a lack of funding. There are at least nine California counties dramatically impacted by this phenomenon resulting in 18,920 units stuck in predevelopment and needs over $4 million to be able to resume construction. Since more affordable housing is a goal of California, this Scoping Plan contradicts those goals.

Conclusion

AGC of California appreciates California Air Resources Board (CARB) for allowing AGC of California to comment on the 2022 Climate Scoping Plan. We assert that CARB consider the comments we have expressed above. Success and sustainability of California's infrastructure in which any aspects of CARB's Scoping Plan impact the construction industry would be a concern of AGC of California and our members. If you have any questions regarding the comments, please contact Brian Mello at 603-770-9264 (email: mellob@agc-ca.org). We appreciate the opportunity to comment and hope these concerns are addressed.

Sincerely,

Brian Mello

Brian Mello
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Associated General Contractors of California