



June 24, 2022

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Draft Scoping Plan Comments

Dear Board Clerk:

On behalf of the Western Propane Gas Association (WPGA), I write to submit the following comments regarding the California Air Resources Board's (CARB) Draft Scoping Plan. We believe our industry plays an important role in the state's greenhouse gas (GHG) reduction goals, and we are committed to working with CARB, as well as other state regulatory agencies and interested stakeholders, to implement cost-effective, feasible policies and regulations that protect California jobs and the economy, while also working to meet the State's emissions and carbon neutrality goals. Our industry firmly believes that propane should be exempt from the electric-only policies contained in the Draft Scoping Plan.

On March 15, 2022, the California Air Resources Board released a 2022 update of its *CARB Draft Scoping Plan - AB32 Source Emissions Initial Modeling Results*. The Plan, which must be updated every five years, is required by California's Global Warming Solutions Act (AB 32) "to adopt regulations to achieve the maximum technologically feasible and **cost-effective** GHG emission reductions."

To create the Drafting Scoping Plan, CARB and consultants Energy + Environmental Economics (E3) used the company's PATHWAYS software model to propose various hypothetical policy scenarios going forward. Besides a BAU (Business as Usual) Reference scenario, the model offers four alternative Scoping Plan scenarios. The goal of two scenarios (Alternative 1 and 2) is to permit California to achieve carbon-neutral emission status by 2035; the goal of the remaining alternatives (3 and 4) is to achieve the same goal by 2045.

In the Draft Scoping Plan, CARB staff recommend Alternative 3 as the Proposed Scenario because they find that Alternative 3 is the most technologically feasible and cost-effective path toward carbon neutrality. CARB's position is that Alternative 3 provides a feasible timeline for ramping up existing technologies while developing emergent technologies. And, Alternative 3 has substantially lower direct costs than Alternatives 1 or 2 and was found by CARB to do significantly less harm to economic and job growth.

WPGA believes our industry has the ability to accelerate decarbonization by providing essential energy to a population whose unique needs are satisfied by propane. In addition, we believe that propane will enable more grid capacity to electrify other needs. Finally, based upon the amount of money require on a GHG emission reduction basis, we believe that propane provides the best return on a dollar per greenhouse gas emissions reductions basis.

The following are key benefits of the use of propane:

- Propane is reliable, sustainable and affordable.
- Propane is not subject to blackouts.
- Propane provides power to millions of people.
- Propane provides dependable energy for the elderly and vulnerable populations who power life-sustaining medical equipment.
- Propane provides back-up power for hospitals, water treatment facilities, cell towers, and electric utilities.
- Propane provides complementary power for solar powered homes.
- Propane is a clean, non-methane energy source today, and continues to innovate with renewable propane that has a carbon footprint on par or lower than grid electricity.

As you know, diesel-powered heavy-duty trucks are the single largest source of smog-forming pollution and toxic air contaminants in California, especially in the federal non-attainment areas of the South Coast and San Joaquin Valley air basins. Diesel is also the largest source of black carbon, a short-lived climate pollutant, and carbon dioxide, a primary greenhouse gas.

WPGA seeks to assist the State of California in reaching its 2045 carbon neutrality goal sooner by incentivizing increased production and use of very low to net negative carbon fuels. Given the state's climate emergency, additional policy tools are needed to help drive deep decarbonization of fuels today. Encouraging greater development of such low carbon fuels today will ensure that future clean transportation markets will be powered by fuels that are in line with California's goals. For example, near zero emission propane vehicles provide a pathway for a broader impact to obtain clean air goals because of the cost-effectiveness of such vehicles.

Among other things, low carbon fuels reduce premature deaths, heart attacks, asthma and lost work days by cutting pollution. Increased production and use will save Californians billions of dollars in reduced health care costs. Increasing production from organic renewable sources and methane capture will help California to meet short-lived climate pollutant goals and reduced costs of petroleum consumption.

The fundamental value of propane derives from the standpoint of energy equity, resiliency, and now with renewable propane – sustainability. First, in terms of energy equity, propane provides energy to low-income or other marginalized communities, including the manufactured home population, as well as some customers within our Native American and/or rural communities. They choose propane because of the cost and characteristics that are favorable for their geographic location.

Second, in terms of resiliency, propane is not subject to PSPS, or most major weather events. As such, it can be regularly used with consistent benefit. Propane has long been a provider for backup power in the form of generators. However, now we are finding opportunities including complementary power for solar homes, in addition to providing primary power which, again, are not subject to PSPS events.

Third, in terms of sustainability, the propane industry fought for inclusion in the low-carbon fuel standard. We did so because of our strategic commitment to commercialize renewable propane in California. We have also issued our sustainability goal to provide 100% renewable propane in California by 2030, well in advance of the scoping plan's 2045 target. We have identified a path for renewable propane that as early as 2025 could avert 1.42M tons of CO2 emissions annually. This Scoping Plan can be instrumental in accelerating the energy shift to renewable propane, particularly as the industry hopes to provide the sustainable solution to both the residential and transportation markets.

WPGA has previously provided documentation showing the carbon intensity of California's electric grid at 72.8 versus 83.2 for propane; a small blend (about 16%) of renewable propane could achieve carbon parity, 100% renewable power could dwarf the CI value of the electric grid while also freeing up demand with the use of propane.

On the building side, WPGA has provided information on how propane with innovations, such as low NOx burners or usage of fans, can make any indoor air quality concerns negligible. Moreover, renewable propane can deliver a lower CI value for a home than grid electricity; while conventional propane is very close to that of today's grid electricity. In addition, there are buildings that are simply too hard to electrify, such as homes in Lake Tahoe. The propane industry provides low carbon solutions, as well as a solution to indoor air concerns.

Moreover, propane is the fuel used for when emergencies arise. For example, cell phone towers use generators with propane tanks. Firefighters, hospitals, and water treatment facilities rely on propane for energy resiliency. There are already blackouts in many parts of this State. Our grid cannot handle everything that the Draft Scoping Plan wants to electrify. The exemption of propane from the scoping plan will help address this concern.

CARB has identified the need to add 7,000MW of renewables and 2,000MW of battery storage to meet the needs outlined in the alternative model 3. Propane provides an equitable path to renewable energy with a carbon footprint equal to that of electrification and, in so doing, helps ensure Californians are not subject to undue stress on our electricity grid.

Further, our industry is innovating on all fronts. Work is underway to explore micro-combined cooling heat and power units, propane powered fuel cells, and forklift engine advancements. All of these innovations are enhanced with renewable propane. It is critically important to keep all low and/or negative carbon solutions available for the fastest path to clean energy equity.

An exclusion for propane from the electric-only policies contained in the Draft Scoping Plan is a small investment that would yield favorable air quality improvements, ensure emission reduction benefits, and assist marginalized communities in California. It is simply not cost effective or environmentally responsible to subject propane to the effective bans in the scoping plan proposal. Thank you for your consideration of WPGA's comments.

Sincerely,

/s/ Joy Alafia

Joy Alafia
President & CEO