



## **Comments on the Draft 2022 Scoping Plan Update**

June 24, 2022

American Clean Power-California (“ACP-California”) appreciates the opportunity to participate in the Scoping Plan process and respectfully provides these comments on the Draft 2022 Scoping Plan Update, dated May 10, 2022 (“Draft Scoping Plan”). ACP-California is the voice of clean energy developers from across the power sector that are providing utility-scale clean capacity and transmission while creating jobs, spurring massive investment in the American economy, and driving high tech innovation across the United States. ACP-California’s mission is to transform the U.S. power grid to a low-cost, reliable, and renewable power system.

ACP-California appreciates the hard work and time that the California Air Resources Board (“CARB” or “the ARB”) staff has dedicated to tackling climate change through a robust and transparent 2022 Scoping Plan process. ACP-California’s comments and recommendations focus on the “Strategies for Success” in the electricity sector. Our specific text recommendations are set forth in Attachment A of these comments. These comments offer the following recommendations:

1. To achieve the Scoping Plan’s decarbonization target, the State must direct immediate investment in a diverse array of clean resources including utility-scale wind, solar, storage, and transmission to support these resources. The Scoping Plan should also acknowledge the unique needs of offshore wind and recommend near-term action by the California Public Utilities Commission (“CPUC”) to achieve the targets studied by the California Energy Commission (“CEC”) under Assembly Bill (“AB”) 525.
2. The ARB should continue to provide guidance on greenhouse gas



(“GHG”) reductions beyond 2030 and recommend that the Integrated Resource Planning (“IRP”) processes at the CPUC and CEC plan for GHG reductions, consistent with the trajectory of the Scoping Plan.

3. The ARB should not plan for a 30 MMT target in the electricity sector by 2045. Instead the Scoping Plan should be aligned with the requirements of Senate Bill (“SB”) 100, which requires 100% clean energy in the power sector.

## DISCUSSION

- 1. To Ensure System-Wide Reliability in the Mid- to Long-Term and Break the Cycle of Extending the Life of Existing Fossil-Fueled Resources and New Diesel Generator Investments, the ARB Should Promote Immediate Investment in the Delivery of Zero-Carbon Resources. Additionally, the Scoping Plan Should Acknowledge the Hurdles that Must Be Resolved to Achieve Development of Offshore Wind as Studied Under AB 525.***

The Draft Scoping Plan’s call for decarbonization of the electricity sector comes at a necessary time to avoid California’s previous and ongoing shortfalls of clean capacity resources. These shortfalls have occurred largely due to the failure to plan for the pace and scale needed for new carbon-free and dispatchable resources. ACP-California appreciates CARB’s acknowledgment of the need to coordinate with the CPUC’s IRP proceeding to achieve the continued transition to renewable electricity resources and enable the shift to a zero-carbon substitute for fossil fuels across the economy.<sup>1</sup> While this recognition is key to facilitate the development of long lead-time resources, general plans to advance these goals (e.g. continued “coordination between energy agencies and energy proceedings to maximize opportunities for demand response”)<sup>2</sup> do not implement concrete targets to move along actual projects.

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<sup>1</sup> CARB Draft Scoping Plan Update at pp. 161-163, available at: <https://ww2.arb.ca.gov/sites/default/files/2022-05/2022-draft-sp.pdf>

<sup>2</sup> *Id.* at p. 163.



The Draft Scoping Plan relies heavily on the concept of decarbonizing each listed sector on par with the 2030 and 2045 targets, but does not include concrete and specific recommendations for the key agencies to achieve this goal. ACP-California is generally supportive of the major milestones implemented in the Draft Scoping Plan, but comments with the hope of ensuring that the final 2022 Scoping Plan Update implements material strategies to facilitate development of these resources and the accompanying transmission. It is crucial that the Scoping Plan Update recognizes the role of clean capacity and recommends clear timelines, which are necessary to realistically achieve a build-out of new clean capacity resources needed to satisfy the load projections studied in the Draft Scoping Plan.

ACP-California supports the Draft Scoping Plan’s acknowledgement of the need to accelerate the development of clean energy projects compared to historic build-out rates. A diverse mix of clean energy resources with complementary generation profiles will provide the best opportunity to minimize the overall cost associated with the clean energy build-out. For example, wind resources in the Intermountain West typically peak in a different time zone, making them particularly valuable during the “net-peak” period for energy demand (i.e., 4:00 – 9:00 PM). Offshore wind’s generation profile also aligns well during this critical “net-peak” period, and with expectations for electric vehicle charging. New transmission development and greater integration with energy markets throughout the west (e.g., the Enhanced Day-Ahead Market initiative underway at the California Independent System Operator (“CAISO”)) will help the state access a broader pool of cost-effective resources and minimize the costs associated with aggressive electrification goals. All of these resources and market developments will require



strong state leadership and an acknowledgement of and plan to resolve barriers to development.

It is important to note that the CPUC has issued two recent procurement directives that are currently being implemented. However, these procurement goals do not account for incremental, clean capacity needs beyond 2026. Expanded procurement direction is especially important for the development of offshore wind projects, which currently do not have the procurement signals needed to facilitate development of these important resources. Without such direction, the state will not reach the goals that are being studied by the CEC in the AB 525 offshore wind planning process. The 2022 Scoping Plan Update should include an explicit acknowledgement of the need to invest now in long lead-time resources such as offshore wind and new transmission. It is essential to plan far in advance and order projects and transmission be built 10-15 years in advance of the date they will come online. Whether the Scoping Plan ultimately focuses on a 2035 or a 2045 GHG target, planning and state leadership to resolve development hurdles must be undertaken now.

Finally, ACP-California reiterates concerns that timely and proactive transmission development is a key barrier that must be resolved to achieve the clean energy goals in the Draft Scoping Plan. We remain concerned about these issues based on recent and ongoing experiences of developers facing multi-year delays affecting new clean energy projects. Transmission development is largely out of the control of clean energy developers, and there is a need for more comprehensive and proactive long-term transmission planning, as well as near-term execution on already-identified transmission projects.



***2. The ARB Should Embrace its Statutory Authority as the State’s Primary Authority on GHG Emission Reduction Strategies by Providing Guidance on GHG targets for the IRP Processes Beyond 2030.***

ACP-California had previously commented on the importance of clear GHG planning signals and coordination between the Scoping Plan and the IRP processes. Electrification is a core strategy in nearly all of the economic sectors covered by the Scoping Plan. Achieving these aggressive electrification targets will require utilities to plan for load growth on a novel scale. Since the electricity sector is a core segment of the economy that will help to achieve GHG emission reductions in other sectors, the 2022 Scoping Plan Update must send a clear signal for both the capacity expansion needs and timing of this load growth. The Scoping Plan must also send clear signals for the GHG emissions of the power sector itself. The IRP processes and fulfillment of the associated procurement and transmission planning will determine whether the state is successful in meeting its electrification goals.

The ARB is the agency responsible for providing guidance on GHG targets in the IRP and must exercise that authority beyond 2030. Section 454.52 of the Public Utilities Code specifically contemplates the ARB developing IRP GHG targets needed to meet the SB 32 target of 40% reductions below 1990 emissions levels by 2030. CARB staff originally developed these targets as published in a staff report intended to inform the IRP in July 2018 and released a 2020 update in March of 2021.<sup>3</sup>

Timely updates to these GHG planning targets are critical to ensuring the Scoping Plan modeling in this cycle is reflected in the current 2022-23 IRP cycle and future IRP processes.

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<sup>3</sup> Staff Report: Senate Bill 350 Integrated Resource Planning Electricity Sector Greenhouse Gas Planning Targets, available [here](#).



There is some question as to the timeline for the 2023 update as referenced in the 2020 target update, which states “[b]y 2023, CARB will update the 2030 GHG planning targets for POUs subject to CEC’s IRP process...”<sup>4</sup> ACP-California stresses the importance of having the IRP GHG targets updated and released as soon as possible during the 2022-2023 IRP cycle.

By making the ARB responsible for informing and, in many cases, directing all GHG programs, State law clearly establishes the ARB as California’s authority on greenhouse gas emissions.<sup>5</sup> We appreciate the Draft Scoping Plan Update’s recognition of this issue by pointing to Chapter 1, SB 27 (Skinner, Chapter 237, Statutes of 2021) which directs CARB to “establish carbon dioxide removal targets for 2030 and beyond” as part of the Scoping Plan.<sup>6</sup> By leaving out specific deadlines past 2030, the Legislature allowed the ARB time to reassess and set new goals in line with the technology curve in the energy industry. Embracing the granted authority to establish GHG emission reduction targets in the IRP beyond 2030 and providing clear guidance on new IRP GHG targets to the CPUC is key to making the 2022 Scoping Plan Update a success.

***3. California’s Climate Goals do not allow for Reliance on New, Incremental Gas Resources.***

While ACP appreciates CARB’s efforts to undertake this complex, multi-stakeholder analysis, the electric sector emission levels in the Draft Scoping Plan are not consistent with SB

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<sup>4</sup> Senate Bill 350 Integrated Resource Planning Electricity Sector Greenhouse Gas Planning Targets: 2020 Update at p. 2, available [here](#).

<sup>5</sup> Health and Safety Code section 38510: “The State Air Resources Board is the state agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming in order to reduce emissions of greenhouse gases.”

<sup>6</sup> Draft Scoping Plan Update at p. 74.



100’s requirements for completely decarbonizing California’s electricity sector by 2045. The Draft Scoping Plan projects electric sector emissions of 30 MMT in 2045, rather than 0 MMT by 2045.<sup>7</sup> The Draft Scoping Plan interprets SB 100 language as limited to requiring that renewable energy and zero-carbon resource requirements apply only to retail sales of electricity to California end-use customers.<sup>8</sup> However, leaving out non-retail loads does not meet the intent behind SB 100, which demands a “zero-carbon electric system.” Moreover, in light of how resources are bid into CAISO’s energy market, there is no way to ensure that siting new fossil fuel resources will not serve retail load. If new fossil resources are constructed, they will be bid into the energy markets and they will serve retail electric load in contravention of SB 100. The Draft Scoping Plan must set a zero emissions target for 2045, if not sooner to provide certainty for developers and uniformity throughout the different proceedings.

ACP-California is also concerned by the reliance on Carbon Dioxide Removal (“CDR”) technology to mitigate 30 MMT of emissions anticipated from the electric sector. While we do not oppose CDR as a general carbon reduction strategy, we are concerned that overreliance on CDR could create an excuse not to plan for the scale of clean capacity resources needed in the electricity sector. There are “relatively few” CDR projects in operation, let alone at the massive scale contemplated by the Draft Scoping Plan.<sup>9</sup> ACP-California recommends encouraging CDR, but not relying on it to rationalize the development of new fossil fueled resources. CARB should

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<sup>7</sup> *Id.* at p. 163.

<sup>8</sup> *Id.* at p. 29.

<sup>9</sup> *Id.* at p. 176. Specifically, the report states that there are only 19 facilities operating globally but does not reference the amount of CO<sub>2</sub> capture achieved by those plants.



ensure that proven carbon reduction strategies are planned for now. This is especially important to ensure that proven but nascent zero-carbon technologies that need extra regulatory support like offshore wind, long duration storage, and green hydrogen are appropriately planned for now.

## CONCLUSION

Clean energy projects, transmission development, and broader access to regional energy markets are all necessary to facilitate California's vision for carbon-neutrality. The ARB should discuss the critical inter-relationship of the Scoping Plan modeling and establishment of up-to-date GHG targets in the IRP process. The ARB should also discuss the value of diversity in clean energy resources and the potential to minimize costs through resource diversity and access to broader regional markets. Finally, the 2022 Scoping Plan Update should address the need for strong state leadership in realizing its ambitious clean energy expansion plans, particularly in planning and taking action on longer lead-time resources like offshore wind and new transmission development.

ACP-California appreciates this opportunity to comment on the Draft 2022 Scoping Plan Update and looks forward to continuing to work with CARB on the Scoping Plan process.

Respectfully submitted,

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**Attachment A:**  
**Strategies for Success**



## Strategies for Achieving Success

- Use long-term planning processes (Integrated Energy Policy Report, IRP, CAISO Transmission Planning Process, AB 32 Climate Change Scoping Plan) to support grid reliability and **plan for accelerated** expansion of renewable and zero-carbon resource and infrastructure deployment, **including timely transmission development.**
- Facilitate long lead-time resource development through **concrete recommendations within** the IRP and the SB 100 interagency process **to align post-2030 GHG targets set forth for the electricity sector in the 2022 Scoping Plan Update with the GHG targets set forth in the IRP processes at the CPUC and the CEC.**
- **Account for the pace and scale needed to bring these resources online** through technology development and demonstration funding that includes resources such as long-duration energy storage and hydrogen production.
- **Adopt procurement requirements specific to offshore wind in the 2022-2023 IRP cycle.**
- Continue coordination between energy agencies and energy proceedings to maximize opportunities for demand response.
- Continue to explore the benefits of regional markets to enhance decarbonization, reliability, and affordability.
- Address resource build-out challenges, including permitting, interconnection, and transmission network upgrades, **and ensure that clean capacity will be built, and transmission upgrades are completed in time to meet the Scoping Plan's carbon neutrality goals.**
- Explore new financing mechanisms and rate designs to address affordability.
- Per SB 350, double statewide energy efficiency savings in electricity and fossil gas end uses by 2030, through a combination of energy efficiency and fuel substitution actions.
- Per SB 100, achieve 100 percent renewable and zero-carbon retail sales by 2045 **with a diverse mix of carbon-free resources.**
- Evaluate and propose, as needed, changes to strengthen the Cap-and-Trade Program.
- Target programs and incentives to support and improve access to renewable and zero-carbon energy projects (e.g., rooftop solar, community solar, battery storage, and microgrids) for communities most at need, including frontline, low-income, rural, and Indigenous communities.
- Prioritize public investments in zero-carbon energy projects to first benefit the most overly burdened communities affected by pollution, climate impacts, and poverty.