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Rajinder Sahota, Deputy Executive Officer  
California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812-2815

**Subject: Comments on the 2022 Scoping Plan Update - Initial Air Quality & Health Impacts and Economic Analyses Results Workshop**

Dear Ms. Rajinder Sahota,

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide public comments on the April 20 California Air Resources Board (CARB) 2022 Scoping Plan Update - Initial Air Quality & Health Impacts and Economic Analyses Results Workshop. We recognize and appreciate the volume of work CARB staff, the Environmental Justice Advisory Committee members, and consultants (Energy and Environmental Economics (E3), Rhodium Group, and the University of California, Irvine) have put into the various aspects of the 2022 Scoping Plan Update. We commend CARB for illustrating the effectiveness of different pathways to meet carbon neutrality while prioritizing up-to-date science, innovative technology solutions, community needs, and environmental justice. Thus, our comments note that: (1) comparatively, CARB's preferred Alternative 3 is a more feasible pathway to carbon neutrality; (2) more robust industrial sector data will improve modeling to help inform an actionable plan; and (3) distinguishing between the Natural and Working Lands scenarios and the Scoping Plan alternatives can help ease stakeholder confusion.

**(1) Comparatively, CARB's preferred Alternative 3 is the more feasible pathway to carbon neutrality.**

Updating the State's blueprint for achieving carbon neutrality comes at a unique moment as California is experiencing increasingly disastrous impacts of climate change, such as threats to the State's water supply, increase risks of wildfires, and threats to energy system resilience and reliability, among other impacts. While economywide decarbonization is feasible, such a vast

transformation of the energy system will require unprecedented build-out of resources and infrastructure,<sup>1</sup> with much of the build-out needing 10+ years for permitting and construction.<sup>2</sup> This time requirement coupled with the expense of accelerated energy and transportation sector decarbonization under Scoping Plan Alternatives 1 and 2, renders these alternatives impractical to accomplish by 2035 and would lead to higher costs (versus Alternatives 3 and 4) since decarbonization costs would likely be allocated to ratepayers across a shorter timeframe. Instead, deploying a broad portfolio of existing and emerging fossil fuel alternatives over a longer timeframe that still aligns with existing State statutes and executive orders provides a comprehensive and practical pathway forward to achieve the State's climate goals. The 2045 timeframe of CARB's preferred Alternative 3 provides more time for the State to build infrastructure, scale up clean energy resources, and refine and deploy emerging technologies for people and businesses to rely on for decades. A long-term approach also helps to guide the economy in the least disruptive path to a carbon neutral future by minimizing job losses and costs. To this end, we appreciate CARB Staff proposing the more feasible pathway forward to carbon neutrality.

**(2) More robust industrial sector data will improve modeling to help inform an actionable plan.**

Further, the data presented clearly shows that achieving carbon neutrality by 2035 is not practical, and a longer timeframe is needed. However, it is concerning that the industrial sector cost modeling only accounted for energy cost and that capital equipment cost associated with decarbonization measures was excluded due to lack of data. Provided that the alternatives have a range of electrification and hydrogen assumptions for the industrial sector, it is necessary to model all associated costs. For instance, to accommodate high hydrogen blending, natural gas compressor stations would require retrofits estimated to cost approximately \$300 - \$550 million.<sup>3</sup> As noted by E3 in the workshop, potential incorporation of industrial stock will significantly increase costs of each alternative, and as such, none of the alternatives can truly inform an actionable plan as the costs and effects on the economy are uncertain. As such, CARB should reach out to industry and clarify the missing data that would help to improve the model.

**(3) Distinguishing between the Natural and Working Lands scenarios and the Scoping Plan alternatives can help ease stakeholder confusion.**

Achieving net zero emissions also requires the State to consider emissions and sinks from natural and working lands (NWL). We commend CARB Staff for putting forth a NWL scenario that prioritizes restorations and ecosystem functions to improve carbon stock resilience to climate

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<sup>1</sup> Governor Gavin Newsom, "California's Electricity System of the Future," July 2021, at page 6, available at <https://www.gov.ca.gov/wp-content/uploads/2021/07/Electricity-System-of-the-Future-7.30.21.pdf>.

<sup>2</sup> See California Public Utilities Commission Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes, Rulemaking 20-05-003, June 15, 2020, at page 4, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M340/K159/340159322.PDF>.

<sup>3</sup> "SoCalGas Clean Fuels: Technical Appendix," last modified November 9, 2021, at page 15, available at <https://www.socalgas.com/sites/default/files/2021-11/Technical-Appendix.pdf>.

change impacts. The NWL Scenario 3 modeling shows that this pathway has the lowest implementation costs, improved health benefits, and moderate shifts in jobs. We understand that the Scoping Plan Alternatives and the NWL Scenarios are distinct and independent. However, stakeholder comments at the workshop revealed that there is still confusion over this issue. Thus, we recommend when drafting the 2022 Scoping Plan Update that CARB Staff make it a point to clarify that the Scoping Plan alternatives and the Natural and Working Lands scenarios are decoupled, distinct and independent.

## **Conclusion**

We look forward to reviewing the draft 2022 Scoping Plan Update and accompanying data as they emerge in the coming weeks. The State has a substantial opportunity to be a leader in promoting technological innovations to reduce, capture, and control GHG emissions. We thank you again for the opportunity to comment on the proposed alternatives for the Scoping Plan and the Natural and Working Lands.

Respectfully,

*/s/ Jessilyn Davis*

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