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Submitted Electronically

Ms. Rajinder Sahota
Deputy Executive Officer - Climate Change & Research
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Golden State Power Cooperative Comments on Draft 2022 Scoping Plan Update

Dear Ms. Sahota:

The Golden State Power Cooperative (GSPC) provides these comments to the California Air Resources Board (CARB) on the *Draft 2022 Scoping Plan Update* (Draft SPU), released on May 10, 2022. GSPC is the statewide trade association representing California's three Electrical Cooperatives, as well as one rural public utility district: Anza Electric Cooperative, Plumas-Sierra Rural Electric Cooperative (PSREC), Surprise Valley Electric, and Trinity Public Utility District. GSPC is also a signatory to the Joint Utility Group Comments (JUG) comments on the Draft 2022 SPU, and urges CARB to make changes to the Draft SPU to address the concerns raised therein. In these comments, GSPC focuses on the issues of ***energy reliability and affordability***.

GSPC utilities have expressed their commitment to doing their part to help California meet its climate and energy equity goals; the utilities must be able to do so while also ensuring that they are able to provide their member-customers with reliable, safe, and affordable electricity every day, around the clock. GSPC utilities serve approximately 400 gigawatt-hours (GWh) of electricity in California, accounting for approximately 0.1% of the state's total electricity sales. These utilities are also located in rural areas of the state, serving unincorporated communities with approximately 1/10 the population density of most municipal utilities. These communities are also especially vulnerable to wildfire threats and are frequently impacted by hazardous wildfire smoke.

Electricity Must Be Affordable Throughout the Decarbonization Transformation

GSPC and its member utilities are committed to doing their part to assist the state in meeting its climate and environmental justice goals. As member-owned utilities, the electric cooperatives have a direct connection with the communities in which they are located. One of the fundamental reasons electric cooperatives were formed is the inherently higher cost of rural service, which was not as financially attractive to investor-owned utilities, and had left entire rural communities un-served and cut off from the economy. Many of these areas remain economically disadvantaged, located in rural areas with high unemployment, and low-income wage earners. For example, in Surprise Valley Electric's service area, 17.9% of the population is living in poverty.[1] GSPC is concerned that the discussion surrounding an accelerated decarbonization goal does not realistically take into account the up-front cost impacts for utilities, that in turn will result in higher electricity rates for their member-customers.

The need for new, clean energy sources, transmission, and significant electricity load growth necessary to achieve electrification transformation will require new energy investments to be brought online at an unprecedented rate. With this massive buildout comes substantial costs for the utilities. As member-owned utilities, 100% of the utilities' costs will be borne by electric consumers. Smaller utilities located in rural areas like many of the GSPC utilities, will be forced to increase electric rates, without a means to help defuse the costs on residents and small businesses unable to pay; electricity could become unaffordable. Electric cooperatives operate on a not-for-profit basis and return any margins to consumers on the basis of patronage. Since there are no investors, all investment costs for the monumental task of decarbonization will be borne by the same economically disadvantaged consumers.

GSPC strongly cautions CARB to look closely at the very real rate impacts that a rapid decarbonization proposal will wrought, and rather than accelerate that goal, focus on the 2045 decarbonization target. Not only will doing so allow for the development of additional technology and resources that can assist with the effort, but it will also help defray the costs and lessen the associated rate impacts.

Statewide Electrification will not be Successful without Reliable Electricity

A safe and reliable electrical grid is essential to achieving the state's climate and energy equity goals. And just as importantly, reliable electric service is vital to member-owners of electric cooperatives. This is especially critical in rural areas where even water pumping is contingent upon electric service. The move to broader electrification will only make reliable electricity more important – and the lack of reliable electricity more disruptive.

As noted in the Joint Utility Group comments, there are significant gaps in the assessment of electric grid reliability throughout the SPU. As the JUG notes, there is a critical need to assess electric grid reliability as part of the Scoping Plan analysis to

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[1] https://www.census.gov/quickfacts/fact/table/modoccountycalifornia,US/PST045221

determine if electricity portfolios can reliably produce and deliver clean energy 24 hours per day, 365 days a year to support electrification. The SPU currently lacks that analysis, and reliance on the SB 100 Joint Agency Report to fill this gap is misplaced. The Joint Agency SB 100 Report specifically stated that "[f]urther analysis is needed to evaluate topics such as reliability" and while "[i]nitial analysis demonstrates that SB 100 is technically achievable, though additional analysis is needed to evaluate reliability and other factors more comprehensively." (SB 100 Joint Agency Report, p. 16, 19)

It is incumbent upon CARB to put forth scenarios that recognize the critical role of the electric grid in attaining the state's objectives. The Proposed Scenario's targeted 2045 decarbonization presents the only feasible alternative that does not compromise the provision of 24/7 reliable electricity. An unreliable or compromised electric grid would not only impede the state's ability to reach our electrification goals, but would also be dangerous and antithetical to the wellbeing of Californians. Achieving carbon neutrality any earlier would be infeasible, costly, and ill-advised. GSPC urges CARB to conduct the necessary reliability assessment as soon as possible, and in the interim, not accelerate the decarbonization target date.

Investments in the NWL Should Focus on Restoring Lands to a Carbon Sink

In previous comments, GSPC noted the need to ensure that the role of the state's natural and working lands (NWL) is appropriately recognized in the context of the state's broader electrification goals, clean-energy objectives, and wildfire emissions reduction strategies. The ever-increase threat of wildfires exacerbated by years of drought must be addressed; failure to do so adversely impacts electricity affordability and reliability, as wildfires damage or threaten critical infrastructure. Rural electricity customers are particularly isolated and vulnerable to electricity transmission and distribution disruptions from wildfires.

According to CARB, "California wildfire activity in 2020 was historic in scale."[2] State data reported 500 wildfires totaling approximately 4.2 million acres, releasing 106.7 MMT of CO_2 into the atmosphere. Ignoring wildfire emissions while investing so heavily in other decarbonization efforts is one step forward and 10 steps back. The NWL can play a unique role in facilitating our decarbonization targets, but that will require the state to make investments in the management and health of those lands and to coordinate efforts with Federal partners that manage much of our state's forests. GSPC urges CARB to prioritize these investments and the objectives of NWL Alternative 4.

Wildfires are a critical ecological function for maintaining healthy and resilient forests. But those forests must be managed properly and that includes allowing for the use of forest biomass for biomass energy. GSPC urges CARB to adopt to include in any

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[2] https://ww2.arb.ca.gov/sites/default/files/2021-07/Wildfire%20Emission%20Estimates%20for%202020%20_Final.pdf

final scenario policies that prioritize restoration and climate resilient carbon stocks. Concurrently, the SPU must prioritize wildfire reduction, other forest fuel reduction efforts, and support forest biomass energy as a necessary transitional fuel source to help us get our forests back in balance, our wildfire emissions decreased, and transition to a clean energy future with reliable, baseload energy sources. Without concurrently prioritizing forest restoration and wildfire reduction (including reducing forest fuels), California's forests cannot resume their important role as a carbon sink, nor can our communities live healthy lives in the shadow of constant wildfires.

Conclusion

Cost associated with achieving the state's expansive electrification goals cannot be borne solely by electricity ratepayers. While the analysis may show that moving forward more aggressively towards an earlier decarbonization target will have cost savings in the long-run, doing so will come at a substantial cost to the electricity customers that will have to pay for those costs in the interim. The SPU's recognition of the need for changes to basic funding policies and mechanisms, as well as the CPUC'S commitment to explore alternative funding sources, is encouraging. However, at this time, and into the foreseeable future, the state's electricity ratepayers will shoulder the majority of the costs associated with widespread electrification and the transition to zero- and low-GHG emissions resources. For GSPC's small, rural utilities, this creates a significant economic burden on their member-customers, with low income and EJ communities most keenly feeling this burden.

We appreciate your concern for disadvantaged communities and ask that you take into consideration the time and state support that will be necessary to assist small, not-for-profit utilities to transition to a decarbonized electric grid while still ensuring reliable electric service does not become a luxury.

Respectfully submitted,

Jessica Nelson

Jessica Nelson
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