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April 4, 2022

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

Re: California Municipal Utilities Association's Comments on the Preliminary Modeling Results for the 2022 Scoping Plan Update.

Clerk of the Board,

The California Municipal Utilities Association (CMUA) appreciates the opportunity to submit these comments on the California Air Resources Board's (CARB) Preliminary Modeling Results Workshop in the 2022 Scoping Plan Update (Scoping Plan Workshop).

CMUA is a statewide organization of local public agencies in California that provide electricity and water service to California consumers. CMUA membership includes publicly-owned electric utilities (POUs) that operate electric distribution and transmission systems. In total, CMUA members provide approximately 25 percent of the electric load in California. California's POUs are committed to, and have a strong track record of, providing safe, reliable, affordable, and sustainable electric service.

California's POUs welcome the opportunity to partner with CARB to develop feasible, cost-effective, and efficient approaches to achieve the state's greenhouse gas (GHG) reduction goals while also protecting electric system reliability and electricity affordability. To that end, CMUA offers the following comments on the Scoping Plan Workshop.¹

Electric Sector Reliability and Affordability Are Critical to Policy Success

Safe and reliable electricity is essential for Californian's lives, including employment, education, health-care. Increasing demands on the electric grid and costs to strengthen and expand the system have placed upward pressure of electric rates, resulting in an affordability

¹ In addition to these comments, CMUA supports the comments submitted by the Joint Utilities Group.

crisis. Grid reliability and stability will be critical to continued growth of the economy and well-being of all Californians. It will also be a significant factor in ongoing public support for California's decarbonization goals. As highlighted in the Scoping Plan Workshop, all four alternatives include significant increases in electricity demand as multiple sectors of the economy decarbonize through electrification. However, the success of this strategy will depend on maintaining reliable and affordable electric service. Electricity consumers see--and very keenly feel--the impact of policy on service, reliability, and affordability. The first joint agency report should include an in-depth examination of how all policies may impact electric sector reliability and affordability. The long-term viability and success of the state's clean energy goals must not result in rate and reliability impacts that may disincentivize the accelerated electrification of other sectors like building and transportation. To that end, every action taken pursuant to the Scoping Plan Update must be evaluated based on the impact such action may have on electricity customers through reliability and affordability.

Availability of New Technology

All four Alternatives rely on significant expansion of existing clean energy technologies, as well as adoption of emerging technologies that are either: 1) not currently available or 2) not available at the scale needed to meet the underlying requirements of the four alternatives. CMUA remains concerned of the Scoping Plan Update's overreliance on technologies that are not yet proven or have not been shown to be available at scale for a particular carbon neutrality timeframe. CMUA encourages CARB to consider more realistic scenarios that utilize established technologies. To the extent that CARB's modeling activities continue to rely on experimental technologies, CMUA suggests that CARB incorporate realistic availability assumptions based on actual experiences of the state's electric utilities.

Natural Gas Resources Will Continue to be Needed as California Increases its Reliance on Intermittent Renewable Resources

Alternative 1 includes a complete phaseout of combustion, including biomass and renewable natural gas, as well as a 2035 timeframe for achieving carbon neutrality. Natural gas is completely eliminated in Alternative 1, as compared to Alternatives 2, 3, and 4. While expanded electrification should eventually reduce the direct reliance on natural gas in the building and transportation sectors, natural gas fueled electricity generation will continue to be important to maintain reliable and affordable electric service. CMUA encourages CARB to evaluate all technologically feasible and economically responsible technologies to identify a pathway to reaching the state's clean energy goals, and to adopt a target date that can be feasibility implemented with the least negative impacts on electricity rates.

Assumptions and Data Model

CMUA encourages CARB to publish the underlying data model and assumptions utilized by Energy and Environmental Economics (E3). This information is needed in order to assess and better understand the proposed outcomes and suggested technologies. This information is also needed in order to fully assess the potential technological and practical limitations inherent in the results. California's electric utilities are designing and building the infrastructure needed to support the state's electrification goals. In doing so, many POUs are facing supply chain delays in acquiring needed components and materials. Additionally, the increases in pricing that many Californians are experiencing are also impacting the state's electric utilities. For example, several CMUA members are encountering delays in receiving key distribution equipment, such as transformers, of a year or more. It is important that supply chain and distribution challenges are considered in CARB's modeling activities. To that end, CMUA respectfully requests that CARB release the data model and underlying assumptions regarding supply availability and cost.

Off-Grid Renewables

As presented in the Scoping Plan Workshop, “loads for direct air capture and hydrogen production are assumed to be provided by off-grid renewables.”² The significant build out of off-grid renewables, simultaneous to the needed expansion of renewables to provide grid service, raises questions regarding the resource availability, permitting challenges, and cost pressures imposed by such a dramatic increase in resource demand. These off-grid renewables will probably interconnect to the grid, which will significantly impact the electricity sector’s anticipated load. To properly evaluate the potential for such an approach, CARB and E3 should provide more detail on the assumptions underlying this approach, including the build capacity, timing, and cost.

Conclusion

CMUA appreciates the opportunity to comment on the Scoping Plan Workshop.

Respectfully submitted,

/s/

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² CARB Draft Scoping Plan: AB32 Source Emissions Initial Modeling Results, slide 24.
(<https://ww2.arb.ca.gov/sites/default/files/2022-03/SP22-Model-Results-E3-ppt.pdf>)