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

Re: California Municipal Utilities Association's Comments on the Initial Air Quality & Health Impacts and Economic Analyses Results Workshop

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) Initial Air Quality & Health Impacts and Economic Analyses Workshop (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 serve approximately 25% 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, efficient, and sustainable approaches to achieve the state's greenhouse gas (GHG) reduction goals while maintaining the economic opportunities provided in California and protecting electric system reliability and electricity affordability. To that end, CMUA offers the following comments on the Scoping Plan Workshop.

Electric Sector Reliability and Affordability Are Critical to the State's Climate Policy Success

Safe and reliable electricity is essential for Californians' lives, including employment, education, and healthcare. 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 crisis. Grid reliability and stability will be critical to continued growth of the economy and well-being of all Californians. Electricity reliability will also be an important factor in ongoing public

support for California’s decarbonization goals. As highlighted in the Scoping Plan Workshop, electrification is a key strategy for decarbonizing the state’s economy. All four alternatives include significant increases in electricity demand as multiple sectors of the economy decarbonize through electrification. The success of this strategy will depend on maintaining reliable and affordable electric service and continuing to foster job and economic opportunities in California. Electricity consumers see—and very keenly feel—the impact of policy on service, reliability, and affordability.

The long-term viability and success of the state’s clean energy policies must not result in rate and reliability impacts that may disincentivize the accelerated electrification of other sectors like building and transportation. Affordability of electricity is a critical point. The Legislative Analyst’s Office (LAO) has warned that “High electric rates discourage adoption of some technologies — such as electric vehicles and electric appliances — that could be used to substantially reduce statewide GHGs.”¹ As indicated by the LAO report, policies that result in increased cost burden on electricity consumers could stifle California’s electrification and clean energy goals. The final scenario selected for the Scoping Plan must recognize and mitigate any adverse impacts on electricity affordability and electric grid reliability.

Informed Policy Choices Require Accurate Economic Evaluation

CMUA and its members support CARB’s efforts to identify a cost-effective and technologically feasible path to reaching carbon neutrality by 2045. As discussed by the Rhodium Group during the workshop, each Alternative Scenario presented will likely result in significant adverse impacts to the California economy, while at the same time resulting in cost increases.² In addition to maintaining affordable and reliable electric service, the long-term viability of California’s clean energy policies must not reduce economic growth opportunities or job opportunities. Every action taken pursuant to the Scoping Plan Update must be evaluated based on the impact such action may have on California workers as well as electricity customers and seek to mitigate those impacts. At the workshop, the Rhodium Group’s presentation showed

¹ Legislative Analyst’s Office, January 6, 2020. *Assessing California’s Climate Policies – Electricity Generation*. (<https://lao.ca.gov/Publications/Report/4131>)

² Source: Wimberger, Emily. *Initial Economic Modeling of California’s Scoping Plan, Macroeconomic impacts across the four Scoping Plan Scenarios*, April 20, 2022. (https://ww2.arb.ca.gov/sites/default/files/2022-04/SP22-Initial-AQ-Health-Econ-Results-ws-RHG_0.pdf)

that the four alternatives would reduce the number of jobs and the total California economic output, as follows:³

- Alternative 1
 - In 2035 - 385,000 jobs lost and \$35 billion loss in state economic output
 - In 2045 – 190,000 jobs lost and \$29 billion loss in state economic output
- Alternative 2
 - In 2035 – 270,000 jobs lost and \$16 billion loss in state economic output
 - In 2045 – 190,000 jobs lost and \$26 billion loss in state economic output
- Alternative 3
 - In 2035 – 80,000 jobs lost and \$6 billion loss in state economic output
 - In 2045 – 120,000 jobs lost and \$3 billion loss in state economic output
- Alternative 4
 - In 2035 – 85,000 jobs lost and \$3 billion loss in state economic output
 - In 2045 – 170,000 jobs lost and \$16 billion loss in state economic output.

While CMUA agrees with CARB staff that Alternative 3 is forecast to cause the smallest loss in jobs and the smallest reduction in state level economic output, Alternative 3 would still reduce California’s jobs growth rate by 85.71% in 2045⁴ and would reduce the growth rate of the California economy by 3.33% in 2045. It is crucial that our stakeholders and policymakers have an accurate understanding of the magnitude of these potential negative impacts so that they can effectively design and support programs to mitigate them. To that end, the Scoping Plan must emphasize that investments in clean energy, technology, and workforce development, which are borne disproportionately by electric ratepayers, will be essential to our State’s future success and growth.

Model Assumptions, Data, and Results Needed to Effectively Evaluate the Impacts of Policy Options

To more clearly understand the types and distribution of jobs lost, and to assess and better understand the proposed outcomes and suggested technologies, CMUA encourages CARB to publish the underlying data model and assumptions utilized by Rhodium Group and Energy and Environmental Economics (E3). This information will also help stakeholders to fully assess potential technological and practical limitations. California’s electric utilities are designing and

³ *Ibid.*

⁴ For example, based on the CARB forecast, without considering any of the Scoping Plan Update alternatives, the number of jobs in California is forecast to grow by 140,000 in 2045. Alternative 3 is predicted to cause a loss of 120,000 jobs in 2045, reducing the business-as-usual job growth by 85.71%. It appears that when the Rhodium Group asserted a slowing of the job growth of 0.4%, they were actually describing the percentage of total jobs lost, not the reduction in the job growth rate.

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 two to three years. 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.

Conclusion

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

Respectfully submitted,

/s/

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