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July 5, 2018 | Submitted Electronically

Ms. Rajinder Sahota  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Re: SCPPA Comments on the June 2018 Preliminary Discussion Draft (PDD2) of Potential Changes to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms**

Thank you for the opportunity to once again provide informal comments to the California Air Resources Board (CARB or Board) on potential changes to the existing Cap-and-Trade Program (“the Program”) in response to the passage of AB 398.

SCPPA and its Members have actively participated in CARB’s public process and have consistently met with staff to discuss the complex, and interrelated issues associated with this regulatory package. As stewards of public funding, we look forward to continuing to work with CARB staff on additional insight and details while working toward a final Program design that can be feasibly implemented while achieving our shared interest in maximizing environmental, and public health benefits for Californians.

### **Comments on Revisions to the PDD2**

SCPPA appreciates the helpful clarifying edits to Sec. 95892 on Allocation to Electrical Distribution Utilities for Protection of Electricity. These include adding “primary” to (d)(3) to describe ratepayer benefits as the exclusive beneficiaries of the program. We believe this is a helpful clarification as it recognizes that investments in California’s GHG reduction projects and programs (e.g., transportation electrification initiatives) by publicly-owned utilities can provide secondary benefits to others who may not be POU ratepayers. We also appreciate inclusion of “Other GHG Emissions Reduction Activities” in (3)(c) to include projects or activities that will reduce sulfur hexafluoride to the list of actions that can be taken using allocated allowance auction proceeds.

Additionally, SCPPA would appreciate staff’s recognition that not all Program investments to reduce GHG emissions can be quantified. Particularly given the numerous different types of projects, programs, and measures that can achieve GHG-reductions or climate benefits. For example, customer education programs and transportation-related initiatives may not necessarily result in specific, quantifiable benefits.

While we appreciate staff’s clarification during the June 21, 2018 workshop that CARB was not seeking to quantify every ton of GHG reduced – we are providing below a specific requested proposal on methods to quantify GHG reductions for staff’s consideration. While we do not believe that a *specific* quantification methodology is necessary or appropriate, we also believe that it is important that any metric used to measure the *quantity of emissions reduction* from a program not form the basis for determining the *efficacy and overall quality of such a program*. We would suggest the following regulatory text to address this issue:

**Proposed Text in the PDD2:**

95892(d)(4) Electrical distribution utilities must demonstrate quantifiable GHG emissions reductions for each use of allocated allowance auction proceeds undertaken under sections 95892(d)(3)(A)-(C), as described in section 95892(e)(4)(B).

95892(e)(4)

(A) Describing the nature and purpose of each use of allocated allowance auction proceeds and specifying the amount of allocated allowance auction proceeds spent on that use;

(B) Estimating the GHG emission reductions from each use of allocated allowance auction proceeds allowed pursuant to sections 95892(d)(3)(A)-(C); and . . .

**Suggested revision:**

95892(d)(4) Electrical distribution utilities must demonstrate **quantifiable** GHG emissions reductions for each use of allocated allowance auction proceeds undertaken under sections 95892(d)(3)(A)-(C), as described in section 95892(e)(4)(B).

95892(e)(4)

(A) Describing the nature and purpose of each use of allocated allowance auction proceeds, **including the targeted recipients of such proceeds**, and specifying the amount of allocated allowance auction proceeds spent on that use;

(B) Estimating the GHG emission reductions from each use of allocated allowance auction proceeds allowed pursuant to sections 95892(d)(3)(A)-(C), **including a qualitative assessment of the estimated GHG emission reductions, and where applicable, a quantitative assessment of GHG emission reductions**; and . . .

In addition to the allowance proceeds topic above, and as expressed in prior public comments and letters, SCPA remains concerned with the incomplete nature of these draft regulations, including lack of additional guidance on key components, such as: cost containment, GHG accounting, speed bumps, and the price cap. We will continue to stress the importance of providing a complete draft of the regulations, and thoroughly vetting policy shifts with stakeholders to ensure the feasibility and collective interaction of all of the changes in the informal process. This supports transparency and facilitates a fully-informed decision-making process. While many of the proposed revisions have been discussed broadly during a number of public workshops, most of the critically important details have yet to be provided. These need to be evaluated on their own, as well as in relation to other aspects of the Program.

Thank you for your time over the past year. SCPA and our Members continue to seek forward progress on a variety of issues that have been raised over these months, but still remain unfinished as of this rulemaking package. We remain ready to constructively meet with CARB Staff and other agencies to work towards mutually agreeable solutions that best advance the State's climate change goals in an affordable manner for California ratepayers.

Respectfully submitted,



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