

COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY TO THE
CALIFORNIA AIR RESOURCES BOARD ON THE CLIMATE CHANGE SCOPING
PLAN FIRST UPDATE DISCUSSION DRAFT

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Dated: **November 1, 2013**

I.

INTRODUCTION

Southern California Edison Company (“SCE”) respectfully submits its comments to the California Air Resources Board (“ARB”) on the ARB’s Climate Change Scoping Plan First Update Discussion Draft (“Draft Update”). SCE appreciates the opportunity to comment on the topics discussed, elements of the Scoping Plan as updated, progress since the 2008 Scoping Plan, and ARB’s focus on post-2020 activities.

II.

TO ACHIEVE TECHNOLOGICALLY FEASIBLE AND COST-EFFECTIVE EMISSION REDUCTIONS, THE ARB SHOULD CONDUCT A STUDY EVALUATING THE PROGRESS SINCE THE 2008 SCOPING PLAN

The California Global Warming Solutions Act of 2006, also known as Assembly Bill (“AB”) 32, directed the ARB to develop a scoping plan “for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions.”¹ The legislation further calls for ARB to update this scoping plan every five years.”² While AB 32 calls for the ARB to make recommendations on additional emission reductions beyond 2020, it does not authorize the State Board to create any emission target past the 2020 timeline. Reducing emissions significantly below the target established by AB 32 requires the full consideration of the state legislature.

Rather than creating a specific 2030 target, ARB should conduct a study evaluating the measures developed in the 2008 Scoping Plan. This research can then be used by the legislature as it considers post-2020 reductions and the cost-effectiveness of further emissions reduction opportunities. Moreover, any recommendations for further emission reductions should also include a clear mechanism to link the implementation of such measures to national reductions.

¹ 38561(a)

² 38561(h)

As the Draft Update indicates, climate change is a global challenge and California alone cannot reduce global emissions in a meaningful way. Indeed, even if California reduced emissions by 80 percent, there would be no discernible impact on global GHG inventory and no impact on global climate change. Pursuing policies to reduce emissions to such a degree will put the state at a distinct economic disadvantage. If California pursues such an aggressive emission reduction target, it is highly likely that significant economic output will move out of the state. Such economic leakage will create emissions leakage that would significantly, if not completely, offset any emissions reductions that occur in California.

A. An Objective Environmental and Economic Evaluation of Existing Measures Will Help Inform Any Legislative Action on Post-2020 Emission Targets

The Draft Update provides a high-level evaluation of the emissions from various sectors of the economy, but does not sufficiently evaluate the measures that have been adopted from the AB 32 Scoping Plan.³ The final Scoping Plan Update should include an updated evaluation of measures adopted in 2008, including both (1) an accounting of the actual emission reductions generated by the measures as well as (2) the economic cost of the measures. This level of information will prove critically important if the legislature considers further emission reductions beyond those targeted in AB 32. The 2008 Scoping Plan developed emission reduction measures based on forecasts of potential abatement and the economic cost that would result. Now, the State can use its experience with these measures to evaluate the actual emission reductions produced as well as the cost of the measures. Without a complete and objective evaluation, the State cannot know if the measures are the most effective and efficient means of reducing emissions.

B. Changes in Market and Technical Conditions Will Influence the Abatement Opportunities of Adopted Measures.

Since the development of the Scoping Plan in 2008, economic and technical conditions have changed. These changes influence the GHG emission abatement potential of the measures

³ 2008 Climate Change Scoping Plan (*available at* http://www.arb.ca.gov/cc/scopingplan/document/adopted_scoping_plan.pdf)

adopted. An updated technical analysis is needed in order to know if the forecasted abatement potential has changed.

For example, the Scoping Plan included a target of 4,000 megawatts (“MW”) of new Combined Heat and Power capacity (“CHP”). However, as a result of measures adopted by the ARB and other regulatory agencies, the electric grid is benefiting from lower-emitting generation. As renewable generation increases and as less coal-fired generation is used, the potential for emission reductions from CHP is further reduced. Because of this, the ARB should evaluate and update the CHP policy target established in the 2008 Scoping Plan and allow California customers to benefit from a more accurate evaluation of the benefits of this policy.

Along with technical changes, economic changes over the past five years have affected the economic efficiency of the CHP policy. The 2008 Scoping Plan stated that 4,000 MW of new cogeneration capacity would be available, producing 30,000 gigawatt-hours (“GWh”) of generation. This additional CHP was forecast to reduce emissions by 6.7 mmtons.⁴ The industrial need for heat, which is the underlying factor driving the supply of CHP, decreased as a result of the recession, as have the opportunities for efficient CHP. ARB has already recognized this fact in its Updated Economic Analysis of California’s Climate Change Scoping Plan (“Updated Analysis”).⁵ The Updated Analysis recognized the economic conditions resulting from the recession and showed that less than 30,000 GWh of CHP potential was available:

The policy calls for a target of 30,000 GWh. However, the model did not find this level of self-generation potential to be available, so a lesser amount is actually achieved.⁶

The Draft Update references ARB’s earlier study and maintains the goal of obtaining 4,000 MW of new CHP.⁷ Because the ARB’s revised economic analysis showed that 4,000 MW of new CHP was not cost-effective, pursuing this target could risk violating the cost-effectiveness requirement of AB 32.

⁴ 2008 Climate Change Scoping Plan, Available at, (http://www.arb.ca.gov/cc/scopingplan/document/adopted_scoping_plan.pdf).

⁵ Updated Economic Analysis of California’s Climate Change Scoping Plan (*available at* http://www.arb.ca.gov/cc/scopingplan/economics-sp/updated-analysis/updated_sp_analysis.pdf).

⁶ *Id.* at 27 n. 25.

⁷ *Id.*

C. The Update to the Scoping Plan Should Include Clearly Established Cost-Effectiveness Criteria For All Measures.

No mention of cost-effectiveness analysis or an updated economic analysis was made at the ARB's Scoping Plan Update workshop in October. In order to evaluate the cost-effectiveness of existing measures, and maintain that cost-effectiveness going forward, SCE recommends an updated economic analysis of all measures adopted under the Scoping Plan. Much like a refereed research process, in order to ensure an objective evaluation, ARB should include third-party and transparent evaluations of the required cost effectiveness analysis.

Although AB 32 establishes an emissions target for California only, addressing climate change is the underlying and ultimate target of AB 32. The cost-effectiveness of any emission reduction measures must be evaluated in terms of its actual influence on climate change.

III.

ANY RECOMMENDATIONS FOR POST 2020 EMISSION ABATEMENT MUST INTEGRATE ACTIONS OUTSIDE CALIFORNIA

The Draft Update demonstrates that California action alone will not cause a material impact on the concentration of GHGs in the atmosphere, nor would it have any measurable influence on climate change. Climate change is truly a global problem and California actions, as well meaning as they are, can only have an impact on atmospheric concentration of GHG as part of a widespread set of actions by jurisdictions beyond the California and United States borders. However, the aggressive emission mitigation measures outlined in the Draft Update will come at great economic cost. It is unreasonable to engage in such costly action if no real benefit can result. California must consider the circumstance under which it will engage in further action post 2020. Any discussion about further actions must also include a dialogue on potential triggers or actions from other regions or jurisdictions that would provide Californians the needed assurance that any additional actions would not be made in vain.

IV.

CONCLUSION

The Scoping Plan Update provides a valuable opportunity for the ARB to evaluate the performance of all components of the Scoping Plan that were adopted in regulations. ARB's primary goal should be compliance with the 2020 emissions target established in AB 32. SCE encourages the ARB to evaluate the performance of the measures developed in the 2008 Scoping Plan as the primary focus of the Update.

Respectfully submitted,

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