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March 23, 2018

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

**Re: Comments of the California Municipal Utilities Association on the March 2, 2018  
SB 350 Integrated Resource Plan Workshop**

Dear Ms. Sahota:

The California Municipal Utilities Association (“CMUA”) respectfully submits these comments to the California Air Resources Board (“CARB”) on the SB 350 Integrated Resource Plan Workshop, held on March 2, 2018.

## **I. INTRODUCTION**

Senate Bill (“SB”) 350’s (stats. 2015) integrated resource plan (“IRP”) requirements serve two key purposes: (1) the IRPs will help inform the resource procurement and long-term planning decisions of the individual publicly owned utilities (“POUs”) and load serving entities (“LSEs”); and (2) the aggregate IRP data will help policymakers and the public assess whether California is on track to meet its greenhouse gas (“GHG”) reduction and renewable portfolio standard (“RPS”) goals, and to identify potential obstacles or challenges to meeting these goals. Identifying these challenges early is necessary because some of the potential solutions may have long-lead times and be challenging to implement.

The GHG reduction targets established by CARB must be developed with these purposes in mind. The targets must be flexible enough to account for the wide degree of variability inherent in a long-term forecast, but must also be based on sufficiently accurate inputs as to provide useful and valuable information. These targets must also be based on a fair and reasonable assessment of both the electric sector’s and each POU and LSE’s relative share of the statewide GHG reduction goals.

In developing and adopting these targets, CARB must also be clear that these are only planning targets and not treated as establishing an obligation. The SB 350 IRP requirements create no independent GHG reduction compliance requirement. Actual compliance is measured, verified, and enforced through the various applicable regulatory programs, including CARB’s Cap and Trade Program and the RPS. There is no statutory basis and there is no need to seek to treat the IRP planning targets as enforceable requirements.

As this process moves forward, CARB, the California Public Utilities Commission (“CPUC”), and the California Energy Commission (“CEC”) must recognize that there are many overlapping obligations related to GHG emissions reductions and the procurement of zero-GHG emitting resources. These programs include, but are not limited to, the IRP, RPS, Cap and Trade Program, and Power Source Disclosure. To the greatest extent possible, CARB, CPUC, and CEC should seek to align these regulations in ways that send consistent signals to obligated entities and minimize the potential for confusion by the public.

## **II. RESPONSES TO WORKSHOP QUESTIONS**

### **A. Is there a need to apportion the GHG planning target to CEC and to CPUC as well as to LSEs and POU?**

SB 350 directs CARB to establish a GHG reduction target for the electric sector and for each POU and LSE.<sup>1</sup> SB 350 does not direct CARB to allocate any share or obligation to the CEC or CPUC. The CEC does not have any authority to assign GHG targets to individual POU. Any interpretation attributing the CEC with this authority would not be consistent with the CEC’s limited role in reviewing and making recommendations on POU IRPs.

Additionally, CARB’s methodology for allocating the electric sector target to individual POU and LSEs should be generally consistent, as is currently proposed. As long as the allocation methodology is consistent across the POU and LSEs, then the CEC can calculate the total POU share by simply adding all of the individual POU targets. The CEC has already done this using the current proposal, as is demonstrated in slide 36 of the CEC’s presentation during the March 2 Workshop. Any formal apportionment to the CEC is therefore unnecessary and has the potential to create confusion about the CEC’s role in the IRP process.

### **B. How should the electricity sector GHG target be evaluated with respect to the entities not subject to SB 350 IRP requirements (i.e., 1.7% of sector emissions)?**

Before dividing the total electric sector GHG reduction target among the obligated POU and LSEs, CARB must first subtract out the share attributable to the non-IRP-obligated entities. This step is necessary to ensure that the individual POU and LSE GHG reduction targets are based on a reasonable and fair reflection of their relative share of the total sector goal. However, this calculation does not create any obligation applicable to the non-IRP obligated entities. For purposes of the review of the IRPs, there is no evaluation of the 1.7% attributable to the entities not obligated to submit an IRP.

This does not mean that that these entities are not reducing their GHG emissions or that policymakers will not be able to predict the electric sector’s progress toward the statewide GHG reduction goals. For example, the exempted POU must comply with the RPS, the Cap and Trade program, and a host of other regulations that will drive down their GHG emissions over the next decade. Additionally, there is no lack of data because the exempted POU report on their projected load and resources through a variety of reporting requirements, including the CEC’s Integrated Energy Policy Report.

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<sup>1</sup> Cal. Pub. Util. Code §§ 454.52(a)(1)(A), 9621(b)(1).

Finally, the GHG reduction targets are for planning purposes only and do not create an independent compliance obligation. Attempting to assign any requirement to the entities not subject to the IRP is inconsistent with this structure and the purpose of the IRP.

### **III. CONCLUSION**

CMUA appreciates the opportunity to provide these comments on the March 2, 2018 Workshop, and thanks CARB for its review and consideration.

Dated: March 23, 2018

Respectfully submitted,



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