MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

August 1, 2008 **Via Electronic & U.S. Mail**

Chairman Mary Nichols and Members of the Board
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chairman Nichols and Members of the Board:

The Metropolitan Water District of Southern California (Metropolitan) is pleased to provide comments in response to the DRAFT AB 32 Scoping Plan (Plan) prepared by the California Air Resources Board (ARB). Metropolitan shares vital concerns with other western water agencies regarding the climate change impacts resulting from increases in atmospheric greenhouse gas (GHG) emissions and their impacts on water supplies and demands, and remains committed to participating in ARB's efforts to develop a Scoping Plan pursuant to California Assembly Bill AB 32.

Metropolitan is the largest wholesale water supplier in California. Metropolitan provides supplemental wholesale water supplies for domestic and municipal uses to 26 cities and water agencies. Metropolitan's service area includes a population of more than 18 million consumers in about 5,200 square miles in Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties. Metropolitan's mission is to provide its member agencies with adequate and reliable supplies of high quality water to meet present and future needs in an environmentally and economically responsible way.

Climate change is anticipated to have adverse impacts on hydrology, water storage, water supplies, water demands, and water conveyance systems. Metropolitan has developed adaptation strategies to accommodate the expected effects of climate change. Metropolitan has also undertaken mitigation strategies to improve the efficiency of its energy use and thus contribute to the stabilization of the amount of carbon entering the atmosphere. To this end, Metropolitan is a proud member of the California Climate Action Registry (CCAR) and reports its greenhouse gas emissions inventory in accordance with CCAR protocols.

GENERAL COMMENTS

Metropolitan supports plans and programs targeting the reduction of carbon emissions that would help alleviate the negative impacts on water supply due to climate change. In particular, we concur with the goal to have new homes strive for a low carbon footprint with improved building techniques and technologies such as solar arrays and solar water heaters as well as water conservation devices. Older homes and commercial buildings can be retrofitted to reduce water and energy consumption.

Water Sector Energy Reduction

One key recommendation in the Plan is to increase water recycling and water conservation as a means to reduce energy used in transporting and treating water. However, because 74% of the energy consumption associated with water occurs with the end user, mostly in cooling and heating water, while only 22% is used to convey, treat, and distribute water[1], increasing water use efficiency and water recycling is likely to have a limited effect on carbon emission reduction. Programs that promote efficient use of heated water will have a much greater effect. The Plan should consider the foregoing in identifying maximum potential emission reduction opportunities.

Another consideration is the effect proposed increases in the use of recycled water may have on local groundwater resources. Increasing recycled water use may result in making groundwater more difficult to treat requiring higher energy use in the treatment process. Also, requirements to use reverse osmosis on recycled water before sending to spreading basins result in increasing the energy intensity of recycled water, effectively reducing or negating the potential for energy savings. Emissions associated with these increased energy uses could counter any potential emission reductions from reuse. The Plan needs to address any potential increase in energy use associated with such proposals.

Public Goods Charge

The Plan recommends the assessment of a “Public Goods Charge” to be implemented through water bills (estimated to be $100 to $500 million per year). This proposed charge would exacerbate the adverse impact of climate change on the water industry sector as described above, and would be an added burden to water users. In order to understand whether this proposed approach would indeed meet the goals and requirements of AB 32, such as avoidance of duplicative regulatory requirements and achievement of actual emission reductions, please

[1] California Energy Commission, **California's Water – Energy Relationship, Final Staff Report,** November 2005, CEC-700-2005-011-SF, p. 8, t.1

examine the proposed charge in light of Health & Safety Code Section 38561(b).[2] Consideration should also be given to whether energy purchased to produce, move, and treat water has already been assessed an energy Public Goods Charge or carbon tax as part of an examination of the nexus between a public goods charge on water and carbon charges on retail energy. An unintended consequence of a public goods charge on water would effectively be a double taxation on water.

Renewable Energy Production from Water

From its inception, Metropolitan has maximized the integration of zero-emission hydroelectric generation produced from water storage and conveyance into its most fundamental operations. Water released from Hoover and Parker Dams supply over 75% of the power used by Metropolitan for operation of its Colorado River Aqueduct, which pumps water from the Colorado River to Southern California. Metropolitan's small conduit hydroelectric power plant facilities (with a present combined dependable capacity of 122-MW) have been generating reliable renewable energy since 1980.

All renewable resources that reduce greenhouse gas emissions should be recognized and included in the Plan to achieve AB 32's mandates. This should include all hydroelectric generation, a truly renewable resource with the ability to compensate for the intermittent nature of many of the renewable resources being considered for emissions reductions under the Plan. A statewide reduction in GHG emissions requires the use of all clean sources of power, including new and existing hydropower.

Counting GHG Emission Reductions

The Plan recommendations include a mix of strategies, including new regulations that will further reduce criteria pollutants, while also decreasing GHG emissions. As these new regulations are drafted, the reductions anticipated with existing air quality regulations, and Air Quality Management Plans need to be considered to avoid double counting, and to ensure that the emission reductions are feasible beyond what is already in place. In reviewing the Plan and the recently adopted mandatory reporting regulations, Metropolitan is concerned that there may be duplicate counting of emissions, especially with respect to direct and indirect emissions from the generator and the user. As the Plan elements are implemented and regulations developed, it is important to include a check and balance to help avoid such double counting. Lastly, in the Plan's discussion of cap

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[2] Section 38561 directs the Plan to recommend direct emission reduction measures, alternative and market based compliance mechanisms, and incentives to facilitate achievement of maximum feasible and cost-effective reductions of GHG emissions.

and trade and offsets, there is mention of only using in-state offsets. Since climate change is a regional issue, there should be increased emphasis on multi-state initiatives, such as the Western Climate Initiative.

Environmental Analysis

Metropolitan respectfully requests to be placed on the mailing list for all environmental documentation pertaining to the environmental analyses related to the Plan (per Section 15252 of the State CEQA Guidelines), as well as to the environmental analyses of the subsequent regulatory actions related to the Plan. Metropolitan looks to the AB 32 Plan to establish a regulatory program that meets the criteria contained in section 21080.5 of the Public Resources Code and also addresses the elements listed therein for certification.

Metropolitan appreciates the opportunity to provide comments on the Plan and may provide additional comments on the Plan's Appendices after further review. If we can be of further assistance, please contact Mike Rojas at 213-217-7195 or Janet Bell at 213-217-5516.

Very truly yours,

Jeffrey Kightlinger
General Manager

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