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August 29, 2018

Mary D. Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95815

RE: Comments on Southern California Gas Company Aliso Canyon Settlement Agreement

Dear Chair Nichols and Members of the Board,

On behalf of the San Gabriel Valley Economic Partnership, I wish to comment on the recently announced Aliso Canyon Settlement Agreement. The Partnership is a regional business organization covering the 31 cities and 2 million residents of eastern Los Angeles County.

On August 8th, the Southern California Gas Company announced its settlement agreement with the Los Angeles City Attorney's Office, the County of Los Angeles, the California Office of the Attorney General, and the California Air Resources Board that resolves all outstanding claims against the company related to the 2015-16 natural gas leak at the Aliso Canyon natural gas storage facility in the San Fernando Valley.

As part of this settlement, the Gas Company has reaffirmed its commitment to helping the state achieve its ambitious climate change goals by 2030. The settlement requires the Gas Company to establish a program with the Air Resources Board to mitigate the significant methane emissions that resulted from the leak. The Gas Company will pay \$26.5 million to create a loan program to fund the construction of a dozen dairy digester projects as well as three conditioning facilities and interconnection pipelines. These loans will be repaid in full, with interest, and ultimately re-invested to support additional emissions reductions and other local projects to benefit residents of Porter Ranch and the South Coast Air Basin. Every project will repay the entire loan investment with interest over the ten-year period that mitigation is achieved. The Gas Company will not receive any repayment of the \$26.5 million and interest.

Dairies are the source for nearly half of California's methane emissions. Capturing bio-methane for use as renewable natural gas is an important part of California's 2030 climate goals of reducing greenhouse gas emissions (GHG) to 40 percent below 1990 levels. The Gas Company is uniquely prepared to assist California's vast agriculture industry harness, process, and use bio-methane for the benefit of the state and its environment.

The Gas Company is also an important player in the reduction of greenhouse gases in the state's critical transportation sector, which is responsible for 41 percent of California's GHG emissions.

While total statewide GHG emissions have decreased below 1990 levels, emissions from the transportation sector are increasing. If California hopes to attain its ambitious 2030 climate goals, it is imperative to help introduce new, viable clean-fuel technology to the transportation sector.

One proven way to achieve substantive GHG reductions is to fuel heavy-duty trucks with renewable natural gas which can reduce GHG emissions by at least 80 percent. The newest heavy-duty natural gas trucks cut smog-forming emissions by more than 90 percent compared to the cleanest heavy-duty diesel trucks on the road today. Increasing the number of natural gas trucks on the road will have an immediate impact on air quality and will help California achieve its clean air goals. For every heavy-duty diesel truck replaced with a natural gas truck, California can reduce air pollution by an amount equivalent to taking 57 passenger cars off the road.

Today, close to 70 percent of natural gas fleets in California are fueled with renewable natural gas. Increasing the available in-state fuel supply could help more fleets make the switch from diesel to natural gas trucks.

The Southern California Gas Company has a critical role to play in providing energy for millions of Californians while also making bold strides in the reduction of greenhouse gases. The Partnership appreciates the leadership of the Air Resources Board in working with this important regional utility to make substantial improvements in moving the state towards a cleaner, brighter energy future. The recently concluded settlement agreement is a positive step forward for the state that will put the Aliso Canyon leak behind us and redirect our focus on achieving California's ambitious climate change goals.

If you have any questions regarding the Partnership's comments, you may contact me at our offices – (626) 856-3400 or bjensen@sgvpartnership.org.

Sincerely,

A handwritten signature in blue ink that reads "Bradley A. Jensen". The signature is fluid and cursive, with the first name "Bradley" and last name "Jensen" clearly legible.

Brad Jensen
Director of Public Policy