CalCCA
California Community Choice Association

Apple Valley Choice Energy

Clean Power Alliance

CleanPowerSF

Desert Community Energy

East Bay Community Energy Authority

Lancaster Choice Energy

MCE

Monterey Bay Community Power Authority

Peninsula Clean Energy

Pioneer Community Energy

PRIME

Redwood Coast Energy Authority

San Jose Clean Energy

Silicon Valley Clean Energy Authority

Sonoma Clean Power

Valley Clean Energy Alliance

May 14, 2018

California Air Resources Board
1001 I Street
Sacramento, CA 95814
Submitted via Email

Subject: Comments of the California Community Choice Association on the California Air Resources Board Staff Proposal for Setting Greenhouse Gas Targets for the Electric Sector

I. Introduction

The California Community Choice Association (CalCCA) respectfully submits the comments below on the California Air Resources Board (CARB) staff proposal for setting Greenhouse Gas (GHG) emissions targets for the Load Serving Entities (LSEs) in the electric sector.

CalCCA supports the following elements of the CARB staff's proposal:
1. Setting the system-wide-GHG target as a range of 31 to 52 million tons and updating it every five years in accordance with the AB32/SB32 Scoping Plan updates.
2. Using CARB's cap-and-trade allowance allocation as the starting point for apportioning GHG targets to individual Load Serving Entities (LSEs).

CalCCA recommends making the changes below to the CARB staff's proposal:
1. In setting the GHG targets for individual LSEs, CARB should define how compliance with those targets will be measured.
2. The process for adjusting GHG targets for individual LSEs to reflect load migration should be conducted in a formal and transparent process.

II. CalCCA supports the CARB's proposal to set the GHG target for the electric sector as a range, as well as using cap-and-trade allowance allocation as the basis for apportioning individual LSE GHG targets.

CalCCA supports the proposal to use the 31 to 52 million ton target range for the electric sector recently adopted by the CARB in its Updated Scoping Plan. CARB's target-setting methodology for Integrated Resources Planning (IRP) was developed after extensive analysis and public comment, and is consistent with the Updated Scoping Plan.

In addition to setting an overall system-wide GHG target for planning purposes, SB 350 also requires the CARB to set GHG planning targets for individual LSEs.[1] CARB proposes to use its cap-and-trade allowance allocation formula as a starting point for setting these targets, scaled up and down to reflect the 31 to 52 million-ton GHG planning goal proposed by CARB.[2] CalCCA finds this approach reasonable and supports this methodology.

III. CARB should adopt a methodology to measure compliance with the electric sector target across energy agencies to prevent inconsistencies.

In ensuring that the electric sector will meet its GHG emissions target within the range set by the CARB, the methodology used to measure LSEs' compliance with those targets needs to be consistent with the methodology to set each individual LSE GHG target. Without defining a methodology used to measure the electric sector's progress toward those targets, LSEs will not have the proper tool to determine whether their planning and procurement will achieve the targets set by the CARB.

CalCCA recommends that the CARB adopt a methodology that is closely aligned with CARB's cap-and-trade allocation formula to measure LSEs' achievement toward their GHG emissions targets. The cap-and-trade allocation formula uses supply and demand forecasts submitted to the CEC by the Electric Distribution Utilities (EDUs), which are based on annual supply resources and annual demand.[3] Each EDU receives carbon credit for all of the RPS-eligible energy and zero-GHG energy it procures on an annual basis.

Therefore, CARB should adopt a methodology that measures GHG emission target compliance on an annual basis, consistent with the CARB's Scoping Plan and the cap-and-trade allocation methodology. While CARB may intend to defer the responsibility of measuring the compliance to the CPUC or the CEC, it is possible that inconsistent methodologies can be adopted at those agencies.

For instance, the CPUC is proposing to use a "Clean Net Short" methodology that measures individual LSE's compliance with its GHG target on an hourly basis, instead of the annual basis proposed by CARB. This shows two inconsistent measurements of GHG emissions, with the CARB using one methodology to set the target while the CPUC is using a different methodology to measure

[1] Excluding the smaller LSEs that are not required to conduct an IRP. CARB estimates these LSEs collectively serve less than 2% (1.7%) of California's electric demand.
[2] As noted later, there could be numerous CCAs and ESPs providing service within an EDU's service territory, each of which, according to CARB's proposal, would receive a proportionate share of the overall EDU GHG target.
[3] Forms and Instructions for Submitting Electricity Resource Plans (CEC Final Staff Report, CEC-200-2012-007-SF) Prepared in Support of the *2015 Integrated Energy Policy Report*

attainment of the target. These two inconsistent methodologies can create immense planning and procurement uncertainties, where LSEs do not know whether using one methodology would lead to compliance with the targets set by another set of methodology. Worse, these inconsistencies can also have grave impacts on other state programs, such as the Renewable Portfolio Standard (RPS) and Power Content Label (PCL). Both of these programs also utilize an annual reporting standard rather than an hourly standard. A methodology that is inconsistent with other state programs, which are aimed at achieving similar state policy goals, will likely send disruptive market signals to market participants. The adoption of the Clean Net Short, therefore, can create renewable resource procurement uncertainty and increase costs for ratepayers.

IV. CARB should delegate the Executive Director the ability to adjust GHG targets for LSEs based on load migration in a transparent and formal process.

CalCCA supports CARB staff's proposal to delegate the Executive Director the authority to adjust GHG targets to reflect load departure and migration between LSEs. CalCCA further recommends that the adjustment process be conducted in a formal and transparent manner to allow public participation. Accordingly, a transparent process should be established where the Executive Director would notify all LSEs of proposed target changes to ensure that the reallocation of GHG targets is fair and accurate.

V. Conclusion

CalCCA appreciates the opportunity to provide these comments and welcomes further conversations and suggestions from the CARB staff.

Sincerely,

Beth Vaughan
Executive Director