



July 9, 2021

Liane Randolph, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Comments on the Initial Workshop Series for the 2022 Scoping Plan Update**

Dear Chair Randolph,

The Southern California Public Power Authority (SCPPA),<sup>1</sup> Northern California Power Agency (NCPA),<sup>2</sup> and California Municipal Utilities Association (CMUA)<sup>3</sup> (collectively, the Joint POU's) appreciate the opportunity to provide these comments on the California Air Resources Board's (CARB) Public Workshop Series to Commence Development of the 2022 Scoping Plan Update. The publicly owned electric utilities (POUs) represented by our organizations are leaders in clean energy and have made major strides to reduce greenhouse gas (GHG) emissions. As members of the communities that we serve, POUs are well positioned to assist with the state's climate and emissions reductions goals in a manner that fits our communities' needs.

The focus of the 2022 Scoping Plan, as set forth during the initial workshop series, is to lay out a path for achieving the state's carbon neutrality goal by 2045. This ambitious goal will require close collaboration and coordination between CARB, other state agencies, and diverse stakeholders, including POUs. This collaboration is necessary to ensure the policies considered and programs the state ultimately develops are technologically and practicably achievable and maximize benefits to all

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<sup>1</sup> The Southern California Public Power Authority (SCPPA) is a not-for-profit joint powers agency formed in 1980 to facilitate joint power and transmission projects for its local publicly owned electric utility members. SCPPA consists of eleven municipal utilities and one irrigation district – the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District – who collectively serve nearly five million people throughout Southern California.

<sup>2</sup> The Northern California Power Agency (NCPA) is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

<sup>3</sup> The California Municipal Utilities Association is a statewide organization of local public agencies in California that provide electricity and water service to California consumers. CMUA membership includes publicly owned electric utilities that operate electric distribution and transmission systems. In total, CMUA members provide approximately 25 percent of the electric load in California.

Californians while maintaining reliability, supporting community resiliency, and protecting affordability, especially for disadvantaged communities.

The Joint POU's look forward to actively participating in this process to develop the details of the 2022 Scoping Plan. At this time, we would like to provide initial, overarching considerations for the Scoping Plan development process.

### **Electricity Sector Has Led the Way in Reducing GHG Emissions**

California's electricity sector has been the primary driver of GHG emissions reductions in the state over the last decade, reducing emissions by about 40%.<sup>4</sup> These reductions have been driven chiefly by a reduction in the GHG emissions intensity of electricity generation.<sup>5</sup> In 2019, 63% of California's electric retail sales came from non-fossil fuel sources.<sup>6</sup> Today, California has more than 34,000 MW of renewable resources installed, most of which are located inside the state.<sup>7</sup>

In 2018, Senate Bill (SB) 100 increased the RPS requirement to 60% by 2030 and established a state policy that 100% of retail electricity sales be served by zero-carbon and renewable resources by 2045. The electricity sector currently accounts for less than 15% of California's GHG emissions, and the Joint POU's are making substantial investments in clean energy. As an example, in recent months, the Sacramento Municipal Utility District,<sup>8</sup> Los Angeles Department of Water and Power,<sup>9</sup> and Glendale Water and Power,<sup>10</sup> have proactively released their own studies and/or plans toward achieving a 100% clean energy standard. Other POU's are considering similar pathways.

The electricity sector's strong track record in reducing emissions provides an important opportunity as California seeks to holistically reduce emissions in other sectors of the economy, including in transportation and buildings, and the POU contributions toward these reductions will help serve as a blueprint for CARB. As California's POU's plan and make investments to reduce GHG emissions while increasing load to serve economy-wide electrification and new applications, it will be essential to ensure electricity remains affordable and reliable for all Californians.

### **Electricity Must Remain Affordable and Reliable**

Maintaining affordable and reliable power for all Californians will be essential to facilitate the transition to a decarbonized economy. As described in the SB 100 Joint Agency Report, achieving the 100% clean electricity policy by 2045 will require sustained record-setting construction rates for the next 25 years, potentially adding several billions of dollars in annual costs to ratepayers.<sup>11</sup> Achieving the policy earlier, or with a more constrained resource mix, could exacerbate the financial impact on all consumers, with devastating impacts for those that can barely afford to pay their bills today. A

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<sup>4</sup> Legislative Analyst's Office, *Assessing California's Climate Policies—Electricity Generation*, <https://lao.ca.gov/reports/2020/4131/climate-policies-electricity-010320.pdf>

<sup>5</sup> Ibid.

<sup>6</sup> California Energy Commission (CEC), *Tracking Progress – Renewable Energy*, [https://www.energy.ca.gov/sites/default/files/2019-12/renewable\\_highlights\\_ADA\\_0.pdf](https://www.energy.ca.gov/sites/default/files/2019-12/renewable_highlights_ADA_0.pdf)

<sup>7</sup> Ibid.

<sup>8</sup> *2030 Zero Carbon Plan*, <https://www.smud.org/-/media/Documents/Corporate/Environmental-Leadership/ZeroCarbon/2030-Zero-Carbon-Plan-Technical-Report.ashx>

<sup>9</sup> *Los Angeles 100% Renewable Energy Study*, <https://maps.nrel.gov/la100/report>

<sup>10</sup> *100% Clean Energy by 2030 Feasibility Study*, [https://glendaleca.primegov.com/meeting/attachment/2735.pdf?name=CC\\_03302021\\_Exhibit%201\\_8a](https://glendaleca.primegov.com/meeting/attachment/2735.pdf?name=CC_03302021_Exhibit%201_8a)

<sup>11</sup> CEC, California Public Utilities Commission, CARB, *Achieving 100 Percent Clean Electricity in California: An Initial Assessment*, <https://efiling.energy.ca.gov/EFiling/GetFile.aspx?tn=237167&DocumentContentId=70349>

comprehensive analysis of the potential cost and affordability impacts to utility customers, as well as options for mitigating those costs and impacts, will be critically important to ensure new programs and policies can be achieved equitably.

As the electricity sector achieves higher and higher percentages of clean energy, it will become increasingly complex and costly to attain further emissions reductions while concurrently supporting new loads, maintaining reliability, and controlling costs. In doing so, we must ensure that this transition does not adversely affect already challenged and disproportionately affected customers and communities.

As sectors like building and transportation electrify, there will be an even greater demand on the electric grid. Given this imminent increase in demand electricity supply must be reliable, resilient, and affordable to support the functions of our daily lives and dependable operations for our small business, commercial, and industrial customers. The addition of these new loads has the potential benefit to assist with renewable integration, but also the potential to exacerbate adverse reliability impacts. The SB 100 Joint Agency Report, while concluding that achieving the state's 100% clean energy policy by 2045 is technically feasible, recommends a comprehensive reliability assessment as the next step in the modeling process.<sup>12</sup> Last year's extreme heat events, coupled with the expectation that such conditions and other extreme weather events will become more frequent due to climate change,<sup>13</sup> underscore the importance of reliable electricity.

Reliable electricity is essential to public health and community resiliency – such as for cooling during life-threatening heat waves, powering electricity-dependent medical devices, supporting communications, storing food, and charging vehicles. Beyond the critical health and safety considerations, we have seen that when electricity is not reliable, many customers will turn to alternative energy sources, such as diesel or propane backup generators, which undercuts statewide efforts to reduce emissions.

As vertically integrated utilities, POUs can optimize their portfolios to ensure they are balanced and affordably meet the needs of the communities they serve. However, without safeguards to contain costs associated with new policies and regulations, increasingly high electricity retail rates will make it more difficult to achieve long-term GHG reduction goals, as well as further burden lower-income Californians who can least afford it.

To help protect against such cost increases, and to ensure that POUs have sufficient flexibility to maintain grid reliability, the policies and programs considered in the Scoping Plan must provide flexible compliance options rather than “one-size-fits-all” approaches. The Scoping Plan recommendations should also provide regulatory stability to support long-term utility planning decisions and minimize costs associated with regulatory uncertainty, as well as strive to protect ratepayers by mitigating compliance costs.

In addition, while recognizing the need to revise the electricity sector GHG planning targets to reflect changes in law, the Joint POUs urge CARB to assess the cost and feasibility of incremental reductions within the electricity sector, including relative to reductions in other sectors, when considering these updates. Finally, to ensure customers are not overpaying for unnecessary compliance costs associated

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<sup>12</sup> CEC, California Public Utilities Commission, CARB, *Achieving 100 Percent Clean Electricity in California: An Initial Assessment*, <https://efiling.energy.ca.gov/EFiling/GetFile.aspx?tn=237167&DocumentContentId=70349>

<sup>13</sup> USGCRP, 2017: *Climate Science Special Report: Fourth National Climate Assessment, Volume I*, <https://science2017.globalchange.gov/>

with unspecified electricity imports, CARB should examine the GHG emissions intensity factor for unspecified imported power to ensure it is accurate and reasonably reflects the current electricity mix that is imported from other balancing authorities in the Western interconnection.

### **POUs Are Members of the Communities We Serve**

As locally governed, not-for-profit agencies, POUs are not only accountable to the communities we serve, but also deeply embedded within them. POUs vary significantly in the size and geography of their service areas, as well as the composition and distribution of their customer bases. Some POUs serve customers that are primarily low-income or are located entirely in disadvantaged communities.

Each POU is unique and works to serve its community by tailoring its programs, planning, and rates to best meet that community's needs. The following examples highlight ongoing POU efforts:

- To support electric vehicle (EV) deployment, many POUs offer rebates to offset the cost of charging infrastructure, including some that provide higher rebates for chargers serving affordable housing or schools. Other POUs offer rebates for used EVs to make them more affordable to low-income customers.
- To help ensure that energy efficiency, weatherization, and/or cooling are available to all community members, many POUs offer programs such as direct installations, rebates for air conditioner purchases or tune-ups, and even a program to make air conditioning units available to low-income residents without cooling in their homes.
- To protect customers who were financially affected during the COVID-19 pandemic, POUs have offered bill credits and extended payment arrangements, while increasing customer awareness of support programs.

POUs' positions within the community provide an opportunity for partnership to further support the state's climate and emissions reductions goals in a manner that fits our customer-owners' needs.

### **Coordination and Planning Needed to Support Successful Electrification of the Transportation Sector**

Decarbonizing the transportation sector, which represents more than half of the state's emissions inventory when accounting for oil production and refining,<sup>14</sup> will be a vital component of the state's path to carbon neutrality. Electrifying transportation can play an important role in reducing the sector's emissions. Managing vehicle costs and access to EV charging infrastructure, as well as maintaining grid reliability, will all be important factors in the success of a statewide transition to zero-emission vehicles and reducing transportation sector emissions.

The Joint POUs are committed to meeting their communities' energy needs and are ready to serve as partners to support the state's zero-emission vehicle goals. However, planning and close coordination on transportation electrification efforts will be key, given the sheer scale of the transportation sector. The CEC's 2020 California Energy Demand Forecast Update projects that on-road transportation electricity demand will represent 4.5% of overall consumption by 2030,<sup>15</sup> and the timing of this

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<sup>14</sup> CARB presentation on Scoping Plan Kickoff, Transportation Sector, [https://ww2.arb.ca.gov/sites/default/files/2021-06/carb-overview\\_sp\\_kickoff-transportation\\_june2021.pdf](https://ww2.arb.ca.gov/sites/default/files/2021-06/carb-overview_sp_kickoff-transportation_june2021.pdf)

<sup>15</sup> Based on the mid demand case, on-road transportation electricity consumption is projected to increase from approximately 5,000 GWh in 2019 to approximately 22,000 GWh in 2030. Refer to CEC, *Final 2020 Integrated Energy Policy Report Update, Volume III: California Energy Demand Forecast Update*, <https://efiling.energy.ca.gov/getdocument.aspx?tn=237269>

transportation load will matter. The CEC's Assembly Bill 2127 report, for example, projects incremental demand of approximately 5,500 MW around midnight on a typical weekday in 2030 due to light-duty vehicle charging, an increase of approximately 25% relative to projected electricity demand at that time.<sup>16</sup> While daytime charging presents an opportunity to take advantage of excess solar generation, unmanaged charging or applications where daytime charging is not feasible could aggravate challenges in meeting the net peak. In addition, depending on the magnitude, location, and profile of charging loads, particularly for certain medium- and heavy-duty vehicle applications, integration of EV charging load may be a complex and lengthy process requiring distribution system upgrades, so advanced planning and coordination will be crucial to success. Adopting policies and programs that accommodate utility system needs will help ensure that POU's can assist the state in its goals to decarbonize the transportation sector.

## **Conclusion**

Electricity is an essential service to all Californians. The Joint POU's member utilities are committed to providing clean, affordable, and reliable electricity to the communities we serve. As the electricity sector plays an increasingly important role in decarbonizing other sectors, maintaining this commitment is more important than ever. The Joint POU's look forward to working with CARB to develop affordable and cost-effective solutions that advance the state's important climate, environment, and health goals.

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<sup>16</sup> CEC, *Electric Vehicle Charging Infrastructure Assessment*, <https://efiling.energy.ca.gov/getdocument.aspx?tn=238032>