

July 31, 2024

Rajinder Sahota
Deputy Executive Officer
Climate Change & Research
California Air Resources Board

RE: Comments on Potential Updates to the California Cap-and-Trade Program.

Dear Ms. Sahota,

Southern California Edison (SCE) appreciates the opportunity to provide comments on the Potential Amendments to the Cap-and-Trade Regulation workshop, held on July 31 by the California Air Resources Board (CARB) to discuss allowance allocation and potential updates to the Cap-and-Trade Program Regulation (Regulation or Program). SCE's comments are guided by Countdown to 2045, our data-driven analysis of the steps that California must take to meet the state's 2045 carbon neutrality goals.

SCE offers the following comments for consideration as we look forward to continuing to work with your staff and other stakeholders in the public process to design modifications to the Program that will help facilitate the achievement of California's ambitious climate goals while maintaining energy reliability and minimizing cost impacts to California residents and the economy.

Support or Concerns with Options 1 and 2

Although it only removes 180 million allowances from the Program in the period from 2026 to 2030, SCE supports Option 1 since it represents a constant decline in the cap of allowances from 2026 until 2045. This provides a smooth transition to a post-2030 period, which would facilitate a reauthorization of the Program in the near future. Furthermore, as shown by CARB staff, all options do have the same cumulative allowance budgets through 2045.

Even though Option 2 also has the same cumulative allowance budgets through 2045 as the other options, Option 2 would require an average annual percentage reduction that is 40% steeper than Option 1 in order to achieve the goal of removing 265 million allowances by 2030. Finally, Option 2 does not provide a smooth transition to a post-2030 period, since it portrays a seven-year period with no cap decline, which sends a mixed signal to the market, diminishing any efforts to reduce GHG emissions by the entities covered by the Program.

Overall goals


In addition to the contents presented by CARB staff at the workshop, SCE reiterates its support for the State's climate goals, the reauthorization of the program beyond 2030, and the use of electric distribution utilities (EDU) allocation allowances to promote the State's Electrification Goals. On this last point SCE restates the vision and principles expressed by the Joint Utilities Group (JUG) in its letter with comments for the previous Potential Amendments to

the Cap-and-Trade Regulation workshop on May 31 2024.¹ In that letter, the JUG states that CARB should allocate 2021-2030 Electric Distribution Utility (EDU) such that electric utility customers can affordably continue supporting and delivering on California's decarbonization goals, consistent with Senate Bill 100 (SB 100) and the commitments made during the 2016 Cap-and-Trade rulemaking.

Conclusion

SCE thanks CARB for taking into consideration the above comments on the Potential Amendments to the Cap-and-Trade Regulation workshop. Please do not hesitate to contact me at (626) 302-9317 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Sincerely,


DANIEL HOPPER (Jul 31, 2024 15:30 PDT)

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¹ Joint Utilities Group. Comments on Potential Updates to the California Cap-and-Trade Program. June 21, 2024
<https://ww2.arb.ca.gov/form/public-comments/submissions/15196>






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