



## Comments on the Draft SB 350 Electricity GHG Planning Targets

August 18, 2023

American Clean Power-California (“ACP-California”) offers the following comments on the *Senate Bill 350 Integrated Resource Planning Electricity Sector Greenhouse Gas Planning Targets: Draft 2023 Update*. These comments express concern that the Integrated Resource Planning (“IRP”) greenhouse gas (“GHG”) targets for the electric sector as adopted in Board Resolution 22-21 will not be properly applied in the California Public Utilities Commission’s (“CPUC”) IRP process, which will in turn affect the scale and timing of clean energy development. Below, we discuss the statutory requirements of the IRP GHG targets and recent changes to the IRP that necessitate greater clarity from the California Air Resources Board (“CARB”) as to how the targets from the 2022 Scoping Plan Update should be applied. Specifically, we recommend clarifying language to distinguish energy demand of load-serving entities (“LSEs”) regulated by the CPUC from the Publicly Owned Utilities (“POUs”). We also recommend clarification and guidance as to how the target should be applied to a post-2030 planning horizon that aligns with the electricity sector’s emission reduction trajectory in the Scoping Plan.

The IRP GHG targets are a crucial decision point in the overall IRP process. The GHG targets are a binding constraint in the State’s capacity expansion modeling, meaning the targets directly inform both the pace and scale of clean energy buildout. Since the start of the IRP process in 2016, ACP-California (formerly American Wind Energy Association (“AWEA”)) has expressed concern at numerous junctures that the GHG targets have been misinterpreted (e.g., conflating CPUC-jurisdictional load with state-wide load).<sup>1</sup>

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<sup>1</sup> See Comments on the Proposed Electric Sector GHG Targets in 2035, May 16, 2022: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M476/K643/476643320.PDF>;

Comments on 2022 Scoping Plan Update - Initial Modeling Results Workshop, April 4, 2022: <https://www.arb.ca.gov/lists/com-attach/50-sp22-modelresults-ws-UTBdOFcmVykAZVAX.pdf>;

Comments on the Draft 2022 Scoping Plan Update, June 24, 2022: <https://www.arb.ca.gov/lists/com-attach/4367-scopingplan2022-B2ZRNFMiB3ISN1Iz.pdf>;

Comments on Proposed Decision Transferring Electric Resource Portfolios To California Independent System Operator For 2021-2022 Transmission Planning Process, January 27, 2021: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M362/K287/362287014.PDF>;

Reply Comments on Proposed Decision Transferring Electric Resource Portfolios To California Independent System Operator For 2021-2022 Transmission Planning Process, February 1, 2021: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M363/K789/363789668.PDF>.

Reply Comments on Administrative Law Judge’s Ruling Seeking Feedback on Mid-Term Reliability Analysis and Proposed Procurement Requirements, April 9, 2021: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M376/K501/376501684.PDF>.

We have also expressed concern that the targets have not been applied on a proper timescale. In comments to CARB in 2021 on the 2022 Scoping Plan Update, we noted that “A decision not to adopt updated planning requirements for the electricity sector’s share of the 23 or 30 MMT target until the end of the 2022-2024 IRP cycle will put California far behind pace to reduce GHG emissions...”<sup>2</sup> In past IRP cycles, GHG targets that were applied early in the modeling cycle continues to apply years later to inform procurement directives for new clean energy capacity and transmission planning inputs to the California Independent System Operator (“CAISO”). For example, the CPUC applied a GHG target of 46 million metric tons (MMT) in the 2017-2018 IRP cycle and used the same GHG target for planning decisions well after that timeframe. The CAISO’s 2021-2022 Transmission Planning Process (“TPP”) planned for transmission needs in 2031 and was based on the upper end of CARB’s GHG target range (46 MMT by 2030).<sup>3</sup> Consequently, in the first two cycles of the IRP, the CPUC did not issue procurement decisions or transmission inputs necessary to meet longer-term GHG targets.

The CPUC has lowered the 2030 GHG target in more recent IRP decisions, but the 2030 planning horizon is now all but irrelevant in IRP modeling. The 2022-2023 IRP cycle will likely apply to 2035. Further, in 2022, the Legislature adopted Senate Bill (“SB”) 887, which requires the CPUC to provide inputs into the CAISO for a 15-year planning horizon.<sup>4</sup> The CPUC plans to adopt a Preferred System Plan in the fourth quarter of 2023, which will presumably inform the inputs and assumptions for the 2024-2025 TPP. The CAISO will then need to adopt a transmission plan in the second quarter of 2025 that will presumably account for transmission needs in 2040.

Thus, establishing a clear GHG target that applies only to CPUC-jurisdictional load and aligns with the State’s post-2030 GHG reduction trajectory is critical to the success of this IRP cycle and the State’s broader ambitions to deploy widespread electrification for decarbonization. CARB is the agency responsible for providing guidance on GHG targets in the IRP and must exercise that authority beyond 2030. Section 454.52 of the Public Utilities Code specifically contemplates CARB developing IRP GHG targets needed for the electric sector to contribute toward meeting the SB 32 target of a 40 percent reduction in statewide GHG emissions below 1990 levels by 2030. State law requires all agencies to continue planning past 2030 and while CARB’s statutory direction is specific to 2030, there is nothing in statute that changes or shifts this responsibility for post-2030 planning decisions. Timely updates to these GHG planning targets are critical to ensuring the modeling from the 2022 Scoping Plan Update is properly reflected in the current 2022-23 IRP cycle and future IRP processes.

ACP-California recommends updating the Draft SB 350 Targets, as follows:

In June 2022, CPUC established 2030 GHG planning targets for host EDUs, CCAs, and ESPs for use in CPUC’s 2022-23 IRP Cycle. Because these 2030 GHG planning targets were developed using a similar method to CARB’s, and are based

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<sup>2</sup> See ACP-California Comments on the 2022 Scoping Plan Update – Electricity Sector Technical Workshop, November 19, 2021: <https://www.arb.ca.gov/lists/com-attach/22-sp22-electricity-ws-B2ZTNIQIBwsGYwBh.pdf>.

<sup>3</sup> See CPUC Decision 20-03-028, March 26, 2020, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M331/K772/331772681.PDF>.

<sup>4</sup> Cal Pub. Util. Code Sec. 454.57(e)(1).

on the same electricity sector GHG planning target range CARB set in Board Resolution 22-21, this Draft 2023 Update does not include revised targets for these entities. The CPUC-jurisdictional portion of the 30-38 MMT electricity sector target range is 23.59 MMT – 29.88 MMT. CARB also recommends applying a linear rate of decline to the 2030 adopted target to ensure that GHG targets applied to post-2030 IRP decisions are consistent with the post 2030 modeling in the 2022 Scoping Plan Update.

Respectfully Submitted,

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