

Testimony
Of
Southern California Public Power Authority (SCPPA)
David Wright, President
Before the Senate Energy and Public Utilities Commission
On Implementation of AB 32, Greenhouse Gas Reduction

I am appearing today in both my capacity as the President of the SCPPA (the Southern California Public Power Authority) but also as the Public Utilities Director for the City of Riverside. SCPPA is comprised of twelve publicly owned utilities in Southern California, including the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale Los Angeles, Pasadena, Riverside and Vernon, as well as the Imperial Irrigation District.

The SCPPA members have a great deal of diversity;

- From very small to very large size (from Banning to LADWP),
- some with local base-load generation and others none
- climate, from the coastal zone to the inland empire to the desert

We also do share a lot in common as well;

- a resource portfolio with lots of coal resources (40-60%)
- local decision making by city councils or an elected board (IID)
- the desire to work collectively, through SCPPA, to improve our economics and delivery of services to our customer/owners

SCPPA's role, as a joint powers agency, over the last 25 plus years has been to provide a means for the public utilities in Southern California to band together to construct or participate in large scale generation and transmission projects. Over the years investments have been made in hydro, coal, nuclear and gas-fired generating resources as well as major high voltage transmission lines to deliver the energy to California. SCPPA has been pivotal in assisting the members in complying with our renewable resource portfolio standards, compliance with SB 1368 and AB 32, developing and delivering energy efficiency and conservation programs.

Before specifically addressing AB 32, I would like to say that you should not look at AB 32 in isolation, we can't. The varied attempts at dealing with

global warming, Green House Gas, efficiency improvements and acceleration of the introduction renewables into the generation portfolios have been mind boggling. It sometimes seems as though everyone is trying to “out green” everyone else, all with the very best intentions. As a utility manager, trying to implement all of these directives, while maintaining reliable and reasonably priced service is a daunting task. Not to demean any of the institutions in Sacramento or San Francisco, I feel like a juggler on a tight rope with only the rates my customers pay as the safety net.

We are working hard to comply with; 1) SB-1 to introduce our proportionate share of photovoltaics on our system, 2) with AB 2021 to maximize energy efficiency, 3) with SB 1368 to assure no new coal resources enter the generation mix and 4) now assure AB 32 is implemented in a way that achieves the best results of reducing green house gas emissions. For a utility our size, monitoring all of the legislative and regulatory activity is placing unprecedented demands of staff and ultimately the local City Council.

SCPPA agrees with the general comments made by CMUA regarding the support for the AB 32 concepts and the need to design the implementation with minimal negative impacts on ratepayers while reaching the goal of cleaner air for California and the planet.

Without going into detail, let me outline our guiding principles for AB 32 implementation:

- The utility sector should be responsible for its clean up
- Each utility within the sector should be responsible for its own clean up (no wealth transfer between utilities)
- There should be uniform reporting procedures
- Determination of the base year should be accurate, transparent, and easily understood
- Preference should be given for funds spend on green house reduction rather than buying credits
- Early actions should count towards compliance
- RPS projects should count towards AB 32 compliance
- Divestiture of any carbon resources should absolve existing owner/purchaser of future compliance responsibilities
- Fuel switching or other GHG clean-up measures in other sectors should count towards AB 32 goals, i.e. if the transportation sector switches from gasoline to plug-in hybrids, thus increasing the electric

loads for utilities, the increased loads should not count against the individual utility compliance

- For high growth utilities, growth must be equitably treated when allocations or compliance procedures are developed

How each of these principles is dealt with is a part of the ongoing CARB process so we aren't yet able to tell you precisely how we feel about them. We are committed to fully participating in the process to provide our input and guidance on behalf of our customer owners. We appreciate the Committee's interest in providing oversight and keeping abreast of what is happening and soliciting our views.