

Comment Letter #69



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Submitted Electronically to: AQMPteam@aqmd.gov

SUBJECT: Southern California Edison Company's Comments on South Coast Air Quality Management District's (SCAQMD) Draft 2022 Air Quality Management Plan (AQMP)

Dear Dr. Rees:

Introduction

Southern California Edison (SCE) appreciates the opportunity to comment on the 2022 Draft AQMP to address the attainment of the National Ambient Air Quality Standards (NAAQS) for Ozone in the South Coast Air Basin and the Coachella Valley, in alignment with the 2022 State Implementation Plan.

We want to underscore the significant efforts that staff of the SCAQMD has taken in the many months leading up to the Draft AQMP. We recognize the challenges and difficulties inherent in this process and express our continued support for a strategy that addresses federal requirements to attain the 70 parts-per-billion (ppb) standard by 2037, as well as economically feasible compliance approaches. Through the AQMP public participation process we have offered our support, technical expertise, and partnership to SCAQMD on the development of control measures and inventories.

This letter provides SCE's comments on the control measures in the Draft 2022 AQMP.

General Remarks

SCE supports the SCAQMD's Draft 2022 AQMP control measure strategy, which includes a variety of implementation approaches such as regulation, accelerated deployment of available cleaner technologies, best management practices, co-benefits from existing programs (e.g., climate and energy efficiency), incentives, and the Clean Air Act (CAA) section 182(e)(5) "black box" measures. We believe it is an effective set of control measures that if adopted by the SCAQMD, will lead the region toward attainment with the NAAQS for ozone through cleaner transportation and stationary source technologies, including widespread adoption of zero-emission (ZE) technologies and infrastructure.

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Jurisdictional Boundaries

SCE agrees that without substantial action by the federal government, the South Coast region won't reach attainment of the standard. Emissions of oxides of nitrogen (NOx) from federally regulated sources alone will exceed the target by 50 percent. We need close collaboration with federal, State, and regional governments, businesses, and the public to tackle this challenge. Meeting the standard will also require the federal government to address sources that are beyond the regulatory authority of the SCAQMD and California Air Resources Board (CARB).

Control Strategy

SCE recognizes that adopting control measures in the AQMP is the first step in the process through which the SCAQMD will develop the most stringent control measures into proposed rules, and that the rulemaking process is the point at which the detailed examination of issues will occur such as cost-effectiveness, feasibility, total cost, environmental impacts, and "upstream" energy sectors impacts. SCE also recognizes that many control measures will not become rules but instead require the SCAQMD and stakeholder community to secure additional funding sources to enable research, development, and demonstrations as well as education programs and incentive-based commercialization programs. SCE supports this overall direction and effort to bring the region into attainment with the NAAQS.

SCE appreciates the Policy Brief to discuss the "black box" approach allowed under CAA section 182(e)(5) for "extreme" ozone nonattainment areas.¹ SCE believes that the 2022 AQMP needs to identify which additional control measures are needed to develop advanced technologies expeditiously and further break down how much reduction would be needed from each technology identified in the black box. It is critical that we identify and develop all feasible specific measures to push technologies to scale and become market ready. If progress is delayed, there will be even less time to develop and implement strategies before the looming deadlines, and thus the resulting necessary measures could be even more burdensome and disruptive. Delaying progress will also provide less certainty and lead time to the regulated community for planning compliance with potential new regulatory requirements. The considerable time it takes for new technologies to be developed, assessed, and implemented widely also underscores the need to begin immediately. We cannot afford to delay implementation of the large black box.

Transformation to ZE Technology

SCE commends the SCAQMD for the formation of a ZE Transportation Infrastructure control measure to study and support ZE infrastructure policymaking and deployment to support the fuel switch. We concur that widespread ZE across all mobile sources and

¹ Draft 2022 AQMP, May 2022, p.4-2, Chapter 4- Control Strategy and Implementation

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stationary sources (where feasible) is a critical pathway if we are to have any hope of getting to attainment. A strong, resilient grid ready for mass ZE technology adoption that can achieve significant emission reductions is attainable through advanced forward planning, increased industry coordination, and new collaborative approaches in data-sharing and cooperation between public and private stakeholders.

SCE is currently evaluating when and where electric vehicles (EVs) are likely to appear as a charging load, the potential magnitude of that load, and what potential infrastructure and system solutions would be necessary to accommodate that load. SCE is ready to play our part to help and much work is being done behind the scenes to modernize and prepare the grid for extensive electrification and a high distributed energy resources (DER) future. It must be underscored, however, that upgrading the grid to accommodate more customers, more power, and more renewables is a time- and cost- intensive process that requires careful forecasting from utilities, often over five- to ten- year periods and which must be approved by several agencies, including the California Energy Commission (CEC) and California Public Utilities Commission (CPUC). Utilities, the SCAQMD, fleets, and facilities increasingly need to work together to anticipate and assess impacts of growing demand and plan accordingly. This also requires joint efforts from agencies and utilities preparing the grid to accommodate what is expected to be a high-DER future and capture as much value as possible from DERs, as well as mitigate any unintended negative impacts or stranded assets. To address the gap between when widescale ZE infrastructure will be available and the need, SCAQMD must work with State agencies to enable a faster rollout of ZE infrastructure needs.

Cost-Effectiveness

SCE recognizes that the SCAQMD estimates cost-effectiveness for proposed AQMP control measures with the threshold of \$50,000 per ton of NO_x reduced. SCE appreciates SCAQMD's continued evaluation of cost effectiveness for all technological options. While it is appropriate to consider the rising costs of inflation and supply chain shortages, we assert that the actual values for cost-effectiveness need to be calculated in a manner that estimates the true costs associated with implementing new technologies, which could include capital costs (e.g., purchase costs, direct, and indirect installation costs), as well as annual operating costs (e.g., annual maintenance, replacement parts, insurance, fuel costs including shipping, waste treatment/disposal, and performance testing). SCE supports the formation of a cost-effectiveness working group to help identify factors and inputs that should be considered into the SCAQMD's thresholds.

Specific Comments on Individual Control Measures

Stationary Sources

SCE commends the SCAQMD for aiming to reduce NO_x emissions through stationary source measures for residential and commercial combustion equipment by requiring a percentage of ZE technologies for applicable sources by 2037. Actions must accelerate now to ramp up technology adoption for heat pumps and other appliances.

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To achieve the State's ambitious air and climate goals, electrification of stationary sources must play an immediate and vital role. Even considering actions already taken at the state level,² SCE's analysis indicates that the 2030 heat pump adoption gap statewide equates to 5.3 million, after projecting today's programs growing through the decade and the adoption of building codes mandating electric water and space heaters for new construction (the 2025 Title 24). This is aligned with the CEC's Final 2021 Integrated Energy Policy Report (IEPR), which recommends a goal of installing at least 6 million electric heat pumps statewide by 2030. As such, SCE supports setting quantifiable targets in the AQMP with implementation dates that are faster and more aggressive than the State's targets for building electrification, electric heat pumps, and other electric end uses. The proposed control measures align with California goals, including decarbonization efforts, and with SCE's Pathway 2045 (our data-driven analysis of the steps that California must take to meet the State's 2045 carbon neutrality goals).

Cost benefits for all residential and commercial building control measures should be evaluated beyond the 10-year forecast through the useful life of residential appliances, which can last 10 to 15 years (e.g., up to 2045 for a 15-year appliance installed in 2030). To properly account for the incremental utility costs related to the conversion from conventional gas cooking appliances to ZE cooking devices, we suggest continuing to use the traditional 10-year electricity and gas rate forecast through 2030, but also to further forecast electric and gas rates using the CEC's long-term rate growth scenarios. A 2019 study by the CEC³ evaluated long-term potential electric and gas rates through 2050 to meet state decarbonization goals and concluded that gas prices quickly start to rise much faster than electric rates after 2030, depending on the level of building electrification (ranging from 2050 gas prices being 3 times more than 2020 gas prices to greater than 6 times more).⁴

The current NOx analysis for this control measure also does not consider the fact that the State's decarbonization goal forces most gas end uses to switch to electricity. While we understand that the draft 2022 AQMP does not contain any emissions inventories beyond 2037, it would be good to consider the long-term impacts to customer utility costs. If it cannot be addressed in this AQMP, we recommend the inclusion of more specific analysis (including economics) in rulemakings and the next AQMP.

- **CMB-03: EMISSION REDUCTIONS FROM COMMERCIAL AND RESIDENTIAL COOKING DEVICES**

Under control measure CMB-03, SCE recommends setting a NOx emissions limit of 65 parts per million (ppm) for both Residential and Commercial cooking to encourage low-NOx burners and greater adoption of electric appliances (induction where feasible). A report on residential cooking equipment by The Southern California Gas Company from

² Draft 2022 Scoping Plan, May 2022, Appendix F: Building Decarbonization.

³ "The Challenge of Retail Gas in California's Low-Carbon Future - Technology Options, Customer Costs, and Public Health Benefits of Reducing Natural Gas Use", California Energy Commission, 2019. <https://www.energy.ca.gov/publications/2019/challenge-retail-gas-californias-low-carbon-future-technology-options-customer>

⁴ *Id.*, pp. 51-52.

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May 2003 reported NOx levels of 110 ppm per appliance; residential testing reported NOx levels in the range of 85 ppm.⁵

Facility-Based Mobile Sources

- **MOB-01 through MOB-04 FACILITY BASED EMISSION REDUCTIONS**

SCE supports the facility-based mobile source control measures aimed at reducing emissions from facilities that do not emit air pollution directly, but instead attract mobile sources that contribute significant emissions. The emphasis SCAQMD has placed on ZE technologies is a critical component of achieving significant emissions reductions, from both direct facility operations and indirect truck emissions.

Under the existing Warehouse Indirect Source Rule (ISR), SCE appreciates that facility owners and operators can choose from a flexible menu of technology options and earn points from implementing critical milestone steps such as purchase of Electric Vehicle Supply Equipment, construction mobilization, and charger energization. Allowing this time for advanced planning is especially important for ensuring the grid is ready to support the increased number of EVs in areas affected by the ISR, which may require proactive grid expansion and upgrades to be ready to meet customer needs and regulatory timelines.

SCAQMD can help us by continuing to provide the locations of facilities most affected by future ISRs that will drive electrification. The data reported through the ISR will be critical for infrastructure assessment and planning within the South Coast Air Basin. SCE requests that the data be shared to help shape a clearer, more reliable picture of future system needs for large-scale fleet transitions to EVs and ultimately help utilities and other charging support providers confidently plan and make decisions to provide the necessary infrastructure to support fleet and facility plans in the region.

On-Road and Off-Road Mobile Sources

SCE supports SCAQMD's strategy of providing complementary policies and programs to support the transition of on-road and off-road fleets to zero-emission vehicles (ZEVs). Although utility incentive programs (such as SCE's Charge Ready Program) can be available to assist businesses and property owners with the design and installation of EV charging stations, attaining the ZEV targets will require reliable and adequate funding from multiple sources, including federal and state governments, utilities, and private entities. This strategy is especially important because procurement decisions made today will impact California for generations to come. SCAQMD's focus on ZEVs sends an important market signal. Encouraging the transition to ZEVs has proven to be an economic engine for California and our region and in the coming decades, it will continue to create thousands of good-paying skilled jobs.

⁵ Testing of A Residential Gas Range Broiler, The Southern California Gas Company, May 2003. <https://www.socalgas.com/documents/business/gasquality/Broiler.pdf>

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Incentive-Based Mobile Sources

- **MOB-15 ZERO EMISSION INFRASTRUCTURE FOR MOBILE SOURCES**

SCE supports control measure MOB-15 to develop a workplan to accelerate ZE infrastructure. Planning is important to ensure that sufficient EV charging infrastructure needs are identified and addressed in advance to meet longer-term policy and regulatory timelines, achieving important air quality improvement benefits.

SCE supports SCAQMD's plan to work with regulatory agencies and utilities to ensure alignment with the State's objectives for vehicle incentives and ZE infrastructure funding. SCAQMD should encourage fleet owners to plan early for the timelines involved in obtaining approvals and installing ZE infrastructure. Efforts should be modified, amended, or better aligned among agencies to avoid redundancy as much as possible.

SCE supports SCAQMD's role in further researching specific needs of the South Coast Air Basin. Many of the planning efforts identified in Strategy 1 are underway at the utility level, but SCE agrees that early planning and coordination with agencies are key factors to assuring infrastructure will be ready in time for ZEV deployment.

As SCE continues to assess our system and EV infrastructure planning needs in the region, these infrastructure assessment and planning activities will be greatly aided by more and better data related to where, when, and how EVs will charge. SCE requests that data be shared to help shape a clearer, more reliable picture of future system needs when large-scale fleets transition to EVs. This will help utilities and other charging support providers confidently plan and make decisions to provide the necessary infrastructure to support fleet and facility plans in the region.

It should be noted that ZEV projects require site-specific planning and agency approvals. The time it takes to site, permit, build, resolve supply chain issues, and connect to the grid can sometimes exceed one year. SCE is working to optimize our process at every step to shorten the time it takes for a ZEV project to come online. We are also working with other utilities to identify standard timeframes for ZEV projects.

SCE encourages SCAQMD coordination on transportation electrification funding and programs, as SCE continues to offer several funding and rate programs to help customers identify electric infrastructure solutions to meet regulatory compliance commitments while also minimizing costs.

SCE's Charge Ready Transport Program helps accelerate infrastructure deployment and reduce costs for fleet owners by working with customers to install electric infrastructure at eligible sites to support medium-duty heavy-duty (MDHD) electric vehicles.⁶ With an

⁶ SCE Charge Ready Transport Program: <https://crt.sce.com/overview>

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approved total program budget of \$356.4 million, the program will support approximately 8,500 MDHD electric vehicles within SCE's service territory in Southern California. Most of these vehicles are also within SCAQMD's jurisdiction.

SCE's Transportation Electrification Advisory Services Program also provides resources and assistance for customers to navigate challenges associated with electrifying vehicle fleets.⁷ SCE offers fleet assessments that provide customers with reports of vehicle options for fleets, associated cost and environmental benefits for going electric, customized rate analyses to help customers understand potential fuel costs, an online public fuel cost calculator,⁸ and additional information on utility and non-utility programs and incentives. SCE also works onsite with customers to offer an assessment of the feasibility of installing infrastructure to serve potential EV fleet deployments. By providing consultation on infrastructure needs and siting, rates, charging needs, and optimal siting of required charging infrastructure, SCE stands ready to help support customers utilize electrification. Lastly, SCE has a grant assistance program to provide hands-on support for small and mid-sized commercial fleets in SCE's service territory that apply for competitive funding opportunities to reduce the cost of purchasing EVs. SCE connects fleets with dedicated funding experts who walk customers through this process step-by-step, ensuring they apply to the right funding program and that their application is complete and competitive, at no charge.

SCE actively seeks ways to further transportation electrification through our filings, customer rates, and program offerings. For example, if the recent CPUC Energy Division staff proposal on the Transportation Electrification (TE) Framework is adopted, investor-owned utilities (IOUs) will transition from individual IOU-administered TE programs to a statewide rebate for behind-the-meter (customer-side) infrastructure starting in 2025. The utilities are proposing to have flexibility to request programs to fill gaps, but this would likely be limited. This is where SCAQMD can help fill in gaps to obtain funding where there is insufficient funding for ZE infrastructure planning and development.

Environmental Justice Communities

SCE agrees with SCAQMD that to ensure equity and affordability, we must prioritize working with the communities most impacted by air pollution to ensure the 2022 AQMP addresses their needs. As a result, SCE recommends SCAQMD prioritize disadvantaged communities as the State sets policies toward a ZE technology standard. Air pollution heavily impacts disadvantaged communities, and they will be more negatively impacted if they are addressed last.

In Chapter 8, Environmental Justice Communities (EJs), SCAQMD defines EJs as the top 25% highest-scoring census tracts in CalEnviroScreen 4.0. SCE recommends the definition be updated in the 2022 AQMP to be consistent with the State's updated

⁷ SCE Transportation Electrification Advisory Services: <https://sce.com/TEAS>

⁸ SCE Electric Fleet Fuel Savings Calculator: <https://fleetfuelcalculator.sce.com/>

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Disadvantaged Communities (DAC) designation (finalized May 3, 2022).⁹ CalEPA updated the Senate Bill (SB) 535 DAC designation to include:

- Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0;
- Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps, but receiving the highest 5 percent of CalEnviroScreen 4.0 cumulative pollution burden scores;
- Census tracts identified in the 2017 DAC designation, regardless of their scores in CalEnviroScreen 4.0; and
- Lands under the control of federally recognized Tribes.

Synthesizing the definition in the 2022 AQMP with the standard DAC definition used for most air quality program targeting would make the information presented in this chapter more useful going forward.

SCE supports incentives and funding in EJ communities for ZE technologies across all emission sources to help them gain access to the major benefits of electrification, including cleaner air, healthier homes, good jobs, and greater access to affordable clean energy and energy efficiency to reduce monthly energy bills.

The AQMP states that regulations alone will not be sufficient to achieve the magnitude of emissions reduction needed. Significant public and private investments and continued innovation and technology advancement will be required to accelerate the deployment of advanced ZE and cleaner technologies and their associated fueling infrastructure. As such, SCE recommends that SCAQMD seek to request more budget and targeted incentives from the State for inclusion in EJs' AB 617 DAC Community Emissions Reduction Plans. We also encourage SCAQMD to work with community-based organizations to ensure the applications for incentives and grants are simple, multi-lingual, easily accessible (to overcome technology barriers) and have quick processing times.

Conclusion

SCE thanks SCAQMD for its consideration of the above comments. We look forward to continuing to work with SCAQMD and its staff on this process. If you have any questions or would like to discuss these issues, please contact me or Bethmarie Quiambao at Bethmarie.Quiambao@sce.com.

/s/

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⁹ [California Climate Investments to Benefit Disadvantaged Communities | CalEPA](#)