



# California Energy Choice

1290 Parkmoor Avenue, San Jose, CA 95126

**Engage, Enable, Energize**

July 18, 2008

California Air Resources Board  
The California Climate Action Registry  
ICLEI – Local Governments for Sustainability  
The Climate Registry

RE: California Energy Choice, Inc. Comments on the June 19, 2008 draft Local Governments Operations Protocol

To Whom It May Concern:

California Energy Choice, Inc. (CEC) respectfully submits comments regarding the June 19, 2008 draft Local Governments Operations (LGO) Protocol for Greenhouse Gas (GHG) Emissions. CEC commends all the parties involved in the development of this draft document. CEC believes that this protocol will serve as the foundation of the new carbon regulations that will be California law by 2012 and the initial draft does provide a majority of that foundation.

CEC is a climate management and advocacy firm based in Silicon Valley with offices in Los Angeles and Sacramento. We support local governments as leaders in climate change and support innovative programs and products that result in more renewable energy, improved energy management and innovation that results in global leadership in the clean tech economy. We believe that the local government operations protocol is an important precedent in climate change management and providing a model for global implementation. Our comments are intended to build upon the important work already accomplished in the development of this draft protocol and improve it to meet the State's climate change goals while giving local governments a functional and valuable tool for carbon management and establishing a model for global implementation.

CEC commends the parties involved in drafted the LGO protocol with the inclusion of the five principles for developed by the World Resources Institute –

- Relevance

- Completeness
- Consistency
- Transparency
- Accuracy

CEC would like to recommend that the LGO Protocol add five more principles –

- Ease of implementation
- Specificity/Duplicity
- Encouragement of leadership and early adoption
- Rewarding successes
- Providing planning and management tools and guidance

The final LGO Protocol must be available to local governments and ease of implementation will be a critical factor in its success as a tool for the management of carbon emissions. While the draft protocol has many good points, there are critical details for certain aspects of municipal governments and energy initiatives in California where the current draft is either mute or vague about how cities should address these emissions sources and initiatives in their carbon accounting. Such lack of specificity can lead to confusion and lack of implementation. Similarly, municipalities with common infrastructure, energy use and carbon emission sources should be able to learn from each other's experience and opportunities for emission reduction, including renewable energy development and smart energy management, including energy storage, biofuels and other cleantech innovations. Therefore, the protocol needs to have enough specificity regarding particular types of municipal initiatives, programs and circumstances that can be duplicated globally.

In building a local government operations carbon inventory, the establishment of a base year and inventory frequency is essential to compare opportunities and evaluate performance in addressing climate change. An important aspect of this exercise is to include a means for recognizing early actions and leadership policies and programs by local governments to reduce GHG emissions. Similar, local governments that can document success in this effort should be recognized and rewarded for their early actions. Successful tools and practices should be promulgated via the carbon reporting system.

Attached to this cover letter are specific comments regarding operations that are managed by local government which CEC believes is not sufficiently addressed in the draft protocol. We respectfully submit these comments with the intent of further developing the protocol for successful implementation. We are available at 510-846-1320 for any questions or need for further discussion.

Regards,

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California Energy Choice, Inc. is climate consulting and advocacy firm based in Silicon Valley with offices in Los Angeles and Sacramento. [www.californiaenergychoice.com](http://www.californiaenergychoice.com)



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### **Attachment 1: Specific Comments regarding the June 19, 2008 draft LGO protocol and recommendations for final protocol**

California Energy Choice, Inc. (CEC) recommends that the final LGO protocol have separate appendices providing guidance on carbon inventory reporting for specific sectors common to local governments and which are not extensively referred to in the draft protocol. Those sectors are

- Public power authorities including municipal utilities, irrigation districts, public utility commissions, and community choice aggregators
- Seaports and marinas
- Airports
- Campus facilities

In addition, it is recommended that separate protocols be developed for the following local government sectors

- Light and heavy rail transportation systems
- Bus and ferry transportation systems

CEC also recommends that the current chapters addressing municipal landfills and publicly owned wastewater treatment plants be converted into appendices to the protocol that can be maintained and updated on a regular basis without having to revise the general LGO protocol.

Determining the base year for carbon accounting - Recognizing that the carbon accounting methods recommended by the LGO Protocol will set an important precedence for any future carbon trading system, it is important that these accounting methods are thoroughly vetted by local governments that will be the most significantly impacted, particularly cities that are expected to have large industrial or residential expansion through to 2050. Since this State carbon system is driven by the State's goals for 2020 and 2050 emissions, it is appropriate to make the base year be 1990 for all local government operations. Those local agencies that do not have sufficient information from that date can use a calculation method for establishing its 1990 baseline based on data regarding population, land use, and other relevant information. Similarly, if a more appropriate base year has been established for criteria air pollutants, this carbon accounting should build upon the existing database of air emissions from municipal operations.

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### **Specific Comments regarding public power authorities**

In Section 3.5 Autonomous Departments, Municipal Utilities and Joint Power Authorities are discussed in terms of operational and organizational boundaries. It is anticipated by many that the transition to a low carbon infrastructure for California will require more than investor-owned and municipal utilities meeting the California Public Utilities Commission (CPUC) Renewable Portfolio Standards. With this in mind, the California Public Utilities Commission (CPUC) is fully supportive of Community Choice Aggregation as specified under California law in legislation known as AB 117. Local governments throughout California are exploring CCA as a legitimate climate change strategy. With the opportunity to reduce indirect carbon emissions through CCAs, many believe this option will look more attractive to California communities. This being the case, the LGO Protocol should acknowledge the precedence set by California law and CPUC policy by including Community Choice Aggregators in this section. CCAs have the opportunity to meet community energy needs, accelerate the development of renewables in the West and promote local sustainable energy initiatives such as feed-in tariffs and on-site generation, particularly for large cities with major municipal facilities. Similar public power authorities such as irrigation districts, public power coalitions or agencies, and local public utilities commissions should be recognized for their unique role in power generation development in this State. It is recommended that the final Protocol include these parties in this section and include a separate addendum that further specifies boundary issues for this sector. In the future, the Protocol should include recommended accounting and reporting methods for CCAs and other public power entities for their Scope 1 emissions and for their customers Scope 2 emissions. This would enable both aggregators to report verifiable Scope 1 credits while their customers will report similar verifiable Scope 2 carbon credits.

### **Specific Comments regarding seaports and marinas**

#### ***Organizational and Operational Boundaries, Chapter 3 and 4.***

CEC commends those involved in the writing of this draft Protocol for following global carbon emission accounting practices, whereby carbon emissions are broken down into three categories, 1) direct, 2) indirect, and 3) other emissions. For municipal governments that oversee large industrial operations such as power generation, goods movement, or major transportation and water infrastructure, deciding the relevance of different departments and sources of emissions can be problematic. Fortunately, much of the groundwork for accounting of emissions due to Port activities has been laid down in the last five years. Therefore, an appropriate means for carbon accounting is available that builds upon the major accomplishments recently made in California on criteria air pollutants at major seaports. It should also be recognized the recent strategic planning made by the Governor, State Legislature and local officials in the development of a State Goods Movement Strategic Plan that recognizes the urgent need for the Ports to convert to a low carbon infrastructure.

Regarding the defining of operational and organizational boundaries for seaports, it is recommended that the final Protocol recognize and reflect current business practices at major California seaports where the Port is the landowner and terminal and other port facilities are leased to major maritime carriers. This section needs to recognize the relationship between owner and lessee that is common in port operations. Similarly, the Protocol needs to recognize precedence set by the California Attorney General regarding Port responsibilities for GHG emissions in its Settlement Agreement with the Port of Los Angeles as authorized under the California Environmental Quality Act.

In Section 4.2 where separate Local Government Sectors are identified, It is recommended for the final Protocol that municipal port authorities be included in this section as a Local Government Sector.

Regarding the breakdown of carbon emissions into three “scopes”, the interpretation of this Protocol is that Port Authorities will be responsible for reporting their emissions as Scope 3 emissions under the local government carbon report.

Finally, under international maritime industry climate change initiatives, operational boundaries include transportation emissions between international ports, e.g. Los Angeles to Hong Kong. The Protocol should describe the limit to operational boundaries, particularly for large international industrial operations that have municipal control.

#### ***Emissions Accounting Methods, Chapters 5-11,***

Seaports Addendum to the LGO Protocol - For the final Protocol, it is recommended that a separate addendum be created for the LGO Protocol that provides specific guidelines for municipal port authorities and that it is developed in cooperation with the Western Climate Initiative. It is recommended that this Port addendum would reflect current initiatives at the local, state, federal and international level on air quality and climate change. In particular, this protocol should be consistent with CARB’s Emission Reduction Plan for Ports and Goods Movement in California and its technical supplement on emission inventory. In so doing, this addendum has the potential of influencing the global maritime industry similar to California’s historic influence on the American automotive industry.

#### ***Emissions Reporting***

Seaports Reporting Template- Similar in importance to accounting, reporting is the legal certification of a local government’s operations carbon emissions and it is anticipated will then be available for trading purposes under a Western States trading system. With this in mind, it is recommended that the Ports addendum to the final Protocol templates and other tools to facilitate accounting and reporting of carbon credits that is verifiable.

#### **Specific Comments regarding airports**

Similar to the above comments on seaports and marinas, it is recommended that the final Protocol

- 1) recognize airports as a unique and important local government sector,
- 2) develop an emission accounting and reporting addendum specific to airport operations to the final LGO Protocol as part of the current Western Climate Initiative that is reflective of current local, state, federal, international and industry initiatives in air quality and climate change, and
- 3) commit to the development of appropriate templates and other tools to facilitate the implementation of a verifiable accounting and reporting system.

### **Specific Comments regarding campus facilities**

See the above comments regarding airports. It is recommended that campus facilities be broken out to reflect common ownership boundaries and energy management policies and practices. Campus facilities can have greater opportunities in energy efficiency, renewable generation and other green practices. A separate addendum for this sector should encourage and identify opportunities for better green practices in facility operations.

### **Specific Comments regarding light and heavy commuter rail transportation systems**

See the above comments regarding airports. Due to the significance of this infrastructure in climate change goals and capital investment, it is assumed that this sector will be covered under a separate protocol. It is recommended that this be specified in the final Protocol.

### **Specific Comments regarding bus and ferry transportation systems**

See the above comments regarding airports, light and heavy commuter rail transportation systems. It is recommended that this sector be identified in the final LGO Protocol and that a separate protocol be developed for this sector.