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July 19, 2008

Local Government Operations Protocol Partners
c/o California Climate Action Registry
523 West 6th Street, Suite 428
Los Angeles, CA 90014

Ladies and Gentlemen:

Subject: Comments on Draft Local Government Operations Protocol

The City of Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments on the draft Local Government Operations Protocol (LGO Protocol) developed in partnership by the California Air Resources Board (CARB), California Climate Action Registry (CCAR), and ICLEI – Local Governments for Sustainability (ICLEI), in collaboration with The Climate Registry (TCR) and other stakeholders. The intent of the LGO Protocol is to enable local governments to measure and report Greenhouse Gas (GHG) emissions associated with governmental operations, to facilitate the task of inventorying of these emissions, to track emission reductions and to allow a comparison to established GHG emission reduction targets.

Staff has completed review of the draft Protocol and appreciates the effort that has gone into trying to provide local government with guidance on how to inventory GHG missions resulting from government operations. The Protocol also refers to a community protocol being developed by the Partners to address community-wide emissions such as residential, commercial and industrial use of energy.

LADWP has identified a number of concerns with the proposed Protocol. In addition to submitting specific comments, LADWP's would like to emphasize our four (4) principle concerns with the proposed LGO industry specific protocol:

- 1. Emissions Should Not Be Double Counted in Two Different Sectors** - the draft Protocol proposes to include emissions from the generation of electricity by municipal utilities in the local government's emissions inventory. However, these emissions are reported separately to CCAR under the Power/Utility industry specific reporting protocol, and will be reported to ARB under the Mandatory GHG Reporting program. LADWP believes it is not appropriate to include these emissions in the local government sector because they should be counted in only one sector, the electricity sector.

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2. **Comparability** – one of the objectives of developing industry specific protocols such as the Power/Utility protocol and the LGO protocol is to provide standardized reporting of emissions to allow comparison between entities within that sector. Providing electric service to the community is not a core local government service. Customers in cities and counties throughout California receive electric service from Investor Owned Utilities, municipal utilities, and independent Electric Service Providers. Therefore, including electricity generation emissions in some cities' emissions inventories but not in others is inconsistent. This would skew the inventories for those cities with municipal utilities so that they are not comparable with cities that do not provide this service.
3. **Scope of Industry-Specific Reporting Protocols Should Not Overlap** – voluntary reporting programs such as CCAR and TCR have a General Reporting Protocol that applies to all reporters, and industry specific reporting protocols that apply to certain sectors such as the Power/Utility sector, Landfill sector, and Local Government sector. The scope of emissions reported under the LGO industry-specific reporting protocol should not overlap with other industry-specific reporting protocols, such as the Power/Utility protocol. This will avoid the double counting of the same emissions within the same reporting program. Case in point: municipal utilities report their electricity generation emissions under the Power/Utility industry specific protocol; these same emissions should not be reported again under the LGO protocol.
4. **Value to AB32 Program** – The draft AB32 Scoping Plan includes 2 million metric tons of GHG emissions reductions from the Local Government and Land Use Sector. In order to measure emissions and reductions from the local government sector, ARB will need to adopt a Local Government Sector reporting protocol. LADWP recommends that the draft LGO Protocol be tailored to focus on core local government operations, so that this protocol can be adopted by ARB to measure the Local Government sector's contribution to California's GHG emission reduction goals.

LADWP would also like to offer the following specific comments which identify the Section/Chapter number and page number corresponding to the applicable text of the Protocol as requested in the "instructions for submitting written comments":

Section 3.1.1, pg 18 – Control Approach Recommendation

LADWP is supportive of allowing entities to account for and report their emissions based on either operational or financial control, and select the approach that is most appropriate to their situation. We acknowledge that the Protocol strongly recommends that local governments utilize operational control when defining their organizational boundary; however, flexibility is important considering the diversity among local government entities.

Section 3.5, pg 20 – Municipal Utilities and Autonomous Departments

The Protocol correctly identifies that local governmental structures vary greatly from jurisdiction to jurisdiction. The City of Los Angeles is clearly one of the largest and most complex cities to fit within the structure of a municipal operation. It is also one of the few cities in California that includes an airport, port and a municipal water and power utility. As a power utility, LADWP will be mandated to report their emissions; not only under the

provisions of AB32, but also under EPA's mandatory reporting requirements that are currently being developed. In both the state and federal mandatory reporting programs utilities will account for their emissions as part of the electricity sector.

For these reasons, LADWP opposes the inclusion of municipal utility emissions in the local government operation protocol. We encourage the Partners to re-visit this issue and follow the precedence already established for reporting utility emissions only in the electricity sector.

Section 4.1, pg 25 – Categorizing Emissions Sources

The draft Protocol follows the WRI/WBCSD GHG Protocol *Corporate Standard* in categorizing direct and indirect emissions into "scopes". The Protocol proposes that Scope 1 include all direct emissions including stationary combustion to produce electricity. LADWP reiterates their position that emissions from power generation should only be accounted for in one sector, the electric sector.

If the Partners conclude (after consideration of our concerns) that emissions associated with power generation need to be included in a voluntary protocol, LADWP strongly urges the inclusion of those emissions in the Community GHG emissions inventory. The predominate amount of emissions associated with power generation are directly related to electricity consumed by the community; as such it would be appropriate to include them in a community inventory rather than in the local government operations inventory.

As defined, Scope 2 emissions include those associated with the consumption of purchased electricity, steam, heating or cooling. Notwithstanding our arguments to the contrary, if LADWP is included in the proposed local government operation protocol, LADWP supports including its emissions associated with local governmental operations, including buildings, streetlights, water supply facilities, vehicle fleets and wastewater operations in that category. It is important to note, that in comparison to the electricity consumed by the community, only a small percentage of that electricity is consumed by local government city operations.

Section 4.5, pg 27 – Double Counting

The Protocol acknowledges that GHG accounting programs may result in direct emissions being reported as indirect emissions by another entity. However, there is no consideration given to emissions being doubly reported in multiple sectors. LADWP is concerned that inclusion of the same emission in multiple sectors inventories could easily be misinterpreted by the public.

The following lists the GHG inventories that LADWP is or will be completing that may result in double counting of emissions:

- The City of Los Angeles is one of the members of CCAR and under the proposed protocol will be submitting its emissions inventory to CCAR. Based on the proposed Protocol, CO₂ emissions from electricity would be regarded as a "municipal" activity and as such would be included in the inventory.
- EPA published a national GHG inventory in April 2008 (430-R-08-005), and is working on draft mandatory reporting rules, which are due in September for public comment. Final rules are due in June 2009. LADWP will be subject to this mandatory reporting as well.

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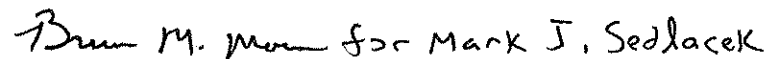
- AB 32 established CARB as the responsible agency for monitoring and reducing GHG emissions. Among other things, the bill requires CARB to adopt mandatory reporting rules for significant sources (including electricity generators) of greenhouse gases by January 1, 2008. LADWP is subject to mandatory reporting under AB 32.

Section 8, pg 75 – Power Generation Facilities

LADWP reiterates their concern that emissions reported under this category of the Protocol will result in double counting of emissions that will be part of mandatory reporting under state and federal regulations.

Thank you for your consideration of these comments. If you have any questions, please feel free to contact Ms. Leila Barker of my staff at (213) 367-2743.

Sincerely,



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Director of Environmental Services

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