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Philip Fine, Ph.D.  
Deputy Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**RE: Net Emissions Analysis Tool (NEAT) Working Group Meeting #4**

Dear Dr. Fine:

On behalf of Southern California Gas Company (SoCalGas), I would like to thank you and your staff for taking the time to meet with us about the Net Emissions Analysis Tool (NEAT or Tool). We appreciated the opportunity to share more information about our Advanced Meter Infrastructure (AMI) which collects hourly consumption data from nearly 6 million customers.<sup>1</sup> Rapid detection and swift resolution of gas and hot water leaks provides enhanced safety for customers and their communities, as well as provides energy and financial savings, reduced greenhouse gas (GHG) emissions, and conservation of our scarce water supplies.

As discussed, I have prepared the following outline which summarizes SoCalGas' major concerns regarding the development of the NEAT tool. The South Coast Air Quality Management District (SCAQMD) has Board-adopted commitments to be fuel and technology neutral, to promote energy diversification, and to be consistent with state agency energy policies.<sup>2</sup> To avoid running afoul of these commitments, SoCalGas respectfully requests that SCAQMD make the following adjustments to the tool.

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<sup>1</sup> See SoCalGas Advanced Meter Semi-Annual Report (February 2018) at: [https://www.socalgas.com/regulatory/documents/a-08-09-023/SoCalGas\\_Advanced\\_Meter\\_Semi\\_Annual\\_Report\\_FEB2018.pdf](https://www.socalgas.com/regulatory/documents/a-08-09-023/SoCalGas_Advanced_Meter_Semi_Annual_Report_FEB2018.pdf)

<sup>2</sup> See the 2016 Air Quality Management Plan (AQMP) at: <http://www.aqmd.gov/home/air-quality/clean-air-plans/air-quality-mgt-plan>; AQMD Air Quality-Related Energy Policy (2011) at: <http://www.aqmd.gov/docs/default-source/planning/Greenhouse-Gases/board-approved-energy-policy-090911.pdf?sfvrsn=6>; and SCAQMD Climate Change Policy (2008) at: <http://www.aqmd.gov/docs/default-source/planning/Greenhouse-Gases/-climate-change-policy.pdf?sfvrsn=0>

**I. The NEAT tool should align with the balanced energy policies and procedures adopted by SCAQMD's Governing Board.**

Since the passage of Assembly Bill (AB) 32 in 2006, the SCAQMD Governing Board has passed several key policies and procedures to coordinate the agency's clean air efforts with state climate change goals. These key policies and procedures include:

- **AQMD Air Quality-Related Energy Policy:** Adopted in 2011, this policy “integrates air quality, energy, and climate change issues in a coordinated and consolidated manner” and provides “10 air-quality related energy policies to guide and coordinate SCAQMD efforts”.<sup>3</sup>
- **SCAQMD Climate Change Policy:** Adopted in 2008, this policy was developed to “seek opportunities to reduce emissions of criteria, toxic, and climate change pollutants and maximize synergistic effects of strategies that reduce emissions in more than one of these categories”.<sup>4</sup> This policy was also developed to “assist businesses and local governments implementing climate change measures”.<sup>5</sup>
- **Interim California Environmental Quality Act (CEQA) Greenhouse Gas (GHG) Significance Threshold Guidance Document:** Adopted in 2008, this document “provides guidance to local lead agencies on determining significance for GHG emissions in their CEQA documents”.<sup>6</sup>

These policies guided the development of the 2016 Air Quality Management Plan (AQMP). For example, “energy projections, technologies, and programs presented reflect existing District policies and planning efforts”.<sup>7</sup> Given that the NEAT tool is being developed as part of 2016 AQMP implementation, its construction should align with energy policies and procedures adopted by SCAQMD's Governing Board.

**II. The Tool should adopt a default methane leakage rate of 1.3 percent<sup>8</sup> based on the GHG Emissions Inventory developed by U.S. Environmental Protection Agency (EPA).**

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<sup>3</sup> AQMD Air Quality-Related Energy Policy (2011).

<sup>4</sup> SCAQMD Climate Change Policy (2008).

<sup>5</sup> Op cid.

<sup>6</sup> See Greenhouses Gases (GHG) at: <http://www.aqmd.gov/home/rules-compliance/ceqa/air-quality-analysis-handbook/ghg-significance-thresholds/page/2>

<sup>7</sup> See Chapter 10 Climate and Energy at: <http://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2016-air-quality-management-plan/final-2016-aqmp/chapter10.pdf>

<sup>8</sup> See NEAT Working Group #4 at: <http://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2016-air-quality-management-plan/life-cycle-analysis-working-group/neatWG4pres.pdf?sfvrsn=8>

EPA's GHG Emissions Inventory is based on consistent reporting requirements for the U.S. natural gas industry and is developed with ongoing stakeholder input.<sup>9</sup> Furthermore, EPA's GHG emissions inventory is used in the California Air Resources Board (CARB) CA-GREET model to measure the carbon-intensity of fuels in the Low Carbon Fuel Standard (LCFS) as part of Assembly Bill (AB) 32 implementation.<sup>10</sup> Aligning with CARB's LCFS life-cycle emissions methodology, which uses EPA's GHG emissions inventory, fulfills SCAQMD's obligation to "work cooperatively with other agencies/entities to develop quantification protocols, rules, and programs related to greenhouse gases...[to] assist CARB in achieving AB 32 goals".<sup>11</sup> Allowing a default methane leakage rate that is not reported and verified at state, national, and international levels is not consistent with California energy policies and goals as mandated by the SCAQMD Governing Board.<sup>12</sup>

### **III. SCAQMD should require users to manually enter alternative methane leakage rates rather than implicitly endorsing studies that have not been appropriately vetted.**

Staff believes certain inputs in the tool should be editable by the user, including methane leakage rates. SoCalGas strongly urges SCAQMD to reconsider its approach so that values other than the default EPA rate be entered manually. The current proposal to allow a menu of options for different methane leakage rates necessarily implies SCAQMD has vetted these sources.

Technically intensive projects like air quality modeling for the Air Quality Management Plan (AQMP) or the Multiple Air Toxics Exposure Studies (MATES) undergo a robust, balanced, and peer-reviewed process. NEAT tool development, while an intensive modeling project, has not undergone this type of public process. A balanced panel of scientists and technical experts would be necessary to analyze different methane leakage studies presented by stakeholders if SCAQMD were to endorse those numbers by including them as drop-down options.

Accordingly, SoCalGas requests that users take sole responsibility for entering alternative methane leakage rates. Results from the tool should provide a disclaimer documenting all assumptions made that deviate from defaults selected by SCAQMD.

### **IV. A 100-year Global Warming Potential (GWP) should be the Tool's default value to ensure consistency with state energy policies and SCAQMD guidance documents.**

The NEAT Tool should use a 100-year GWP to facilitate comparisons across state energy policies. CARB uses the 100-year GWP in several programs, and SCAQMD staff is directed by its Board to be consistent with those policies. For example, CARB's 2017 Climate

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<sup>9</sup> See EPA Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2016 at: <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2016>

<sup>10</sup> See CA-GREET Model at: <https://www.arb.ca.gov/fuels/lcfs/ca-greet/ca-greet.htm>

<sup>11</sup> See SCAQMD Climate Change Policy (2008).

<sup>12</sup> See AQMD-Air Quality Energy Policy (2011) and SCAQMD Climate Change Policy (2008).

Change Scoping Plan Update for implementing AB 32 uses a 100-year GWP to compare GHG reductions across different policies and measures.<sup>13</sup> While CARB's Short-Lived Climate Pollutant (SLCP) Reduction strategy (part of AB 32 implementation) uses a 20-year GWP<sup>14</sup>, CARB uses a 100-year GWP to compare the SLCP Reduction Strategy with other AB 32 policies like the LCFS.

Furthermore, SCAQMD requires the use of a 100-year GWP for analyzing industrial criteria pollutant and GHG emissions in CEQA documents.<sup>15</sup> Lead agencies, local governments, and businesses throughout the South Coast Air Basin, and beyond, rely on SCAQMD's Draft CEQA Guidance Document when preparing their environmental analyses.<sup>16</sup> To maintain consistency with state energy policies and SCAQMD's own guidance documents, a 100-year GWP should be the default value used in the Tool.

## V. Conclusion

While SoCalGas understands SCAQMD staff's intent to create a tool for users to estimate changes in criteria and GHG emissions associated with residential and commercial appliance upgrades, we strongly caution that SCAQMD consider the unintended policy consequences of improper default values or unvetted menu options. A SCAQMD-approved tool that is not rooted in verified science nor aligned with state and District energy policies and procedures could be manipulated by groups to promote their own interests rather than SCAQMD's clean air goals and balanced policy priorities.

SoCalGas appreciates your consideration of our requests. We look forward to working with staff and other stakeholders in future working group meetings. If you have any questions, please do not hesitate to contact me.

Sincerely,



Priscilla R. Hamilton  
Environmental Affairs Program Manager  
Southern California Gas Company

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<sup>13</sup> See CARB (2017) at: [https://www.arb.ca.gov/cc/scopingplan/scoping\\_plan\\_2017.pdf](https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf)

<sup>14</sup> A 20-year GWP is appropriate for comparing SLCPs to each other.

<sup>15</sup> See Draft Guidance Document—Interim CEQA GHG Significance Threshold at: [http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-\(ghg\)-ceqa-significance-thresholds/ghgattachmente.pdf?sfvrsn=2](http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-(ghg)-ceqa-significance-thresholds/ghgattachmente.pdf?sfvrsn=2)

<sup>16</sup> For example, the City of Los Angeles recently used this guidance document for an Environmental Impact Analysis for Providence Tarzana Medical Center in June 2017. [https://planning.lacity.org/eir/ProvidenceTarzanaMedicalCtr/Deir/files/D\\_IVD.pdf](https://planning.lacity.org/eir/ProvidenceTarzanaMedicalCtr/Deir/files/D_IVD.pdf)

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