

DOCKETED

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Comment Received From: Michael Boccadoro

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Proposed CEC Food Production Investment Program

Additional submitted attachment is included below.



February 28, 2018

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 18-MISC-01
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Proposed CEC Food Production Investment Program

Agricultural Energy Consumers Association (AECA) appreciates the opportunity to provide comments regarding the California Energy Commission (CEC) implementation of the Food Production Investment Program (FPIP). AECA represents the energy interests of major food producers and processors in California.

AECA has actively participated in the Food Processors Working Group and generally supports the direction of the CEC's FPIP. This program and ongoing funding provided by the legislature is critical for the state's vital food processing sector to reduce the costs associated with California's ambitious climate policies and remain competitive with out-of-state competition. Resources to address the high cost of direct and indirect climate policy compliance is critical to avoid emissions leakage. AECA provides the following specific comments on program design and implementation.

Program Goals

In addition to the Proposed Program Goals outlined by the CEC, AECA recommends adding

- 1) Enhanced long-term sustainability and
- 2) Benefits to SB 535 disadvantaged communities in addition to AB 1550 communities

Long-term economic and environmental sustainability is critical to California's food processing sector. California's food processors face higher energy costs, more stringent environmental regulation and significantly higher labor costs than our competitors in other states and nations. As a result, long-term economic and environmental sustainability should be a primary program goal. This will ensure development of projects that provide multiple benefits to the sector to maintain ongoing economic viability, environmental compliance and job retention in California. The latter is particularly important in the San Joaquin Valley, which struggles with chronic high rates of unemployment and high levels of poverty. AECA also believes that in addition to benefits to AB 1550 populations, program goals should be broadened to include benefits to SB 535 Disadvantaged Communities. While GHG emission reduction is a primary goal, other environmental benefits including projects that provide substantial criteria pollutant reductions in SB 535 communities should also be encouraged.

Eligibility

AECA agrees that all food processors should be eligible for the Tier 1 program but suggests that priority be provided to those entities facing regulation under the state's Cap and Trade Program. This can best be accomplished by providing priority access to funding as follows:

- 1) Capped facilities
- 2) Other processing facilities of capped entities and/or those facing mandatory ARB reporting
- 3) All other food processors

Prioritizing funding will ensure facilities and businesses facing the highest costs of regulation are provided with appropriate opportunities to reduce emissions and cost. Prioritizing funding in this manner is also fully consistent with the intent of the funding provided by the Governor and Legislature for this program.

AECA agrees the Tier II Program should remain focused solely on capped facilities as proposed to ensure program funds flow to those facilities and entities with a direct

compliance obligation under the Cap and Trade Program. Significant funding for major transformative projects is critical for these facilities.

Tier I Program Attributes

AECA believes that Tier I Program eligible costs should be expanded to include project design costs.

AECA also believes that the administration of funds should be conducted on a competitive grant basis. Administration on a first come first served basis should be considered for the program in subsequent years if additional funding is made available.

Tier II Attributes

AECA believes that Tier II Goals and Attributes should be broadened to include not just “cutting-edge” projects but those that are “transformative” in nature. Transformative projects could achieve not only the desired deep GHG reductions sought but also provide substantial criteria pollutant benefits to Disadvantaged Communities (SB 535). Climate policy impacts not only include higher energy costs, but higher fuel and transportation costs as well. Transformative projects can provide significant benefits beyond energy efficiency through fuel switching and other innovative concepts to address GHG related issues simultaneous with other environmental compliance obligations.

Funding Levels

AECA generally supports the proposed funding split between Tier I and Tier II programs, award size and the match requirements for both programs. AECA also recommends that the CEC have the authority to shift funding between these programs based on program demand. The proposed split (Tier 1 - \$37 million, Tier II - \$20 million) seems appropriate based on discussions in the Food Processing Working Group. Flexibility to adjust this funding will be important to ensure all funding can be effectively utilized based on actual demand and the quality of the applications received.

Reporting Requirements

CEC should establish reporting policies that balance the importance of project performance metrics while protecting the disclosure of commercially sensitive information. Applicants will be reluctant to share data related to production practices, products and operations. Additional discussion of how to best report and handle data will be necessary.

Technology Priorities

The draft list of technologies is broad but should be considered inclusive, not exclusive. Additional technologies not on the list should also be eligible and considered on a proposal by proposal basis and judged on their ability to reduce GHG emissions, energy use and cost-benefit analysis.

Evaluation Criteria

AECA recommends the proposed evaluation criteria, especially for the Tier II Program, be expanded. Specifically, AECA recommends that the criteria be expanded to include “other environmental benefits” including benefits to Disadvantaged Communities and identified by SB 535. Projects that provide demonstrated benefits to SB 535 communities as well as AB 1550 population should receive appropriate consideration. A specific category of project scoring should be included for these benefits similar to other GGRF funding and climate-oriented projects. AECA proposes the following specific scoring categories:

- Project design/approach
- Project readiness
- GHG emission reduction
- Environmental/Community benefits (SB 535 and AB 1550)
- Project budget including levels of matched funding and cost/benefit analysis of GHG reductions achieved (the cost effectiveness of the projects in terms of dollar investment per ton reduction of greenhouse gases)

AECA appreciates consideration of these comments and looks forward to continuing to work with CEC to successfully implement the FPIP.

Respectfully,

A handwritten signature in blue ink that reads "Michael Boccadoro". The signature is written in a cursive style with a light blue highlight behind the text.

Michael Boccadoro
Executive Director