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Docket Number:	23-ERDD-04
Project Title:	Industrial Decarbonization and Improvement of Grid Operations (INDIGO)
TN #:	249894
Document Title:	Louis Amezcua Comments - on the Industrial Decarbonization and Improvements to Grid Operations (INDIGO) Program
Description:	N/A
Filer:	System
Organization:	Louis Amezcua
Submitter Role:	Public
Submission Date:	4/27/2023 11:28:04 AM
Docketed Date:	4/27/2023

*Comment Received From: Louis Amezcua
Submitted On: 4/27/2023
Docket Number: 23-ERDD-04*

on the Industrial Decarbonization and Improvements to Grid Operations (INDIGO) Program

Additional submitted attachment is included below.

April 26, 2023

California Energy Commission
Docket Unit, MS-4
Docket No. 23-ERDD-04
715 P Street
Sacramento, California 95814

Submitted electronically

RE: Comments on the Industrial Decarbonization and Improvements to Grid Operations (INDIGO) Program

On behalf of Earthjustice and Industrious Labs, we appreciate the opportunity to provide public comment on the Industrial Decarbonization and Improvements to Grid Operations (INDIGO) Program established by AB 209.

About Earthjustice and Industrious Labs

Earthjustice is a nonprofit public interest environmental law organization that works to protect people's health, to preserve magnificent places and wildlife, to advance clean energy, and to combat climate change. Industrious Labs works to decarbonize the industrial sector and transform it to be a climate solution.

The California Energy Commission (CEC) has a unique opportunity to not only address more than 20% of California's greenhouse gas emissions (GHG), but direct funding toward facilities that are sited in environmental justice communities, particularly those in the Los Angeles and San Joaquin region, to foster public health, air quality, and climate benefits. Investments in zero-emission industrial facilities are urgently needed to meet rapidly approaching deadlines in order to meet the state's GHG target (2030) and the federally mandated ozone attainment deadline (2031) for the South Coast region and other extreme nonattainment zones.

California has an air quality crisis. INDIGO can help

Industrial facilities and their subsectors will require proactive and intentional decarbonization to meet California's 2030 GHG goals under SB 32 and attain National Ambient Air Quality Standards. In our research, we have found the following pollution data:

- Industrial emissions equate to more than 19 million metric tons of GHGs, based on the United States' Environmental Protection Agency's Greenhouse Gas Reporting Program in 2021¹. This is the equivalent of more than 4 million gasoline-powered passenger vehicles driven for one year.
- Nearly 1/3 of these emissions are in the top 25% of California's CalEnviroScreen communities, which are considered to be environmental justice (EJ) communities. This is the equivalent of more than 1 million gasoline-powered passenger vehicles driven for one year in EJ communities.
- About 61% of the NOx emissions are in EJ communities, in addition to more than half of California's power plants (nearly 20,000 megawatts) being in EJ communities, leading to a disproportionate impact for EJ communities in terms of air quality, climate, and public health.

California has urgent air quality deadlines on account of sustained failure to meet national air quality standards. The American Lung Association's recent State of the Air Report has once again designated the Los Angeles and San Joaquin Valley regions as the most polluted air basins in the nation.² As such, we strongly recommend that projects in the South Coast Air Quality Management District (SCAQMD) and the San Joaquin Valley Air Pollution Control District (SJVAPCD) should only be funded if they are zero nitrogen oxide (NOx) emissions, particularly due to their extreme nonattainment air quality status.

Prioritize electrification first

Funding from the INDIGO program should not include carbon capture utilization and storage (CCSU), particularly for EJ communities. These facilities must simultaneously reduce GHGs and criteria pollutants. Funding should instead focus on low-hanging fruit, such as electrification, in order to meet California's climate, air quality, and public health mandates.

Targeting low-hanging fruit would be specific industries, such as those that have processes that do not exceed 1,000 degrees Celsius (e.g., paper and pulp, food processing, glass). Facilities can and should utilize distributed generation and storage resources to ensure clean energy.

Industrial electrification can help ease the transition to 100 percent clean energy and provide for grid reliability.

The INDIGO program should target EJ communities who are overburdened by air pollution, particularly in the Los Angeles and San Joaquin areas, and look to displace existing fossil fuel resources, such as diesel, that are utilized during grid reliability emergencies like the Base

¹ This excludes power plants, gas systems, and landfill/waste facilities.

² See: <https://www.lung.org/research/sota/city-rankings/most-polluted-cities>

Interruptible Program (BIP) and other fossil fuel generating equipment or technologies covered by Governor Newsom's Proclamation of a State of Emergency executed on August 31, 2022.

The focus on electrification and deployment of distributed generation, community solar and storage, and other clean energy technologies needed to power these facilities will also create thousands of good-paying jobs. The INDIGO program should help expand industrial facilities' ability to enhance grid reliability. CEC can encourage this by awarding projects that install equipment to enable participation in demand response or virtual power plant programs and go beyond emergency load reduction.

Federal Funding and Local Action

Along with the existing funding by the California State Legislature, the CEC should look at aligning its priorities with the U.S. Department of Energy's existing and forthcoming investments that demonstrate its commitment to industrial decarbonization. The Industrial Efficiency and Decarbonization Office (IEDO), for example, is currently accepting applications for its \$156 million [FY23 Multi-Topic Funding Opportunity](#), which will fund projects that advance industrial decarbonization. Similarly, an IEDO \$23 million funding opportunity will establish the [Onsite Energy Technical Assistance Partnerships \(TAPs\)](#) and provide support for industrial facilities as they adopt onsite energy technologies and thus advance national industrial decarbonization.

Locally, there is some action for industrial decarbonization that can be complementary to the CEC's efforts. Proposed Amended Rule 1153.1 of SCAQMD requires that in-use ovens, dryers, smokers, and dry roasters with NOx emissions from fuel combustion transition to zero emission technologies. Similarly, the proposed Amended Rule 1146.1 sets emissions standards for industrial, institutional, and commercial boilers, steam generators, and process heaters in an effort to reduce emissions and comply with the District's Air Quality Management Plan (AQMP).

Evaluation Criteria & Community Engagement

We support the CEC's Proposed Stage 2 Scoring, but recommend a lower emphasis on hard-to-electrify or decarbonize sectors, and a greater emphasis on electrifying processes that are below 1,000 Celsius. We note that there are a range of California based companies developing zero-emissions technology to support industrial electrification and support prioritized funding for California-based companies in the scoring proposal, with the minimum threshold being more than 85%, rather than 75% as proposed. Along with EJ prioritization, this should require project proposals to use a skilled and trained workforce, Project Labor Agreements or Community Workforce Agreement that recruits from disadvantaged workers,

such as those that reside in EJ communities and are formerly incarcerated. Community benefits along these lines should be near if not 50% at minimum of the total scoring criteria.

Finally, we support the CEC's efforts to ensure that community engagement has been done for eligible facilities, though community outreach efforts can be easily falsified. The CEC should have additional verification besides a letter of support, such as one community workshop per project, and providing public notice to community members within the area with ample notice. The CEC should identify and work with community-based organizations in relevant regions to provide for capacity and meaningful participation to guide stakeholder engagement processes on all eligible projects to ensure the community also benefits from the proposed projects. The CEC should reject all projects in EJ communities that have a CCUS component.

Conclusion

Thank you for your consideration. We look forward to working with you on the implementation of this program.

Sincerely,

Evan Gillespie
Industrious Labs

Adrian Martinez
Earthjustice