



**PACIFIC COAST
RENDERERS ASSOCIATION**



April 30, 2024

The Honorable Buffy Wicks
Chair, Assembly Committee on Appropriations
1021 O Street, Suite 8220
Sacramento, CA 95814

**RE: Assembly Bill (AB) 2083 (Berman). Industrial Facilities Heat Application
Equipment and Process Emissions – OPPOSE**

Dear Assembly Member Wicks:

The California Manufacturers & Technology Association (CMTA) and the organizations listed are **Opposed** to Assembly Bill (AB) 2083 (Berman), which would require the California Energy Commission (CEC) to assess and develop a strategy to reduce industrial sector emissions by 85% below 1990 levels by the year 2045. The bill further requires the CEC, California Public Utilities Commission (CPUC), California Air Resources Board (CARB), Governor's Office of Business and Economic Development (GO-Biz), California Independent System Operator (CAISO), and the California Workforce Development Board to collaborate on the creation of this new assessment.

AB 2083 is duplicative of existing efforts currently underway. Industrial decarbonization strategies are being researched, refined, and identified as components within existing planning documents, such as CARB's *Scoping Plan* and the CEC's *Integrated Energy Policy Report (IEPR)*. Furthermore, this bill contradicts existing state legislative initiatives focused on specific industrial sub-sectors and ignores the technological innovations under development via existing CEC programs.

AB 2083 is a narrow approach that predetermines the technologies for industry use. Any statewide assessment of California's industrial sector, an economic engine that generates more than \$300 billion annually and employs more than 1.3 million Californians, needs careful consideration, collaboration, and analysis. One of our many policy objections to the legislation is that it provides zero opportunity for industry collaboration and engagement. The public and private sectors will need to engage in this challenge over the coming decades proactively and do so in a manner that will assist California in meeting the state's emission reduction goals. However, AB 2083 largely duplicates, interferes with, and fails to account for other programs to help the industrial sector achieve more significant emission reductions.

Duplicates Current Policy Efforts and Creates New Costs

AB 2083 does not adequately account for existing efforts at the CARB, CEC, and the USDOE to reduce GHG emissions for California's industrial sector. Multiple programs will continue to aid the industry in developing strategies, deploying a suite of technologies, and balancing grid reliability and cost-effectiveness needs. AB 2083 creates another statewide assessment with different core criteria (primarily electrification and/or zero-emission technologies) in conflict with other state emission planning documents. Some of these efforts include:

- ❖ ***CARB 2022 Scoping Plan Update*** – The state's Scoping Plan lays out the sector-by-sector roadmap for California to achieve carbon neutrality by 2045 or earlier, outlining a technologically feasible, cost-effective, and equity-focused path to achieve the state's climate target. There have been three previous Scoping Plans. Previous plans have focused on specific greenhouse gas (GHG) reduction targets for our industrial, energy, and transportation sectors — first to meet 1990 levels by 2020, then to meet the more aggressive target of 40 percent below 1990 levels by 2030. The 2022 Scoping Plan Update extended and expanded upon these earlier plans with a target of reducing anthropogenic emissions to 85 percent below 1990 levels by 2045. Assembly Bill 32 (AB 32) requires CARB to develop and update a scoping plan every five years that sets forth the approach California will take to reduce statewide GHG emissions.
- ❖ ***CEC Integrated Energy Policy Report (IEPR)*** – The IEPR is a biennial report that assesses California's energy industry trends and issues and provides policy recommendations to address them. The IEPR's primary purpose is to develop energy policies that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety. The most recent 2023 IEPR identified barriers and solutions to accelerate the connection (including interconnection, energization, and associated system upgrades) of clean energy technologies with the electric grid. The report considered both transmission and distribution systems, and the CEC will coordinate with ongoing proceedings at the CPUC and CAISO. The report also focused on clean energy technologies and accelerated deployment.
- ❖ ***CEC Industrial Grid Support and Decarbonization Program (INDIGO)*** - This program funds financial incentives for industry projects that demonstrate significant benefits to the electrical grid, reduce GHGs, achieve California's clean energy goals, and exceed compliance requirements. The program aims to deploy cutting-edge, emerging technologies at California industrial facilities to promote electrification and load flexibility, reduce fossil fuel and thermal energy usage, and reduce criteria air pollutants and carbon footprints. This program is open to existing industrial facilities, utilities, equipment manufacturers, energy service companies, project aggregators, and project developers who propose to implement projects in California's industrial sector.

- ❖ **CEC Food Production Investment Program (FPIP)** - The program's goals are to accelerate the adoption of advanced energy efficiency, decarbonization, renewable energy technologies, and to support the electrical grid reliability. The technologies funded by the program will help reduce energy costs, maintain product quantity and quality, and reduce GHG emissions associated with food production. FPIP is open to all California food manufacturers and related support industries. Projects must also support electrical grid reliability, reduce GHG emissions, and further the purposes of AB 32 and Senate Bill 32 (Pavley, California Global Warming Solutions Act of 2006, Chapter 249, 2016).

California has already provided sufficient industrial decarbonization pathways. AB 2083 only adds new costs to the CEC and other respective agencies to repeat the same level of analysis, data gathering, and technological research and development efforts. Further, the sponsors of AB 2083 have publicly commented that the 2023 Draft IEPR could accomplish elements of an industrial decarbonization strategy, and that the IEPR should further examine industrial processes and provide a more comprehensive solution that explores all potential decarbonization pathways.¹

AB 2083 Conflicts with Other Legislative Actions

AB 2083 interferes with the eventual implementation of Senate Bill (SB) 596 (Becker, Chapter 246, Statutes of 2021). SB 596 established a regulatory framework with the proper checks and balances to allow the state and the cement industry to succeed in lowering carbon emissions in our economy and reach carbon neutrality by 2045. SB 596 has directed CARB to develop a comprehensive strategy that requires California's cement sector (a subsector of the California industry) to achieve a GHG intensity 40% below baseline levels by 2035 and net-zero GHG emissions by 2045. CARB has held three workshops and is yet to release the final strategy, but should AB 2083 become law, the new assessment would interfere with the eventual implementation of the SB 596 strategy.

The industry continues to be a collaborative partner in addressing our statewide emissions. We are committed to finding solutions and have created a pathway of various programs to support the needed policies that enhance those efforts. AB 2083 disrupts these current efforts and shifts the focus of industrial decarbonization to an energy strategy that will undermine innovation, cost-effectiveness, industry competitiveness, and further destabilize California's electrical grid. The existing programs provide an "all-of-the-above" strategy to reduce emissions from industry without adding new costs to California.

Respectfully,



Robert Spiegel
Vice President, Government Relations

¹ Public Comments on the Draft 2023 IEPR. Industrious Labs, Earthjustice, and Environmental Defense Fund Comments on Draft 2023 Integrated Energy Policy Report, PG.1-3.

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=253428&DocumentContentId=88650>

On behalf of:

Robert Spiegel, Aerospace and Defense Alliance of California
Michael Boccadoro, Agricultural Energy Consumers Association
Tricia Geringer, Agricultural Council of California
Erin Norwood, Almond Alliance
Tim Shestek, American Chemistry Council
Roger Isom, California Cotton Ginners and Growers Association
Chris Zanobini, California Grain and Feed Association
Bruce Magnani, California Large Energy Consumers Association
Trudi Hughes, California League of Food Producers
James Simonelli, California Metals Coalition
Michael Boccadoro, California Poultry Federation
Mike Montra, California Tomato Growers Association
Ann Quinn, California Warehouse Association
Lisa Johnson, Chemical Industry Council of California
Katie Davey, Dairy Institute of California
Jack Monger, Industrial Environmental Association
Chris Zanobini, Pacific Coast Renderers Association
Debbie Murdock, Pacific Egg & Poultry Association
Kris Quigley, Plastics Industry Association
Roger Isom, Western Agricultural Processors Association
Matthew Allen, Western Growers Association
Zachary Leary, Western States Petroleum Association