



City of Needles, California Request for Council Action

☐ CITY COUNCIL ☒ NPUA ☐ BOARD OF PUBLIC UTILITIES
☒ Regular ☐ Special

Meeting Date: September 12, 2023

Title: Accept the AB32 Greenhouse Gas (GHG) Emissions Verification Report 2022 Emissions prepared by WZI Inc. and authorize the Mayor to send a letter to the California Air Resources Board requesting a review of the unintended financial hardship and provide relief to avoid such financial hardship

Background: The California Air Resources Board requires a third-party verifier of the GHG. WZI Inc. reported "The City of Needles' 2022 emission data reports for Electric Power Entity (ARB AD 3047) are found to be **free of material misstatement and in conformance** with the Mandatory Reporting Requirement". The City's annual metric ton of CO₂e is reported as;

Year	CO ₂ e
2022	22,867
2021	22,313
2020	20,214
2019	16,556
2018	18,022

The new compliance period begins 2021 – 2023. The City of Needles has received free allowances. An allowance is a tradable permit to emit one metric ton of carbon dioxide equivalent GHG emissions. The following allowances have been transferred into the City's compliance account, the amount of CO₂e generation verified and the current compliance deficit.

Year	Free Allowance	CO ₂ e Generation	Deficit
2021	6,953	22,313	15,360
2022	6,788	22,867	16,079
Total Allowance Deficit			<u>31,439</u>

The City transacted in 2021 for the Triennial compliance period of 2018-2020. Prices of allowances ranged from \$17-\$28 per allowance. City Staff is working on obtaining current market prices and transacting before the 2024 compliance period deadline. The Board of Public Utilities approved the recommended action on September 5, 2023.

Fiscal Impact: to be determined

Recommended Action: Accept the AB32 Greenhouse Gas (GHG) Emissions Verification Report 2022 Emissions prepared by WZI Inc. and authorize the Mayor to send a letter to the California Air Resources Board requesting a review of the unintended financial hardship and provide relief to avoid such financial hardship

Submitted By: Rainie Torrance, Assistant Utility Manager

City Management Review: Rick

Date: 9/6/23

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 7



August 8, 2023

Rainie Torrance
City of Needles
Assistant Utility Manager
Re: AB32 Greenhouse Gas Verification Statement

Dear Ms. Torrance:

After reviewing your transaction data, inventory plan, and supporting documents, WZI Inc. can offer a **Positive** verification statement on your AB32 reporting for calendar year 2022. We can state with reasonable assurance that your 2022 report is free of material misstatement and conforms to the requirements of the Mandatory Reporting Rule.

Richard B. Wilson

Lead Verifier

Mary Jane Wilson

Independent Reviewer

EMISSIONS DATA REPORT

For assistance completing or submitting this report, contact ghgverify@arb.ca.gov.

PART I: EMISSIONS DATA REPORT INFORMATION

Reporting Year:
2022

PART II: VERIFICATION BODY INFORMATION

Verification Body Name:
WZI Inc.

PART III: REPORTING ENTITY INFORMATION

Name of Reporting Entity:
City of Needles


CARB ID Number:
3047

PART IV: VERIFICATION STATEMENT INFORMATION

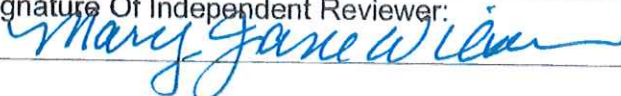
1. This verification statement attests that the submitted data are (check one):
 - ☒ Reasonably assured of being free of material misstatement
 - ☐ NOT reasonably assured of being free of material misstatement
2. This verification statement attests that the submitted data are (check one):
 - ☒ Reasonably assured of being in conformance with the regulation
 - ☐ NOT reasonably assured of being in conformance with the regulation
 - ☐ NOT reasonably assured of being in conformance with the regulation, including NOT in conformance with §95131(b)(9): failure to correct data errors discovered during data checks
3. As a result of the selections above, the final verification statement is (check one):
 - ☒ Positive: Reasonably assured of no material misstatement and in conformance with the regulation
 - ☐ Qualified Positive: Reasonably assured of no material misstatement, but not reasonably assured in conformance with the regulation
 - ☐ Adverse: Not in conformance with §95131(b)(9) and/or not reasonably assured of no material misstatement
4. Provide the Qualifying Statement below (required for qualified positive or adverse statements):

PART V: SIGNATURE

☒ As the lead verifier for this verification, I certify under penalty of perjury under the laws of the State of California that the verification team has carried out all verification services as required by the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR) (title 17, California Code of Regulations, §95100-95158).

Printed Name: Richard Wilson	Date: 08/08/2023
Signature Of Lead Verifier: 	

☒ As the independent reviewer, I certify under penalty of perjury under the laws of the State of California, that I have conducted an independent review of the verification services and findings on behalf of the verification body as required by the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR) (title 17, California Code of Regulations, §95100-95158), and that the findings are true, accurate and complete.

Printed Name: Mary Jane Wilson	Date: 08/08/2023
Signature Of Independent Reviewer: 	



Verification Report:

City of Needles, 2022

Entity Overview

The City of Needles operates as an Electric Power Entity (EPE) under AB-32 mandatory GHG reporting. The City of Needles reports unspecified and specified electricity imports, and retail sales. The source includes power imported into California, managed for the City of Needles by Western Area Power Administration – Desert Southwest Region.

Verification Overview

GHG Verification for The City of Needles entity consisted of off-site data and record checks, a site visit at the WAPA offices in Phoenix, AZ, and correspondence with the client. WZI recalculated GHG emissions values to check against reported values and tested for any materiality issues. In addition, original source data e-tags and CAISO market downloads were checked against entered data to verify accurate data collection. Calculation methods were also checked for conformance. GHG inventory planning and activities were checked and evaluated for conformance to the AB-32 reporting regulation.

Verification Team

Lead Verifier-	Rich Wilson
Verifier-	Jesse Frederick
Internal Reviewer-	Mary Jane Wilson

Verification Activities

GHG Monitoring Plan:

-The entity's GHG inventory plan was obtained and checked for conformance. The plan thoroughly details required information and complies with the reporting regulation.

Unspecified Imports

-The entity reported unspecified imports from 19 generating facilities outside of California. The transactions are e-tagged. Transactions are managed on behalf of the City by Western Area Power Administration – Desert Southwest Region. The e-tags are compiled in an automated process by OATI. The entity requests a “Tags Sinking in Needles” report from OATI, which captures all e-tags delivered to the City. That data is then filtered to remove e-tags that are exempt from reporting. The removed tags include power originating in CA, and tags that are part of the DSWM Parker-Davis allocation sourced from Davis230. The DSWM tags are discussed under specified imports.

-Two sets of “metered” imports are also reported. These include the WALC Energy Imbalance Market transactions, and the Aggregated Energy Services group sharing transactions. These mechanisms are used to meet additional demand not covered by the tagged transactions. Meter reports from the City are used to calculate the transactions from these two sources, both of which originate outside of CA.

The verification team reviewed the complete OATI transaction data, and performed several additional data checks:

1. During the webinar meeting, a query of the OATI data was re-run and sent to the verification team. The new data query matched the data used in the report exactly.
2. A random sample of e-tags was requested, and the actual tags reviewed. Extra focus was put on tags that were excluded from the report, to ensure that they were correctly excluded. Tags matched reported data, and excluded tags all sourced in CA. No issues were discovered.
3. Annual meter reports were requested and reviewed. The verification team was able to check the accuracy of the calculations used to determine the WALC energy imbalance and the AES group share transactions.
4. The verification team was made aware of a number of e-tags that were attested in 2022. This was determined to be due to errors made during tag generation. The attested tags corrected the error and were determined to be accurate.
5. The verification team checked the e-tag data for transactions that were reported as unspecified imports. Tags were checked for appropriate source and sink codes, and were

filtered by source and total MWh recalculated. Total CO2e was also recalculated. No issues were discovered.

Specified Imports

-The entity reported specified imports from the DSWM Parker-Davis allocation sourced from Davis230. The City of Needles Parker-Davis Project allocation is delivered across the California border by WAPA-DSW using the DSWM01 PSE code and is reported on the City of Needles GHG Report as a specified import imported on behalf of the City of Needles. These transactions are hydroelectric power and have a zero CO2e value.

The verification team reviewed the e-tag data, and performed these data checks:

1. E-tags were checked for DSWM01 PSE codes. All tags were DSWM01.
2. Tags were totaled and checked against reported values. No issues were discovered.

Retail Sales

-The entity reported retail sales as a retail utility provider. These sales are reported based on monthly totals of the utility retail meter readings. These transactions do contribute to the entity's CO2e total.

The verification team performed these data checks:

1. Monthly meter report was requested and reviewed. Total metered sales matched reported value exactly.

Material Misstatement Assessment

-To determine the error in reported data discrepancies, omissions, and misreporting events were quantified and used:

$$\sum \frac{[Discrepancies + Omissions + Misreporting]}{Total\ Reported\ Covered\ Emissions} = \frac{[0 + 0 + 0]}{22,869MT\ CO2e} = 0$$

Verification Statement

After evaluating the facility's GHG inventory program, data, and reported values, WZI Inc. can issue a **POSITIVE** verification statement. It is our opinion that the entity's report contains no material misstatement, and conforms to the requirements of the AB-32 reporting regulation.

Attachments:

- Verification Plan
- Sampling Plan
- Risk Assessment
- Issues Log
- GHG Monitoring Plan Checklist
- Transactions data calculated by verification team w/ materiality testing



WZI INC.

Verification Plan
City of Needles 2022 Report
(AB-104462)

**Verification of 2022
Greenhouse Gas Emissions Report**

WZI Inc.
1717 28th Street
Bakersfield, CA 93301
(661)326-1112

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Executive Summary

WZI was contracted to perform Greenhouse Gas verification services for the 2022 calendar year. Transactions Data are required to be fully verified by an accredited verification body.

Facility Overview

City of Needles is a power importer and retail provider in the state of California. Power transactions are managed on behalf of the City of Needles by the Western Area Power Authority.

The City of Needles reports transactions including specified and unspecified imports of hydroelectric and fossil-fuel generation, and retail sales.

General Plan

The WZI verification team will take steps to become familiar with the entity's trading operations in California. Transparency of data collection methods and how items are tracked will be scrutinized. Additionally, the team will scrutinize data collection methods, the personnel involved, and training methods in place that are meant to ensure precise data reporting. More details on information requested for verification to begin is detailed below in "Document Request."

Verification Team

Lead Verifier-	Rich Wilson
Verifier-	Jesse Frederick
Internal Reviewer-	Mary Jane Wilson
Staff Engineer-	Terry Potter

Pre-Verification

WZI completed the required Conflict-of-Interest Form-A, which yielded a result of a "Low Conflict-of-Interest". Form-A was submitted and was approved to begin verification.

Verification Activities

A. Desk review of Report

The first tool is the Greenhouse Gas Monitoring Plan which will be reviewed by WZI to understand the facility operation and the methods used to properly report data from both emissions and product. Additionally, WZI has developed a checklist to use while reviewing the Monitoring Plan to ensure all necessary information is complete pursuant to Sections 95105(c)(1) through 95105(c)(10) of the Mandatory Reporting Rule.

The 2018 summary report will be downloaded and reviewed for background and any broad issues.

B. Kick-Off Meeting

Kick-off meetings will be conducted through conference calls. This will consist of a discussion of what WZI is looking for in the data that is provided by Needles and WAPA agents and a general plan for how WZI will proceed in the verification process. The Greenhouse Gas Verification plan is the first source of information that serves as a basis for this discussion.

C. Document Request

A Document request will be sent to the operator after the kick-off meeting. The operator will be asked to provide the requested documents in a timely manner. For the 2022 verification, the following information will be requested:

1. Greenhouse Gas Monitoring Plan;
2. Specified Import data;
3. Unspecified Export e-tags;
4. "GHG Quantities with Pivot" spreadsheet for 2022; and
5. 2022 EPE Workbook.

D. Off-Site Data Review

The off-site data review will be conducted at the WZI offices, and will consist of the following:

1. Create Sampling Plan

The Verification team will prepare a sampling plan based on data and documentation received from the operator. The sampling plan's primary focus will be the specified imports.

2. Data Completeness Check

The team will verify that all required data was collected. This data includes all power transactions into, out of, and through CA. Once the data is obtained, the data will be scrutinized for inconsistencies and how the data was collected and tracked. The team will inspect any data transfers from one format or source to another, either manual or automatic, and ensure that data quality is maintained throughout. After the data collection and tracking methods are checked, the team will ensure that data was manipulated properly. This would include procedures such as conversion factors unique to the operation, unit conversion accuracy, or general calculations used to prepare data for reporting purposes. Finally, the team will ensure that the data submitted in the report corresponds to the data records tracked for this year.

3. Data/Calculation Conformance Check

The team will verify that the calculation methods selected by the operator conform to the reporting regulation. The team will run sample calculations to verify the accuracy of the operator's calculation methods. Any error in reporting will be noted, regardless of significance, into the issues log and an explanation will be provided in the final report if the cause of the error is known (i.e. rounding error). If, however, the numbers for reporting do not match it will be noted in the issues log and is subject to revision by the reporter.

4. Issues Log Review

The team will compile the issues log and determine the impact of any errors found. Each issue will be identified with the date of discovery; a detailed description of the issue found; the specific reference in the MRR related to the issue; the impact on reported data (non-conformance, misstatement, etc.) and, finally, the resolution of the issue after corrective action is taken by the reporter to satisfy the mandatory reporting rule.

5. Materiality/Conformity Analysis

The team will determine if any errors found would create a material misstatement or a non-conformance. This information will be noted in the issues log. In the case of missing data, the proper steps will be taken according to Section 95129 of the MRR. The team will prepare a draft statement.

E. Site Visit

A site visit is not required for this reporting year.

F. Revisions (If Needed)

If the report requires revision, the team will set the report status to "Revision Requested". After any revisions are complete, the verification will resume at step D.

G. Statement/Report Preparation

Materials from the off-site data review will be compiled into a draft verification report. The complete team will meet to determine the initial verification statement.

H. Internal Review

The report, issues log, and data will be submitted to the internal reviewer for final QA check. Depending on the internal reviewer's assessment, the verification team may need to return to the assessment for clarification. This may involve more information to be requested from the facility and/or a deeper review of portions the internal reviewer may flag as something that needs further scrutiny. Once the internal reviewer signs off on the report, the final statement can be prepared.

I. Final Statement/Report

Any errors found by the internal reviewer will be corrected. The final verification report will be prepared and submitted to the operator. After the operator has had sufficient time to review the report, the statement will be submitted to ARB via the reporting tool.

Emissions Source Rankings

[illegible]

Risk Assessment: City of Needles 2022

Category	Description	Uncertainty/Risk Assessment	Follow-up
Data Acquisition Equipment	Meter data used to calculate EIM transactions and retail sales	Data uncertainty is moderate due to large volume of transactions.	Meter data was checked down to actual meter reports. E-tag data was re-queried and checked. No issues.
Data Sampling and Frequency	Unspecified import data is generated by direct query of OAT e-tags. Meter data is sampled monthly.	Data uncertainty is moderate due to large volume of transactions.	All e-tag data was re-queried and checked.
Data Processing and Tracking	Data is maintained by WAPA DSW personnel.	Data uncertainty is moderate due to large volume of transactions.	All e-tag data was re-queried and checked.
Emissions Calculations	Calculations are performed in the ONE workbook using ARB emissions factors for specified imports.	Low risk area.	N/A
Data Reporting	Data is reported in CAL e-GSRT in accordance with the MRR.	Low risk area.	N/A
Product Data	N/A	N/A	N/A
Management policies/practices	The entity maintains a compliant inventory plan and procedure.	Low risk area.	Plan was checked for conformance

Issues Log: City of Needles 2022

Issue	Date	Issue	Regulation Reference	Impact	Resolution
1	19-Jul	Metered electricity reported does not match Needles monthly meter reports exactly	95111(a)(2) and 95102(a)	Possible Misstatement	Meters in the city are still read by a walk-around meter-reader and are not expected to be 100% accurate. Values are trued-up to distribution meter totals for accuracy. Issue is resolved.
2					
3					
4					
5					
6					
7					
8					

GHG Monitoring Plan Checklist: City of Needles 2022

Requirement		Check		Notes
1	Information to allow the verification team to develop a general understanding of entity boundaries, operations, and electricity transactions	X		
2	Reference to management policies or practices applicable to reporting pursuant to section 95111	X		
3	List of key personnel involved in compiling data and preparing the emissions data report	X		
4	Training practices for personnel involved in reporting delivered electricity pursuant to section 95111 and responsible for data report certification, including documented training procedures	X		
5	Query of NERC e-Tag source data to determine the quantity of electricity (MWh) imported, exported, and wheeled for transactions in which they are the purchasing-selling entity on the last physical path segment that crosses the border of the state of California, access to review the raw e-Tag data, a tabulated summary, and query description	X		
6	Reference to other independent or internal data management systems and records, including written power contracts and associated verbal or electronic records, full or partial ownership, invoices, and settlements data used to document whether reported transactions are specified or unspecified and whether the requirements for adjustments to covered emissions pursuant to sections 95852(b)(1)(B), 95852(b)(4) and 95852(b)(5) of the cap-and-trade regulation are met, specifically how the entity determined that the electricity associated with the REC claimed for the RPS adjustment was not directly delivered to California, if reporting an RPS adjustment	X		
7	Description of steps taken and calculations made to aggregate data into reporting categories required pursuant to section 95111	X		
8	Records of preventive and corrective actions taken to address verifier and ARB findings of past nonconformances and material misstatements	X		
9	Log of emissions data report modifications made after initial certification	X		
10	A written description of an internal audit program that includes emissions data report review and documents ongoing efforts to improve the GHG Inventory Program	X		

Final Verification Report Checklist

1	Verification report includes a detailed description of the reporting entity sources and boundaries §95131(c)(3)(A)(1)	X
2	Verification report includes a detailed comparison of the data checks §95131(c)(3)(A)(4)	X
3	Verification report includes log of issues §95131(c)(3)(A)(5)	X
4	Material misstatement was evaluated correctly for emissions data §95131(c)(3)(A)(7) §95131(b)(12)(A)	X
5	Conformance was evaluated correctly §95131(b)(10)	X
6	The issues log provides an independent and objective analysis of the non-conformances with sufficient detail to allow for resolution of identified discrepancies by the reporting entity §95102(a) §95131(b)(11)	X
7	The issues log indicates if issues were resolved §95131(b)(11)	X
8	The issues log identifies the regulatory section for each non-conformance §95131(b)(11)	X
9	The issues log includes information pertaining to whether each issue is a nonconformance or has a potential bearing on material misstatement §95131(b)(11)	X
10	The verification body documented the evaluation of product data §95131(b)(8)(E), §95131(c)(3)(A)(2)	N/A
11	Data checks focused on the largest and most uncertain product data §95131(b)(8). The verifier must conduct an in-depth review for covered products identified as the highest risk, including detailed data checks and review of data management systems.	N/A
12	The verification body correctly evaluated material misstatement and conformance for product data §95103(l), §95131(b)(12) (Total Product Data)	N/A
13	The sampling plan adequately describes the risk of misreporting associated with product data §95131(b)(7)	N/A

Power Transactions

SPECIFIED IMPORT	(MWH)	CO2EF	CO2e	Tagged Totals Verification
Parker-Davis Hydro	24,357	0	0.00	
UNSPECIFIED IMPORT (LOA)				
APACHE230	400	0.428	174.62	400
BPA1 CHPD	128	0.428	55.88	128
BPA1 GCPD	96	0.428	41.91	96
BPA1 SCL	47	0.428	20.52	47
COASTrip	40	0.428	17.46	40
Centralia	1,167	0.428	509.47	1,167
GILARIVER500	483	0.428	210.86	483
GRIFFITH230	13,538	0.428	5910.15	13,538
HAS500	95	0.428	41.47	95
HermistonCPN	483	0.428	210.86	483
IPP	2,165	0.428	945.15	2,165
IRVINGTON138	64	0.428	27.94	64
LIBERTY230	64	0.428	27.94	64
LYPK	192	0.428	83.82	192
MDGT	40	0.428	17.46	40
MDWP	16	0.428	6.98	16
MEAD230	893	0.428	389.85	893
MIDCKemote	392	0.428	171.13	392
NORTH5YS	21	0.428	9.17	21
PACE	711	0.428	310.39	711
PALOVERDE500	3,042	0.428	1328.02	3,042
PGE.MIDC	9	0.428	3.93	9
RUDD230	48	0.428	20.95	48
SCOUT5YS	12	0.428	5.24	12
SPS	48	0.428	20.95	48
SRPNETWORK	7,188	0.428	3137.99	7,188
Stibop230	144	0.428	62.86	144
TOPOCK230	2,102	0.428	917.65	2,102
WAUE	22	0.428	9.60	22
BPAPower	4,008	0.428	1749.73	4,008
LRS - Attested	8	0.428	3.48	8
MDGT - Attested	217	0.428	94.79	217
MEAD230 - Attested	104	0.428	45.40	104
PALOVERDE500 - Attested	96	0.428	41.91	96
SRPNETWORK - Attested	152	0.428	66.36	152
WALC BAA IWB	1,605	0.428	700.68	1,605
AES Sharing Group	12,542	0.428	5475.34	12,542
TL	1.02			
WZ1 Calculated CO2e covered	22667.89			
Operator Reported CO2e covered	22669.20			
Variation (Materiality test)	-0.01%	rounding		
Tagged Totals Verification				
Meter Totals Verification*				
Checked monthly totals against hourly data				

RETAIL SALES:			
WZ1 Verified Retail Sales	80,950.12	MWh	1
Operator Reported Retail Sales	80,950.00	MWh	1
Variation (Materiality test)	0.00013%	rounding	

[illegible]

Verdeelte	Proportie	Verdeelte	Proportie
1	0.0000	1	0.0000
2	0.0000	2	0.0000
3	0.0000	3	0.0000
4	0.0000	4	0.0000
5	0.0000	5	0.0000
6	0.0000	6	0.0000
7	0.0000	7	0.0000
8	0.0000	8	0.0000
9	0.0000	9	0.0000
10	0.0000	10	0.0000
11	0.0000	11	0.0000
12	0.0000	12	0.0000
13	0.0000	13	0.0000
14	0.0000	14	0.0000
15	0.0000	15	0.0000
16	0.0000	16	0.0000
17	0.0000	17	0.0000
18	0.0000	18	0.0000
19	0.0000	19	0.0000
20	0.0000	20	0.0000
21	0.0000	21	0.0000
22	0.0000	22	0.0000
23	0.0000	23	0.0000
24	0.0000	24	0.0000
25	0.0000	25	0.0000
26	0.0000	26	0.0000
27	0.0000	27	0.0000
28	0.0000	28	0.0000
29	0.0000	29	0.0000
30	0.0000	30	0.0000
31	0.0000	31	0.0000
32	0.0000	32	0.0000
33	0.0000	33	0.0000
34	0.0000	34	0.0000
35	0.0000	35	0.0000
36	0.0000	36	0.0000
37			

GREENHOUSE GAS (GHG) EMISSIONS OVERVIEW

Based on its historic GHG content, Needles has been allocated 85,087 free Allowances.

Annual Free Allowance Allocation					
2021	2022	2023	2024	2025	2026
6,953	6,788	6,510	6,082	5,800	5,767

The upcoming Triennial compliance period of from 2021 – 2023. The City utilizes the free allowances to cover the annual 30% procurement requirements.

Year	CO2e	Free Allowances	30% annual requirement	70% requirement Nov. 2024
2021	22,313	6,953	6,694	15,619
2022	22,867	6,788	6,860	16,007
*2023	22,500	6,510	6,750	15,750
	67,680	20,251	20,304	47,376

* forecast

California Air Resources Board's (ARB) regulations allow for two ways to procure GHG regulations via the Direct Environmental Benefits in the State (DEBS)

- 1) **Direct Environmental Benefits in the State (DEBS)** – Assembly Bill 398 (AB 398; Chapter 135, Statutes of 2017) defines projects that meet the DEBS requirement as projects that result in *"the reduction or avoidance of emissions of any air pollutant in the state or the reduction or avoidance of any pollutant that could have an adverse impact on waters of the state."*

Assembly Bill 398, passed in 2017, changed the post-2020 offsets future, it stipulated that new offset limit for 2021-2025 would be 4% (max 2% for projects outside of California), and then raised to 6% for 2026-2030.

- 2) **Allowances (Non-DEBS)**– An Allowance is a tradable permit to emit one metric ton of carbon dioxide equivalent GHG emission. The total number of Allowances will be equivalent to the annual Allowance budget in the Regulation. Each Allowance will have a unique serial number. Allowances have been freely allocated to electric utilities that distribute electricity to California ratepayers. These Allowances must be used exclusively for the benefit of the ratepayers to reduce the costs of AB 32 on those ratepayers and be consistent with the goals of AB 32 to reduce GHG.

Based on the 67,680-procurement requirement by November 2024, 4% max is allowed to be procured DEBS and the remaining balance is Non-DEBS.

70% requirement			DEBS	Non-DEBS
Year	CO2e	Nov. 2024		
2021	22,313	15,619		
2022	22,867	16,007		
*2023	22,500	15,750		
	67,680	47,376	2,707	44,669

Current market prices are

Vintage Year 20-21 CA Carbon Allowances have been offered around the \$36.60 range.

Vintage Year 20-21 CA Carbon Offset DEBs have been offered around the \$28.00 range.

ARB allows for opportunities to purchase in a competitive closed bid process, the recent auction listed non-DEBS at \$35 per allowance. The potential impact of the Triennial Compliance period is projected to be;

	Quantity	Market Prices	Cost
DEBS	2,707	\$ 28.00	\$ 75,796.00
Non-DEBS	44,669	\$ 35.00	\$ 1,563,415.00
			\$ 1,639,211.00



City of Needles

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(760) 326-2113 • FAX (760) 326-6765
www.cityofneedles.com

Mayor, Janet Jernigan
Vice Mayor Kirsten Merritt
Councilmember Tona Belt
Councilmember Ellen Campbell
Councilmember Jamie McCorkle
Councilmember JoAnne Pogue
Councilmember Henry Longbrake

City Manager Rick Daniels

September 12, 2023

California Air Resources Board (CARB)
Rachel Gold, Supervisor Program Climate Change Program
1001 I Street, Sacramento, CA 95814

RE: City of Needles CARB ID #3074

Dear Ms. Gold,

The City, through the Needles Public Utility Authority (a Joint Powers Authority), owns and operates a Publicly Owned Utility (POU) electric utility, which serves 3,000 customers. The City of Needles is a disadvantaged and rural jurisdiction. Needles is home to 4,931 residents. The median household income in Needles is \$48,061, far lower than the average for San Bernardino County of \$77,500 and California of \$84,097. Approximately 80% of the City's electrical residential customers are low-income and are on some form of Government assistance.

Approximately 55% of the City's current electric energy is purchased on the open market from WAPA. The remaining 45% is supplied by hydroelectric power from the Parker Davis Dam. The City operates within the Western Area Lower Colorado (WALC) Balancing Authority Area (BA). The WALC BA participates in the CAISO Western Energy Imbalance Market. The City contracted with WAPA DSR to receive scheduling and marketing services. The City's loads and resources are aggregated with other WAPA customers to cost-effectively dispatch hourly resources.

Under California's Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR), industrial sources, fuel suppliers, and electricity importers must report their annual GHG emissions to the California Air Resources Board (CARB). The City of Needles has met this requirement of reporting and verifying annual GHG emissions annually and is committed to compliance.

The City of Needles is experiencing a cost limitation in meeting the Triennial compliance period 2021 – 2023. Current market prices have increased significantly. In order to meet compliance on the Triennial compliance period of 2018 – 2020 cost the ratepayers of Needles \$240,000. The current compliance period is expected to cost the ratepayers **\$1,639,211**. That is an **585% cost increase**.

The City has been able to maintain low rates for its low-income and disadvantaged community of .1399 to .1499 per kwh. However, the looming impact of the Triennial compliance period of 2021 – 2023 is expected to cause a financial burden on the City of Needles ratepayers.

The City of Needles requests California Air Resources Board review the unintended financial hardship compliance is causing low-income jurisdictions and provide relief to avoid financial hardship in the already disadvantaged community of Needles. This could be accomplished by providing the City of Needles additional free allowances, reducing or eliminating the

procurement requirement for rural and disadvantaged communities or providing allowances for hydro power as a renewable source.

If you have any questions, please contact Rainie Torrance at rtorrance@cityofneedles.com or by phone at (760)326-5700 X140.

Thank you,

Janet Jernigan, Mayor
817 Third St.
Needles, CA 92363

CC: Governor Newsom
Senator Stephen Padilla
Assemblymember Eduardo Garcia
Mojave Desert Air Quality Management District