



Powering The Center of What's Possible

City of Santa Clara
Silicon Valley Power

March 9, 2026

Submitted electronically

Lauren Sanchez, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Comments on Cap-and-Trade Program Proposed Amendments

Dear Chair Sanchez and Board Members:

The City of Santa Clara, doing business as Silicon Valley Power (City or SVP), submits these comments to the California Air Resources Board (CARB) on the Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms, Cap-and-Invest Program (Program), dated January 23, 2026.

In these comments, SVP focuses exclusively on the allocation of allowances to the electrical distribution utilities (EDUs), and in particular, CARB's proposal to update the current vintage 2021-2030 allowance allocation.¹ As more fully addressed herein, SVP urges CARB to utilize the demand forecast set forth in the 2024 IEPR to substantiate load growth that was not included in the 2015 IEPR to justify additional allowance allocation for 2027-2030.

Introduction

SVP supports the continued allocation of allowances to the EDUs for the 2021-2030 vintage based on the 2015 California Energy Commission (CEC) Integrated Energy Policy Report (IEPR) data. That allocation should be updated for 2027-2030 to reflect the 60% renewable portfolio standard (RPS) effective requirements (see NCPA, Joint Utilities Group comments regarding effective RPS). However, as CARB has done in the past, SVP urges CARB to recognize the load growth that was not reflected in the 2015 IEPR data or past information provided to CARB.

¹ The City's lack of comment on any other aspect of the Proposed Amendments is not intended to indicate support or opposition to such changes. The City is a member of the Northern California Power Agency (NCPA) and expressly endorses the comments submitted by NCPA.



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SVP Faces Extreme and Rapid Load Growth

As it has since the beginning of the Cap-and-Trade, now Cap-and-Invest program, SVP is facing extreme load growth that directly impacts the demand forecasts that the CEC has relied on in its IEPR. In 2017, SVP presented to CARB updated load forecast data that addressed why the EDU allocation for SVP did not fairly and accurately calculate the projected cost burden for SVP which was used to determine the appropriate number of allowances to allocate to cover the utility's cost burden, thus warranting a revision to the allowance allocation initial proposed by CARB.² While SVP believes that the vintage 2021 to 2030 allowance allocation should be maintained, as it did in 2017, SVP continues to see significant load growth from large scale data centers and urban development within its service territory. For example, data centers alone resulted in the CEC adjusting SVP's load forecast between 2022 and 2023 to add just under 5,000 gigawatt hours of additional demand by 2040. SVP shares information with the CEC regularly, and in 2024, submitted an Updated Load Forecast Separated by Project Groups (Form 1.5b) to the CEC detailing total anticipated load growth. Consistent with the memorandum of understanding used by the energy regulatory agencies, SVP submitted this as part of its commitment to continually informing the CEC of its load growth and reflects even greater anticipated growth than what was ultimately included in the 2024 IEPR. This information demonstrates the extent and type of the load growth that SVP is experiencing, further underscoring the unique nature of the utility's load projections.

SVP urges CARB to take into account these unique circumstances, and update SVP's 2027-2030 allocation to reflect this surge in load growth. For purposes of recognizing the extreme load growth that has occurred in SVP's service territory, *SVP asks that CARB utilize the demand forecast set forth in the 2024 IEPR and allocate additional allowances to SVP for the 2027-2030 period.* SVP's request is not inconsistent with support for retaining the current EDU allocation for 2027-2030 that was based on the 2015 IEPR because of the extenuating and ongoing growth that SVP has experienced over the last decade. Furthermore, these impacts on load growth, can – and should be – distinguished from updates to the allocation that reflect investments in cleaner recourses. CARB has the ability and the precedent to recognize that there is load growth that was not contemplated as part of that design, such as data centers, and adjust allocation accordingly.

Conclusion

The City appreciates that this is a unique ask that will require a separate analysis, but also believes it is supported by CARB precedent and is justified. Further, use of the 2024 IEPR demand forecast would obviate the need for additional CARB staff resources to verify new data

² See 2017 FSOR, p. 734; Second Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information, dated April 13, 2017, pp. 11-13.



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sets, since CARB's allocation analysis included the 2024 IEPR data. This change is necessary to ensure that the stated purpose and objective of the allocation to EDUs is accurately reflected in the number of allowances allocated to SVP to cover its Program compliance costs. Without this change, the City will not receive an allocation of allowances sufficient to meet its Program cost burden, to the direct detriment of its electricity ratepayers.

The City appreciates CARB's consideration of this request and remains available to answer questions and provide staff with additional data, as necessary. Please do not hesitate to contact the undersigned or Kathleen Hughes at khughes@SantaClaraCA.gov or Basil Wong at bwong@SantaClaraCA.gov with any questions regarding this matter.

Respectfully submitted,

Nico Procos
Director of Electric Utility