APPEARANCES

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Dr. John R. Balmes
Ms. Sandra Berg
Ms. Dorene D’Adamo
Mr. Jerry Hill
Mr. Ronald O. Loveridge
Mr. Ron Roberts
Mr. Daniel Sperling
Mr. John Telles

STAFF
Mr. James Goldstene, Executive Officer
Mr. Tom Cackette, Chief Deputy Executive Officer
Ms. Ellen Peter, Chief Counsel
Mr. Michael Scheible, Deputy Executive Officer
Ms. Lynn Terry, Deputy Executive Officer
Ms. Kathleen Quetin, Ombudsman
Mr. Albert Ayala, Chief, Climate Change Mitigation and Emissions Branch, Research Division
Ms. Edie Chang, Chief, Program Planning and Management Branch
Mr. Chuck Shulock, Chief, Office of Climate Change
Ms. Monica Vejar, Board Clerk

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Alan Abbs, Tehama APCD
Mr. Rafael Aguilera, Verde Group
Ms. Vania Ahmadi, Healthy BBQ Communities
Mr. Azibuike Akaba, EIP
Ms. Martha Arguello, PSR, CA
Mr. David Assmann, Department of Environment
Mr. Francisco Alvarez, American GI Forum
Ms. Diane Bailey, Coalition for Clean Air
Mr. Andrew Barrera, TELACU
Ms. Nidia Bautista, Coalition for Clean Air
Mr. Bud Beebe, SMUD
Mr. Michael Beer, CBE
Ms. Susie Berlin, McCarthy & Berlin, LLP
Ms. Sara Birmingham, The Solar Alliance
Ms. Maria Birnuela, Center for Community Action and Environmental Justice
Mr. Arthur Boone, Northern California Recycling Association
Counsel Member Michael Brennan, City of Oakdale
Mr. Jack Broadbent, CAPCOA & Bay Area AQMD
Mr. David Brodwin, New Voice of Business
Mr. Cal Broomhead, City and County of San Francisco
Ms. Margo Brown, Chairman, California Integrated Waste Management Board
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Tony Brunello, Deputy Secretary for Climate, Resources Agency

Mr. John Busterud, Pacific Gas & Electric Company

Mr. Roberto Cabrales, Communities for a Better Environment

Mr. Frank Caponi, LA County Sanitation District

Mr. Tim Carmichael, Coalition for Clean Air

Ms. Carolyn Casavan, VICA

Ms. Claudia Chandler, Energy Commission

Mr. Luke Cole, Center on Race, Poverty, and the Environment

Mr. Marco Polo Cortes, San Diego County Hispanic Chamber of Commerce

Mr. Mark Cowin, Deputy Director, Department of Water Resources

Mr. John Cunningham, Contra Costa County

Ms. Phyllis Currie, SCPPA, Pasadena

Mr. Ron Davis, SCPPA Burbank

Ms. Kari Decker, APX

Mr. Terry Dressler, CAPCOA & Santa Barbara NCD

Dr. Michael Dorsey, UC Santa Cruz Environmental Studies

Mr. James Duran, Duran HCP

Ms. Eileen Dutton, ARMA

Ms. Amanda Eaken, Climate Plan, NRDC

Mr. Lamar Edwards, Wincentive Corp.
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Jon Ellison, Environmental Council of Sacramento
Dr. Bob Epstein, ETTAC
Mr. Hugh Ewing, EPFW
Mr. James Fine, Environmental Defense Fund
Mr. Tony Fisher, Anrafi Associates, LLC
Mr. Charles Frazier, Black Chamber
Mr. Socorro Gaeta, Fresno
Mr. Willie Galvan, American GI Forum
Mayor Paul Glaab, City of Laguna Niguel
Ms. Lynda Gilgun, Environmental Health Coalition
Mr. Larry Green, CAPCOA & Sac Metro AQMD
Ms. Margarita Guzman, Fresno
Ms. Elizabeth Hadley, Redding Electric Utility
Mayor Jon Harrison, City of Redlands
Mr. Chuck Helget, Allied Waste
Mr. Paul Helilker, Marin Municipal Water District
Mr. Shabaka Hery, Society for Positive Action
Ms. Cathy Hicks, Department of General Services
Mr. Andrew Hoerner, Redefining Progress
Ms. Bonnie Holmes-Gen, American Lung Association
Mr. Ruben Jauregue, LBA & LICI
Mr. Bob Johnson, UC Davis
APPEARANCES CONTINUED

ALSO PRESENT

Ms. Leilani Johnson Korral, LA Department of Water and Power

Ms. Angela Johnson-Meszaros, Environmental Justice Advisory Committee

Mr. Andy Katz, Breath CA

Ms. Rachael Katz, Pacific Forest Trust

Counsel Member Janice Keating, City of Modesto

Ms. Susan King, California Nurses Association

Mr. Brandon Kitagawa, CAFA

Mr. Bill LaMarr, California Small Business Alliance

Mr. Nick Lapis, CAW

Mr. Jose Lara, Weedpatch

Ms. Barbara Lee, CAPCOA & Northern Sonoma County APCD

Mr. Ray Leon, Fresno

Mr. Bob Lucas, CCEEB

Ms. Linda MacKay, CRPE

Mr. Justin Malan, Local Environmental and Health

Mr. Roy McBrayer, Deputy to State Architect, Department of General Services

Mr. Richard McCann, ASPEN Environmental

Mr. Robert Meacher, Plumas County Supervisor

Ms. Irma Medellin, Lindsay

Mr. Pete Montgomery, CBIA

Sgt. Major Daniel Morales, American GI Forum, Sacramento

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ALSO PRESENT

Mr. Chris Morfas, Safe Routes to School National Partnership

Mr. Nettie Morrison, Allensworth

Mr. Michael Murray, Sempra Energy

Ms. Charlotte Myers, Catholic Charities, Diocese of Stockton

Mr. Brent Newell, Center on Race Poverty and the Environment

Ms. Ulla Nielsen

Council Member Lisa Novotny, City of Lakewood

Ms. Marybelle Nzegwu, Fresno

Ms. Eurosoreina Ordaz, Arvin

Ms. Ana Orozco, Communities for a Better Environment

Ms. Calla Rose Ostrander, San Francisco of the Environment

Ms. Michelle Passelo, The Nature Conservancy

Ms. Amisha Patel, California Chamber

Ms. Kathryn Phillips, Environmental Defense

Mr. Ray Pingle, Sierra Club of California

Ms. Catherine Reheis-Boyd, Western States Petroleum Association

Ms. Maria Rivera, Fresno

Ms. Inez Rojas, Fresno

Mr. David Roland-Holst

Ms. Kyra Ross, League of California Cities

Dr. Trisha Roth, American Academy of Pediatrics
ALSO PRESENT

Ms. Dorothy Rothrock, CMTA, AB 32 Implementation Group

Mr. Hank Ryan, Small Business California

Ms. Nancy Ryan, Ph.D., Chief of Staff for President Peevey, California Public Utilities Commission

Mr. Seyed Sadredin, CAPCOA & San Joaquin Valley AQMD

Mr. Jim Sandval, Bay Area Clean Water Agencies

Ms. Sofia Sarabia, Fresno

Mr. David Schonbronn, Transportation Solutions Defense and Education Fund

Mr. Gary Schoonyan, Southern California Edison

Mr. Will Seavey, MD, Physicians Social Responsibility

Mr. Malakai Seku-Amen, California State NAACP

Ms. Patty Senecal, International Warehouse Logistics Association

Mr. Josh Shaw, California Transit Association

Ms. Polly Shaw, SUNTECH

Ms. Sarah Skikne, Corporate Research Analyst

Ms. Kari Smith, Sun Power Corp.

Ms. Gina Solomon, NRDC

Mr. Bill Sproull, Clear Edge Power

Ms. Alison Stoffer, California Small Business Association

Ms. Susan Strong, ACC, CPI, PIMA, SPPA

Mr. Robert Sudnick, Evergreen Oil

Ms. Rebecca Sutton, Environmental Working Group
APPEARANCES CONTINUED

ALSO PRESENT

Ms. Diane Takvorian, Environmental Health Coalition
Mr. Jim Talbott, City of Guadalupe
Mr. Scott Tomashefsky, Northern California Power Agency
Mr. Jesus Torres
Mr. Matt Vander Sluis, Planning and Conservation League
Mr. Barry Vesser, Climate Protection Campaign
Mr. Barry Wallerstein, CAPCOA & South Coast AQMD
Ms. Laurie Wayburn, Pacific Forest Trust
Ms. Linda Weiner
Mr. Chuck White, Waste Management
Mr. David Wright, Southern California Public Power Authority
Ms. Kate Wright, Local Government Commission
Mr. Mike Zuckerman, Temple San Francisco

ALSO PRESENT BUT DID NOT TESTIFY

Ms. Aurora Alvarado, Plainview
Ms. Griselda Alvarado, Plainview
Ms. Imelda Alvarado, Plainview
Ms. Oralia Alvarado, Wasco
Ms. Valeriana Alvarado, Plainview
Mr. Juvenal Bermudez, Arvin
Ms. Ingrid Brostrom, Visalia

PETERS SHORTHAND REPORTING CORPORATION  (916) 362-2345
APPEARANCES CONTINUED

ALSO PRESENT BUT DID NOT TESTIFY

Ms. Ana Cisneros, Plainview
Mr. Luke Cole, San Francisco
Ms. Angela Cuuillo, Arvin
Ms. Alma Duran, Allensworth
Ms. Caroline Farrell, CRPE
Mr. Sammy Galves, Visalia
Ms. Jennifer Giddings, Visalia
Ms. Isabel Gonzales, Lamont
Ms. Maria Hernandez, Lamont
Ms. Carolina Holguin, McFarland
Mr. Jesus Jaimes, Fresno
Ms. Christina James, Fresno
Ms. Knelda Leon, Fresno
Mr. Jose Lona, Wasco
Ms. Maura Lopez, Weedpatch
Mr. Bravlio Martinez, Fresno
Ms. Lupe Martinez, Fresno
Ms. Maria Martinez, UFW
Mr. Luis Medellin, Plainview
Ms. Mariano Medina, Woodpatch
Ms. Rosa Morales, Fresno
Mr. Guadalupe Nunez, Plainview
Mr. Moises Ochoa, Fresno

PETERS SHORTHAND REPORTING CORPORATION  (916) 362-2345
ALSO PRESENT BUT DID NOT TESTIFY

Ms. Ofelia Ochoa, Wasco
Ms. Maria Elena Orozco, Orosi
Ms. Raquel Ortega, Merced
Ms. Andrea Prado
Ms. Maria Prado
Mr. Alvaro Preciado, Fresno
Ms. Gloria Preciado, Fresno
Mr. Jose Reynoso, Fresno
Mr. Nick Robinson, Walmart Action Network
Ms. Carmen Rodriguez, Lamont
Mr. Jorge Salas, Plainview
Ms. Rosalinda Salas, Plainview
Ms. Daniela Sinumovic, Fresno
Mr. Mario Talavera, Fresno
Ms. Ana Torres, Fresno
Ms. Dolores Valdez, Wasco
Ms. Maria Villasenor, Fresno
Ms. Maria Ybarra, Arvin
Ms. Maria Yepez, Arvin

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
INDEX

<table>
<thead>
<tr>
<th>Item 08-10-1</th>
<th>Item 08-10-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson Nichols</td>
<td>Chairperson Nichols</td>
</tr>
<tr>
<td>Executive Officer Goldstene</td>
<td>Executive Officer Goldstene</td>
</tr>
<tr>
<td>Staff Presentation</td>
<td>Staff Presentation</td>
</tr>
<tr>
<td>Q&amp;A</td>
<td>Board member Q&amp;A</td>
</tr>
<tr>
<td>Ms. Johnson-Meszaros</td>
<td>Ms. Johnson-Meszaros</td>
</tr>
<tr>
<td>Dr. Lloyd</td>
<td>Dr. Lloyd</td>
</tr>
<tr>
<td>Dr. Epstein</td>
<td>Dr. Epstein</td>
</tr>
<tr>
<td>Mr. Brunello</td>
<td>Mr. Brunello</td>
</tr>
<tr>
<td>Ms. Ryan</td>
<td>Ms. Ryan</td>
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<tr>
<td>Ms. Chandler</td>
<td>Ms. Chandler</td>
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<td>Ms. Brown</td>
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<td>Mr. Cowin</td>
<td>Mr. Cowin</td>
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<tr>
<td>Mr. McBrayer</td>
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<tr>
<td>Ms. Hicks</td>
<td>Ms. Hicks</td>
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<td>Mr. Harrison</td>
<td>Mr. Harrison</td>
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<tr>
<td>Ms. Keating</td>
<td>Ms. Keating</td>
</tr>
<tr>
<td>Ms. Novotny</td>
<td>Ms. Novotny</td>
</tr>
<tr>
<td>Mr. Montgomery</td>
<td>Mr. Montgomery</td>
</tr>
<tr>
<td>Reverend Myers</td>
<td>Reverend Myers</td>
</tr>
<tr>
<td>Mr. Heru</td>
<td>Mr. Heru</td>
</tr>
<tr>
<td>Ms. Phillips</td>
<td>Ms. Phillips</td>
</tr>
<tr>
<td>Mayor Glaab</td>
<td>Mayor Glaab</td>
</tr>
<tr>
<td>Mr. Talbott</td>
<td>Mr. Talbott</td>
</tr>
<tr>
<td>Ms. Ross</td>
<td>Ms. Ross</td>
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<tr>
<td>Mr. Schonbronn</td>
<td>Mr. Schonbronn</td>
</tr>
<tr>
<td>Mr. Cunningham</td>
<td>Mr. Cunningham</td>
</tr>
<tr>
<td>Mr. Morfas</td>
<td>Mr. Morfas</td>
</tr>
<tr>
<td>Mr. Sudnick</td>
<td>Mr. Sudnick</td>
</tr>
<tr>
<td>Mr. Shaw</td>
<td>Mr. Shaw</td>
</tr>
<tr>
<td>Mr. Pingle</td>
<td>Mr. Pingle</td>
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<tr>
<td>Mr. Vander Sluis</td>
<td>Mr. Vander Sluis</td>
</tr>
<tr>
<td>Mr. Broomhead</td>
<td>Mr. Broomhead</td>
</tr>
<tr>
<td>Ms. Ostrander</td>
<td>Ms. Ostrander</td>
</tr>
<tr>
<td>Mr. Ellison</td>
<td>Mr. Ellison</td>
</tr>
<tr>
<td>Ms. Wright</td>
<td>Ms. Wright</td>
</tr>
<tr>
<td>Mr. Brennan</td>
<td>Mr. Brennan</td>
</tr>
<tr>
<td>Mr. Assmann</td>
<td>Mr. Assmann</td>
</tr>
</tbody>
</table>

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
<table>
<thead>
<tr>
<th>Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sgt. Major Morales</td>
<td>178</td>
</tr>
<tr>
<td>Mr. Alvarez</td>
<td>180</td>
</tr>
<tr>
<td>Mr. Galvan</td>
<td>181</td>
</tr>
<tr>
<td>Mr. Johnson</td>
<td>184</td>
</tr>
<tr>
<td>Ms. Eaken</td>
<td>186</td>
</tr>
<tr>
<td>Ms. MacKay</td>
<td>188</td>
</tr>
<tr>
<td>Ms. Morrison</td>
<td>189</td>
</tr>
<tr>
<td>Ms. Medellin</td>
<td>189</td>
</tr>
<tr>
<td>Ms. Gaeta</td>
<td>190</td>
</tr>
<tr>
<td>Mr. Leon</td>
<td>192</td>
</tr>
<tr>
<td>Mr. Lara</td>
<td>194</td>
</tr>
<tr>
<td>Ms. Guzman</td>
<td>195</td>
</tr>
<tr>
<td>Ms. Rojas</td>
<td>195</td>
</tr>
<tr>
<td>Ms. Ibera</td>
<td>196</td>
</tr>
<tr>
<td>Mr. Cole</td>
<td>197</td>
</tr>
<tr>
<td>Mr. Boone</td>
<td>199</td>
</tr>
<tr>
<td>Mr. Lapis</td>
<td>201</td>
</tr>
<tr>
<td>Mr. Helget</td>
<td>202</td>
</tr>
<tr>
<td>Mr. White</td>
<td>203</td>
</tr>
<tr>
<td>Ms. Wayburn</td>
<td>206</td>
</tr>
<tr>
<td>Ms. Katz</td>
<td>208</td>
</tr>
<tr>
<td>Ms. Passelo</td>
<td>209</td>
</tr>
<tr>
<td>Mr. Beebe</td>
<td>211</td>
</tr>
<tr>
<td>Mr. Murray</td>
<td>213</td>
</tr>
<tr>
<td>Ms. Smith</td>
<td>214</td>
</tr>
<tr>
<td>Ms. Orozco</td>
<td>216</td>
</tr>
<tr>
<td>Mr. Sexu-Amen</td>
<td>217</td>
</tr>
<tr>
<td>Mr. Cabrales</td>
<td>220</td>
</tr>
<tr>
<td>Mr. Busterud</td>
<td>222</td>
</tr>
<tr>
<td>Ms. Berlin</td>
<td>224</td>
</tr>
<tr>
<td>Mr. Wright</td>
<td>225</td>
</tr>
<tr>
<td>Mr. Davis</td>
<td>227</td>
</tr>
<tr>
<td>Ms. Currie</td>
<td>229</td>
</tr>
<tr>
<td>Ms. Johnson Korral</td>
<td>230</td>
</tr>
<tr>
<td>Ms. Hadley</td>
<td>232</td>
</tr>
<tr>
<td>Ms. Gilgun</td>
<td>235</td>
</tr>
<tr>
<td>Mr. Schoonyan</td>
<td>237</td>
</tr>
<tr>
<td>Ms. Sarabia</td>
<td>238</td>
</tr>
<tr>
<td>Ms. Nzegwu</td>
<td>240</td>
</tr>
<tr>
<td>Ms. Takvorian</td>
<td>242</td>
</tr>
<tr>
<td>Ms. Shaw</td>
<td>244</td>
</tr>
<tr>
<td>Mr. Tomashefsky</td>
<td>246</td>
</tr>
<tr>
<td>Mr. Brodwin</td>
<td>249</td>
</tr>
<tr>
<td>Ms. Birmingham</td>
<td>251</td>
</tr>
<tr>
<td>Mr. Vesser</td>
<td>253</td>
</tr>
<tr>
<td>Mr. Aguilera</td>
<td>255</td>
</tr>
<tr>
<td>Name</td>
<td>Page</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------</td>
</tr>
<tr>
<td>Mr. Hoerner</td>
<td>258</td>
</tr>
<tr>
<td>Mr. Beer</td>
<td>260</td>
</tr>
<tr>
<td>Ms. Decker</td>
<td>261</td>
</tr>
<tr>
<td>Mr. Newell</td>
<td>263</td>
</tr>
<tr>
<td>Ms. Lee</td>
<td>264</td>
</tr>
<tr>
<td>Mr. Sadredin</td>
<td>267</td>
</tr>
<tr>
<td>Mr. Dressler</td>
<td>268</td>
</tr>
<tr>
<td>Mr. Broadbent</td>
<td>270</td>
</tr>
<tr>
<td>Mr. Greene</td>
<td>271</td>
</tr>
<tr>
<td>Mr. Abbs</td>
<td>272</td>
</tr>
<tr>
<td>Mr. Wallerstein</td>
<td>273</td>
</tr>
<tr>
<td>Ms. Patel</td>
<td>274</td>
</tr>
<tr>
<td>Ms. Rothrock</td>
<td>275</td>
</tr>
<tr>
<td>Mr. Dorsey</td>
<td>278</td>
</tr>
<tr>
<td>Ms. Neilsen</td>
<td>280</td>
</tr>
<tr>
<td>Ms. Fleagle</td>
<td>281</td>
</tr>
<tr>
<td>Mr. Harris</td>
<td>283</td>
</tr>
<tr>
<td>Mr. Jauregui</td>
<td>284</td>
</tr>
<tr>
<td>Mr. Polo</td>
<td>285</td>
</tr>
<tr>
<td>Mr. Torres</td>
<td>288</td>
</tr>
<tr>
<td>Mr. Hargrove</td>
<td>291</td>
</tr>
<tr>
<td>Mr. Zuckermann</td>
<td>293</td>
</tr>
<tr>
<td>Mr. Lucas</td>
<td>294</td>
</tr>
<tr>
<td>Mr. Frazier</td>
<td>297</td>
</tr>
<tr>
<td>Ms. Skikne</td>
<td>298</td>
</tr>
<tr>
<td>Ms. Casavan</td>
<td>300</td>
</tr>
<tr>
<td>Mr. Caponi</td>
<td>302</td>
</tr>
<tr>
<td>Mr. Fine</td>
<td>304</td>
</tr>
<tr>
<td>Dr. McCann</td>
<td>306</td>
</tr>
<tr>
<td>Mr. Ryan</td>
<td>308</td>
</tr>
<tr>
<td>Mr. Duran</td>
<td>310</td>
</tr>
<tr>
<td>Mr. Barrera</td>
<td>314</td>
</tr>
<tr>
<td>Ms. Stoffer</td>
<td>316</td>
</tr>
<tr>
<td>Mr. LaMarr</td>
<td>318</td>
</tr>
<tr>
<td>Ms. King</td>
<td>320</td>
</tr>
<tr>
<td>Ms. Solomon</td>
<td>321</td>
</tr>
<tr>
<td>Ms. Holmes-Gen</td>
<td>325</td>
</tr>
<tr>
<td>Ms. Aguello</td>
<td>328</td>
</tr>
<tr>
<td>Dr. Roth</td>
<td>331</td>
</tr>
<tr>
<td>Mr. Kitagawa</td>
<td>332</td>
</tr>
<tr>
<td>Ms. Weiner</td>
<td>334</td>
</tr>
<tr>
<td>Mr. Malan</td>
<td>336</td>
</tr>
<tr>
<td>Mr. Akaba</td>
<td>337</td>
</tr>
<tr>
<td>Ms. Reheis-Boyd</td>
<td>339</td>
</tr>
<tr>
<td>Mr. Weyman</td>
<td>342</td>
</tr>
<tr>
<td>Ms. Dutton</td>
<td>344</td>
</tr>
</tbody>
</table>
INDEX CONTINUED

<table>
<thead>
<tr>
<th>Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Ewing</td>
<td>346</td>
</tr>
<tr>
<td>Ms. Strong</td>
<td>347</td>
</tr>
<tr>
<td>Mr. Sandoval</td>
<td>349</td>
</tr>
<tr>
<td>Ms. Sutton</td>
<td>352</td>
</tr>
<tr>
<td>Ms. Senecal</td>
<td>354</td>
</tr>
<tr>
<td>Mr. Katz</td>
<td>357</td>
</tr>
<tr>
<td>Mr. Fisher</td>
<td>359</td>
</tr>
<tr>
<td>Board Discussion</td>
<td>360</td>
</tr>
<tr>
<td>Adjournment</td>
<td>374</td>
</tr>
<tr>
<td>Reporter's Certificate</td>
<td>375</td>
</tr>
</tbody>
</table>

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
CHAIRPERSON NICHOLS: Good morning. And welcome to this meeting of the Air Resources Board.

Somewhere in here I have a script I'm supposed to read, but I don't know quite where it is at the moment. So I'm just going to welcome you.

We do customarily begin our Board meeting with the Pledge to the Allegiance to the flag. So let me ask you to please rise.

(Thereupon the Pledge of Allegiance was Recited in unison.)

CHAIRPERSON NICHOLS: Thank you. Would the Clerk please call the roll?

BOARD CLERK VEJAR: Dr. Balmes?

Ms. Berg?

BOARD MEMBER BERG: Here.

BOARD CLERK VEJAR: Ms. D'Adamo?

BOARD MEMBER D'ADAMO: Here.

BOARD CLERK VEJAR: Supervisor Hill?

BOARD MEMBER HILL: Here.

BOARD CLERK VEJAR: Mayor Loveridge?

Supervisor Roberts?

BOARD MEMBER ROBERTS: Here.

BOARD CLERK VEJAR: Professor Sperling?

BOARD MEMBER SPERLING: Here.
Before we begin our meeting this morning, I have both a sad and pleasant duty. As most of you probably already know, we are going to be losing a Board member due to circumstances that were definitely within his control.

Supervisor Jerry Hill is going to be moving on to the Legislature. And so this is his last Board meeting today.

And we prepared a resolution, which I'm hoping that my fellow Board members will be willing to sign. Could be controversial. But I'd like to read it. And then later on we'll all actually get a chance to sign it. I think we'll have a little photo session during the lunch break if you don't mind. But I do want to read the resolution in public. So bear with me here. This is in the form of an Executive Order.

"Whereas, Supervisor Jerry Hill was appointed to the Air Resources Board in February 2007 by Governor Schwarzenegger as a representative of the Bay Area Air Quality Management District.
"And whereas, Supervisor Hill quick by became recognized throughout ARB for his astute insight, his encouraging nature, patience, personal warmth, collegiality, and good humor even under stressful circumstances.

"And whereas, the Board has benefited greatly in its deliberations from Supervisor Hill's 17 years experience as a local elected official having served as a San Mateo City Council member, mayor, and county supervisor.

"And whereas, Supervisor Hill has represented his Bay Area constituents with conscious and diligence for the past 21 months through an unprecedented and transformation period as ARB's globally recognized environmental leadership in many aspects of air quality protection extended into climate change mitigation.

"And whereas, Supervisor Hill further made clear his leadership in advocacy for clean air and community health, serving as Chairman of the Bay Area Air Quality Management District.

"And whereas, having been elected to the California State Assembly on November 4th, 2008, Jerry Hill leaves his serve to ARB in the highest possible regard of his colleagues to continue his
"Now be it resolved, that the Board members on behalf of all ARB express their heartfelt appreciation to State Assembly Member Elect Jerry Hill for his distinctive and devoted service to the health, welfare, and safety of all Californians by his service to this Board.

"Be it further resolved, the Board wishes all possible success to Assembly Member Hill and looks forward to opportunities for continued collaboration to advance the causes of clean air and a healthful environment."

Do I have a unanimous motion to approve? I believe I do. We are so happy.

(Applause)

CHAIRPERSON NICHOLS: It comes with the usual valuable plaque. We'll all sign it and give it to you to hang on your office wall. I hope it will be there. Thank you.

All right. Now let me just make a couple of logistical announcements. As I'm sure most people already know, if you want to testify on any item, you need to sign up with the Clerk of the Board. You don't have to include your name, although it helps us if you do.

We are going to be imposing to begin with a
three-minute time limit. And we have the option to impose further limits on testimony if things gets to be repetitive.

But we mostly want to hear from you in your own words. And particularly for those who have written testimony, please assume that we have your written testimony and it will be in the record and the Board members will read it. So when you speak, if you can cut to the chase, we would appreciate that very much.

For this meeting, we have translation services available in Spanish for those who need it. There are headsets available outside the meeting room at the attendants sign-up table.

And now in the translator will repeat my remarks in Spanish.

(Thereupon translation was made in Spanish.)

CHAIRPERSON NICHOLS: Thank you.

For safety reasons I need to remind you that there are emergency exists at the rear of the room. In the event of a fire alarm, we're required to evacuate this room immediately and go down the stairs and out of the building. When the all-clear signal is given, we return to the hearing room and resume the hearing.

I think that's it for housekeeping announcements.

Our first item this morning is on the topic of
the impacts of climate change in California. It's a matter have good fortune we have this presentation available today before we go into our hearing on the AB 32 Scoping Plan.

So now I will turn the program over to our Executive Officer.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Madam Chairman. Good morning, members.

That the globe is warming is no longer a matter of debate. The International Panel on Climate Change has concluded that this warming is largely driven by human activities, such as the burning of fossil fuels.

As you heard last month from our sister agency, the Office of Environmental Health Hazard Assessment, California is already experiencing higher temperatures, rising sea levels, and earlier snow melt due to climate change.

Recognizing that additional global warming is inevitable, the Governor directed the secretary of the California Environmental Protection Agency to lead a multi-agency effort to regularly assess the impacts of climate change on California and to examine options that would best prepare our state to respond to the most adverse consequences.

Today, Dr. Albert Ayala will present an overview.
of our ongoing research and the research of others
providing an update on the science we're receiving on the
impacts of global warming on California.

Dr. Ayala.

(Thereupon an overhead presentation was
presented as follows.)

CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Thank you, Mr. Goldstene. Good morning,
Madam Chairman and members of the Board.

On behalf of a team of scientists from our
various State government agencies and academic
institutions conducting climate change research, I'm
pleased to offer to you this brief update on what we
expect a warming world will mean for us right here in our
state.

Some of the work I will discuss is preliminary
and still in progress, but the relevance of the
observations merit your consideration.

In the next 15 minutes, I will review recent
findings concerning what we foresee as the most critical
impacts to California's ecosystems, public health, and the
economy.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Unequivocally, the world is getting warmer
and this warming trend has accelerated in recent years. Even if we were to magically bring our world's greenhouse gas emissions to zero by tomorrow, the inertia of our climate system has already committed us to more than a degree of additional warming. Thus, we will need to cope with the consequences of and learn to adapt to a different world.

Substantial evidence indicates an increase in the global average temperature of more than two degrees Celsius above pre-industrial levels poses severe risks to natural systems and human health and well being. By stabilizing the concentrations of greenhouse gas in the atmosphere at or below about 450 parts per million is believed to offer us a chance of keeping the global temperature from rising to catastrophic level.

The Governor's call for an 80 percent reduction of greenhouse gas emissions below 1990 levels by the year 2050 is consistent with the attempt an achieve this stabilization goal. If industrialized countries were to commit to the same reduction goal as California and developing countries also pursue aggressive strategies, the world may have a chance to avoid the most severe impacts of climate change.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
CHIEF AYALA: Global greenhouse gas emissions are on the rise. This slide shows in the solid green curve present
day carbon dioxide emissions and in the dashed green curve
the path to future reductions necessary to achieve the
climate stabilization target.

This curve is compared to the emissions trend for
two scenarios identified by the Intergovernmental Panel on
Climate Change.

The business-as-usual emissions scenario, the red
curve is characterized by continued heavy reliance on
fossil fuels.

The most optimistic of the IPPC future scenarios,
the blue curve, assumes global emissions peaking around
the year 2050 and then decreasing to about current levels
by the end of our century.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Unfortunately, we are releasing greenhouse
gas emissions at an ever-increasing rate. The one percent
per year growth in emissions observed in the 1990s has
turned to about two to three percent in the current
decade.

This increasing trend, despite international
discussion to curb the use fossil fuel, tracks with it a
corresponding increase in atmospheric carbon dioxide

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concentrations. Aggressive and coordinated action for emission reduction is urgently needed.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Climate change is already happening. Over the past 100 years, the statewide average temperature has already increased by more than a degree Fahrenheit. This doesn't sound like much, but it has resulted in a seven-inch rise in sea level, less snow melt during spring and summer, spring blooms advanced by ten days, and longer and more active wild fire seasons.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Recognizing California's vulnerability to the impacts of climate change, the Governor by Executive Order in June 2005 in addition to calling for greenhouse gas emission reductions for our state also asked for a period update on climate change science. The Executive Order called for the California Environmental Protection Agency to prepare biennial science reports to document impacts on climate sensitive sectors, such as the state's water supply, public health, agriculture, coast lines, and forestry.

About 80 State agency, university, and national laboratory scientists produced the first report in '06,
which was peer reviewed through the Office of the President of the University of California. The '06 climate scenarios reports provided a valuable initial overview of climate impact on key sectors in the state.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: The 2008 climate impact assessment, our second report to the Governor to be released early next year, builds on the '06 study to improve our projections of expected climate change in California, translates these physical and biological impacts into sectoral economic impacts, and develops and evaluates strategies for key sectors or regions for adapting to climate change already underway.

Allow me to share some highlights of the assessment.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: The scenario analysis is based on several widely accepted global climate models to project the California future around the end of the century ranging from scenarios such as usual to aggressive worldwide implementation of clean fuels and technologies.

As illustrated in this slide, the impacts are categorized into three warming rages. The various impacts
were identified under a business as usual future is no surprise.

What is significant and serious is that important affects are predicted, even at the lower warming range corresponding to a temperature increase of three to five and a half degrees Fahrenheit.

This lower warming range is based on the most optimistic of emissions scenarios. The projected impacts of the medium and higher warming ranges are quite severe, including a temperature increase of over 10 degrees Fahrenheit.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: The Sierra Nevada Mountain snow pack is California's main water reservoir and higher temperatures equate to more rain and less snow.

As shown, the state may be facing a future with as much as 70 to 90 percent reduction in the Sierra Nevada snow pack. California's water delivery and usage is delicately balanced. Any major changes in rainfall, snow pack, and timing would have serious ramifications.

For instance, climate change would result in the need for more irrigation coming from a less reliable water supply.

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CHIEF AYALA: Sea level rise is one of the most obvious and severe impacts of a warming world. As global warming continues, California's coast line regions will be increasingly threatened by more intense storms and warmer water temperatures.

This slide illustrates how in the extreme the San Francisco Bay coast line will be impacted by an expected sea level rise by 55 inches by the end of the century. Currently, many areas that are vulnerable to inundation are protected by levees or are wetlands that are only occasionally inundated by high tide. Sea level rise will add pressure to existing levees and increase the risk of breaching.

Given the high level of development along the San Francisco Bay and much of California's coast line, sea level rise is a significant threat to valuable infrastructure in the state. These regions face key decisions about where people will be able to live and build.

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CHIEF AYALA: Sea level rise impacts are not confined to the bay area. Climate models and wave forecasts analyzed by the Scripps Institute of Oceanography project...
inundation in six areas around San Diego. The study results from Mission Beach are illustrated here.

In the extreme, the results shown in this slide indicated that by mid century we can expect an additional increase of 12 to 18 inches of sea level rise. This will result in serious flooding in low lying areas with permanent beach loss and increasingly frequent intrusion into near shore streets, recreational areas, ecosystems, and wetlands. High tidal fluctuations would inundate portions of Sandy Beach and parts of Mission Beach park.

Serious economic and environmental consequences can be expected, though studies have not yet specifically quantified those impacts.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Global warming will also impact California's agriculture which is regarded as one of the world's most productive and diverse growing regions.

California produces 50 percent of the nation's fruits and vegetables.

One area particularly vulnerable concerns wine grapes. It's been predicted by the end of the century warmer temperatures could cause grapes to ripen one to two months earlier, impairing grape growth and reducing grape quality throughout the state.
Impacts on other crops are also expected. Rising temperatures will reduce the number of chill hours or cool overnight temperatures that plants need for proper growth. As a result, the central valley may no longer be a prime growing region for some crops such as almonds, peaches, and apricots.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: The IPPC has recently stated that projected climate induced changes are likely to affect the health of people, particularly those with existing problems that are less able to adapt through increases in disease and injury due to heat waves, floods, storms, fires, and droughts. Climate change will certainly make it more difficult to meet air quality standards as it will lead to elevated levels of air pollution.

The relationship between heat related death and climate change is widely established now. As temperatures rise, Californians will face greater risk from dehydration, heat stroke, exhaustion, heart attack, and respiratory distress caused by extreme heat.

Recent events serve as sobering reminders that the impact of wild fires are not confined to structures. Public health is also compromised when fires are increasing magnitude, intensity, and duration lead to
large plumes of smoke that engulf entire population centers.

In California, we know that low socioeconomic status and minority communities are potentially more vulnerable to health impacts associated with increasing temperatures due to less access to cooling centers, air conditioning, and health care.

In the next four slides, I will expand on these points.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Because of California's already severe air quality problems, an important question is whether future climate change will undermine our air pollution control efforts.

As you can see, there is a clear linear relationship between increasing temperatures and increasing ozone concentrations. These measurements are taking from records for Riverside, which is in the peak ozone area down wind of Los Angeles, and for Fresno, the main population center of the San Joaquin Valley.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Researchers at the University of California at Berkeley evaluated the affects of future changes in
climate and ozone precursors for the Central Valley, the San Francisco Bay Area, and Southern California. The first set of bars represents how expected emission reductions in 2050 from implementation of various air quality strategies will reduce ambient ozone levels. But assuming there is no change in the climate. In the middle set of bars, the analysis factors in expected changes in climate, such as higher temperatures and increases in biogenic emissions. The result is a climate penalty. When these two effects are combined, as indicated on the far right, the ozone reductions stemming from the implementation of control strategies is partially or completely offset by climate change. All this means that climate change will make ozone standards more difficult to attain and maintain, thereby increasing control costs.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: This expected health impacts of climate change at the local level may be more dramatic than the projected impacts at the global scale. The latest regional climate effort led by scientists at Perdue University’s Climate Change Research Center points to an uneven burden on the United States.

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This study highlights regions where climate change will result in greater temperature increase and changes in precipitation.

Southern California, parts of the US, southwest, northern Mexico look to be hardest hit.

Let me make one last point about wild fires and their impact on health.

This year's California wild fire season has been extremely active. 2008 is on a record setting course in terms of the number of fires and the number of acres burned.

In the summer, more than 2,000 fires were burning simultaneously. The fires can turn our air no an unhealthy stew of smoke and ash and force cancellation of other athletic events and other outdoor activities.

Unfortunately, we should expect a larger number of them and more severe concurrences with global warming.

Our '06 scenario assessment suggests that large wild fires could become up to 55 percent more frequent toward the end of the century.

Wild fires have severe consequence for human health because they emit fine particulate matter that can travel long distances.

Scientists at the National Center for Atmospheric Research studied the California wild fires in '07 and
found that fires repeatedly caused ground level ozone to 
spike to unhealthy levels across a broad area, including 
much of rural California and neighboring Nevada.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: As the latest economic study from U.C. Berkeley shows, the cost of global warming to California will be high if we don't take action. Global models have produced estimates of the total economic impacts of unmitigated climate change through 2100 that range from 2.5 to 5 percent of total economic output, which for California can mean hundreds of billions of dollars.

These costs are due to impacts such as coastal flooding, agriculture, energy, our water supply, public health, and air quality. Mitigating those impacts can be done at a fraction of the cost of doing nothing.

And in an effort to begin to build our state's resilience to changes in our climate, the California Resources Agency is developing a climate adaptation strategy for our state.

Last week, the Governor issued an Executive Order more explicitly directing State agencies to plan for sea level rise and climate change.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

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CHIEF AYALA: The longer we delay making reductions in our greenhouse gas emissions, the more aggressive those reductions are going to need to be, demanding a larger and costlier effort on our part.

As the blue curve in this graph shows, if our national emissions start to disease soon and continue at a rate of approximately three percent per year, we can still keep carbon dioxides atmospheric concentrations at a level that may allow us to stabilize our climate.

But if we delay and continue on the path we're on, it will be much more difficult and costly to achieve the more than eight percent per year reductions that will be needed. The longer we wait to take action, the more costly the task of reducing emissions will be.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Let me conclude now. Climate change is already evident in our state and observed local changes are consistent with the emerging scientific evidence from across the global that human activity is responsible. California is already affected by increasing temperatures, sea level rise, and early snow melt.

Climate induced warming will make achieving health-based air quality standards more difficult and costly. However, taking early and significant actions to

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reduce greenhouse gas emissions can help avoid the most
catastrophic effects and doing so at a lower cost.

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CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Thank you. This concludes this climate
science update presentation.

CHAIRPERSON NICHOLS: Thank you.

I see from the acknowledgement we had many
contributors to this work. It’s a real synthesis of a lot
of different findings.

Do Board members have any questions or comments
about this?

Yes, Ms. Berg.

BOARD MEMBER BERG: Thank you very much.

I appreciate the update. This is fabulous
information. I just have a couple of questions.

On the CO2 emissions growth acceleration on slide
three, is California trending in that same two to three
percent a year growth?

CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: Unfortunately, yes. The latest information
we have is consistent with what we show here.

BOARD MEMBER BERG: And also then on the wild
fires, is that 2000 number or the increase that is sited
in the study, are those wild fires caused by nature, net
of human cause?

CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: I believe it's both. It's nature and lightning strikes as well as other occurrences.

BOARD MEMBER BERG: So things like arson and those types are also included in these numbers?

CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

CHIEF AYALA: It was primarily natural causes, lightning.

BOARD MEMBER BERG: Yeah. That would be important, because that would be a cause of the environment. Thank you so very much.

CHAIRPERSON NICHOLS: I have a couple of announcements I need to make.

First of all, the fire marshals have told us that we are at or possibly over capacity in this room.

There are arrangements for people to listen outside. The meeting is broadcast. And there's actually a screen I believe in which you can watch the proceeding.

It's also helpful if people that are standing will take seats. I seek quite a number of vacant seats around, some of them with backpacks or purses on them or other articles as opposed to people. I would very much appreciate it if you're planning on staying with us for more than a minute or two, if you would try to find a seat and join us. I know people like to have a little more
space, but the seats are big enough I think that you won't be too uncomfortable.

I've also been asked by the sound engineers to ask people if you can possibly keep your cell phones off as opposed to just quiet. The amount of microwave radiation that's coming into this room is actually interfering with the sound and regarding quality. So appreciate it if, unless you absolutely need to be using the phone, you could just keep it off.

I think that's it for the housekeeping at the moment.

And I'd like to now move to the next item.

BOARD MEMBER TELLES: The slide that shows the emissions growth accelerating, those are estimated emissions, I presume? It's on page 2.

CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH CHIEF AYALA: The solid curve is observed emissions up to about 2006. And from there on, you're correct. Those are projected.

BOARD MEMBER TELLES: But even the actual emissions are kind of estimated emissions.

My real question is does the state of California have any system in place where you actually measure the CO2 that's produced by the state?

RESEARCH DIVISION CHIEF CROES: The emissions are
based on fuel use. So that's actually very easy to
measure.

There are around the world measurement stations
for CO2 that in a sense verify the emission estimates
based on the fuel use data.

BOARD MEMBER TELLES: Is there a network in
California where -- I've read some things about you can do
these computer modeling systems and monitoring CO2 and
kind of actually come up with an estimate what your actual
CO2 production in a region is. Is that being done?

RESEARCH DIVISION CHIEF CROES: Yes. There's
actually the US network of CO2 monitors, and there's
actually a website where you can see what emission are for
particular regions.

CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH
CHIEF AYALA: And specifically here in California, we have
about five or six different efforts that are looking at
CO2 and other greenhouse gases.

BOARD MEMBER TELLES: Thank you.

CHAIRPERSON NICHOLS: Any other questions before
I close this item?

All right. Thank you very much for the
presentation. We'll take just a second to shift personnel
for the next presentation.

We are about to launch into our presentation on
the AB 32 implementation plan. This is an important step forward in the Air Resources Board's efforts to carry out our responsibilities under the State's Global Warming Solutions Act of 2006.

We begin the hearing today and will be taking testify formally on the proposed Scoping Plan. We will not be acting at this Board meeting. We will be holding the hearing record open and hoping to reach a final vote at the December Board meeting.

We are, however, hoping to get as much testimony in today as we can, because we know there is a great deal of interest.

And also because although the proposed plan has been out for quite some time and of course was based on the draft plan to a very considerable extent, there are still a number of items I know that Board members are going to be interested in adding in the resolution and possibly even to the plan itself before it's finally adopted. So the more time we have to null on these things, the better off we will be.

I'm just going to turn this over to the staff to make the presentation here. But I do want to say that I'm continually impressed. And I had the opportunity yesterday and the day before to sit with about 700 international delegates to the Governor's Global Climate
Summit in Los Angeles and to talk to and listen to
governors of a number of other states, representatives,
and governors of states and provinces from Brazil and
China and from India, from other -- well, several Canadian
provinces, Mexico. I'm afraid I'm going to leave somebody
out and cause an international incident.

But the point of the breath of that is just to
say that California's leadership on this issue is
recognized from around the world. And it's a both
exciting and also humbling to realize the extent to which
the decisions that we make and deliberations that we're
going through are being watched by other people.

And everything that we are grappling with here
really is relevant to the issues that are being faced of
working with respect to this global problem, including of
course the fact that in addition to a global crisis of
climate, we're also facing right now a very severe global
downturn in the world's economies. So we are at a point
where the decisions that we make are critical and need to
be approached in a very thoughtful and careful way.

I am very impressed by the amount of
consideration and the amount of input that we have had
from all sectors in our state. And I know we are going to
be hearing more about this.

But despite the fact that not everyone is in
agreement about every aspect of this plan, I have not yet
heard from a single California entity, governmental or
non-governmental business, or advocacy group that has been
saying don't do anything.

I think it's not only the fact that AB 32 is the
law, but a real testament to the people of California that
they recognize that we have an historic role to play here
and that we need to carry it forward.

So with that spirit and really with a great deal
of pride in what we're embarking on, I would now like to
ask Mr. Goldstene to start the presentation.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
Nichols.

I also attended the climate summit, and I was
excited by the expression of hope that permeated the
conference as well as the clear willingness to dive into
what must be done to reach our goals worldwide. And it's
very exciting that our Scoping Plan is providing the
leadership for so many around the world as we many embark
on our efforts to implement AB 32.

This is the second of three Board meetings at
which we are discussing the proposed Scoping Plan. Last
month, staff reviewed some of the key elements of the
plan.

Today, staff will provide a brief overview of the
plan and then will work on the major issues of comment
that we've received. We ask today that the majority of
the testimony on the plan occur at today's meeting as the
Chairman already indicated.

Next month at the December Board meeting, we'll
ask the Board for approval of the proposed Scoping Plan.

We request that only new witnesses or new material be
brought up at that Board meeting since the December 11th
meeting serves as a continuation of this item.

We've continued to work on analyzing the economic
effects of the plan. And today's presentation had provide
additional information to the Board in that regard.

Now Ms. Edie Chang from our Office of Climate
Change will begin the staff presentation. Ms. Chang.

(Thereupon an overhead presentation was
presented as follows.)

PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
CHANG: Thank you, Mr. Goldstene. Good morning, Chairman
Nichols and members of the Board.

The previous science presentation demonstrated
the important impacts climate change will have on
California.

Just last week, US Berkeley and Next 10 released
a study that made clear what the high costs could be for
California. Among other findings, the report noted the
more than half of California's four trillion dollars worth of real estate assets are at risk from extreme weather events, sea level rise, and wild fires.

This study reminds us of the purpose of AB 32:

To serve as the cornerstone of California's efforts to address climate change and to implement bold and forward looking steps to reduce greenhouse gas emissions and do our part to prevent the most severe impacts of climate change.

In October, we provided an overview of the proposed Scoping Plan, and we laid out the mix of measures, policies, regulations, and approaches that will enable California to cut emissions by 30 percent by 2020.

Today, we'd like to focuses on several additional perspectives: Including how California's efforts fit into regional, national, and international activities, and highlighting some of the more significant comments we've received and that you will likely hear in today's testimony.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: AB 32 and the Scoping Plan represent a pioneering effort to address climate change. The plan lays out a balanced approach of market-based regulations and source specific requirements to achieve both cost effective
emission reductions and to help spur the transition to a sustainable low-carbon, clean energy economy.

California's long-standing pollution control programs have demonstrated that strong environmental regulation and economic growth can go hand in hand.

For instance, we have led the nation in energy efficiency over the past 30 years, holding per capita electricity use constant in our state while national per capita usage has grown by almost 50 percent.

California's building and appliance efficiency programs have generated more than $50 billion in savings in the process.

At its core, the Climate Change Program is about reducing energy consumption, and steering California toward cleaner energy sources. This shift will provide us with greater energy security, release us from a dependence on expensive imported oil, and improve our environment and public health.

Anticipating a new administration in Washington, D.C., the work underway to refine the design of the Western Climate Initiative, and the international efforts to renew the Kyoto protocol, the ARB has developed the Scoping Plan with a full awareness of its impact on related climate change plans and initiatives whether in other states or provinces, in other continental regions,
or in other countries.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: To stabilize the climate, we must partner with the rest of the country and the rest of the world in developing and deploying the strategies and policies to achieve deep reductions in greenhouse gas emissions. For this reason, it is very important that our efforts reach far beyond our borders.

California is a founding member of the Western Climate Initiative, or WCI, which is a partnership between seven states and four Canadian provinces. The WCI partners have adopted mandatory targets that collectively will reduce greenhouse gas emissions 15 percent below 2005 levels by 2020, a goal that is approximately equal to that of AB 32.

This regional program will result in twice the amount of greenhouse gas reductions compared to a California-only effort and will help address loss of benefits due to leakage.

The WCI partners have developed a design for a cap and trade program that would link across participating jurisdictions and are also individually pursuing policies such as energy efficiency programs, requirements for renewables, and adopting California's greenhouse gas
standards for cars. California's leadership is helping to ensure that the WCI sets and attains these ambitious goals.

At the federal level, President Elect Obama has signaled his administration will begin efforts to combat climate change soon after taking office. As you have probably heard, he re-affirmed that commitment on Tuesday at the Governor's Global Climate Summit.

In Chairman Nichols' testimony to the Senate earlier this fall, she laid out a strategic plan for the U.S. EPA to begin its climate change actions under existing Clean Air Act authority.

Legislative activity is expected to increase in the 111th Congress with new proposals expected for cap and trade and other complimentary policies. It is critical to work in partnership to craft comprehensive federal legislation while preserving our ability to further innovate climate policy at the state level. This Scoping Plan provides exactly the right framework for these efforts.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: As I mentioned, earlier this week Governor Schwarzenegger hosted the Global Climate Summit, drawing participation from more than 50 nations, state, and
provinces. The summit brought together governments from around the world to share policies and strategies to address climate change and to establish a framework for ongoing collaboration.

Much of the attention at the international level has been focused on the next United Nations Convention on Climate Change, or UNFCC, which will take place in 2009 in Copenhagen. California will participate in the upcoming UNFCC dialogue in Poznań, Poland in December where we will share the policies and strategies developed as part of the Scoping Plan with an international audience.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF CHANG: As you can see from this timeline, the Scoping Plan is one of a number of important steps in AB 32's efforts under AB 32 to combat global warming. Its adoption will initiate a number of activities across the state that will set us on course to meeting our AB 32 reduction goal.

The Scoping Plan will set out important policy goals and directions, but does not dictate how future regulations or programs will necessarily be designed, adopted, or implemented. It is a plan. And the facts on the grounds at the time of rule development will determine staff's recommendations and inform the State's eventual...
CHANG: As we discussed at the October Board meetings, the proposed Scoping Plan is a comprehensive effort focused on achieving the state's greenhouse gas emission reduction goal.

The plan touches most sector of California's economy, calling upon industry, government agencies, and residents to do their part.

The strategies in the plan range from market-based regulatory programs, like a cap and trade system, to source-specific performance standards like the Pavley Greenhouse Gas Rule, to voluntary measures, to targeted fees.

The Scoping Plan also addresses the early action measures approved by the Board in September 2007. In some cases, after further evaluation, staff is recommending alternate methods for reducing emissions instead of the approach envisioned a year ago.

In other cases, the smog or diesel reduction measure are being implemented, but are not part of the Scoping Plan because their greenhouse gas reductions are very small.
CHANG: The development of a California cap and trade program that links with other WCI programs is a key feature of our overall recommendation.

This program will not only cap greenhouse gas emission, it will also put a price on those emissions. This will help drive reductions throughout the WCI region and spur the greater application of existing technologies and the creation of new technological and efficiency options.

Many other measures in the Scoping Plan will work in concert with the cap and trade program to deliver the needed emission reductions.

For example, in the energy sector, direct measures will provide better information and overcome institutional barriers that slow the adoption of cost-effective energy efficiency technologies.

And the renewable portfolio standards, as described in the Governor's Executive Order on Monday, will help to accelerate the transformation of the electricity sector, including investment in transmission infrastructure.

These comprehensive approaches are needed to position the California economy for the future by reducing the greenhouse gas intensity of products, processes, and
activities. When combined with the absolute and declining emissions limit of the cap and trade program, these policies ensure that we will cost effectively achieve California's AB 32 greenhouse gas emission goals.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: The breath of the Scoping Plan is unprecedented, affecting nearly every sector of California's economy and touching the lives of nearly all Californians in some way. Because of this, it should come as no surprise that we have heard a multitude of voices and viewpoints. Virtually all parties support the goals of the plan and recognize the need for action. But there is a wide diversity of opinions about how to best design California's Climate Change Program.

In developing the plan, we worked with our sister agencies in the Climate Action Team, local governments, industry, and environmental, community, and public health organizations. We held over 250 public workshops, work groups, seminars, and community meetings and had nearly 400 stakeholder meetings and participated in over 70 conferences.

AB 32 created two advisory committees: The Environmental Justices Advisory Committee, and the Economic and Technology Advancement Advisory Committee,
that provided us with their views and recommendations for the Scoping Plan.

We will continue to work with the Committee members as we implement the measures and programs needed to put the Scoping Plan into action.

Today, you will hear from representatives from the EJAC, the ETAAC, and some of our State agency partners at the beginning of the public comment period.

As with all far-reaching plans, there will inevitably be differences of opinion about the proper path forward, the metrics that should be used to determine the path, and the appropriate analyses.

In the final portion of the presentation today, you'll hear more about the specific comments we received. But before that, let me review some of the key requirements the Scoping Plan and subsequent regulations must meet.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: AB 32 lays out a series of requirements for the content, evaluations, and process to develop the plan. Recognizing that the plan is a policy document, the requirements are appropriately broad. I have summarized some of the key requirements on this slide.

AB 32 calls on the ARB to adopt a plan that
achieves the maximum technologically feasible and cost
effective reduction in greenhouse gas emissions. To do
this, the Board must balance what is possible to do and
how much it will cost.

AB 32 also requires ARB to evaluate the potential
costs and benefits of the plan using the best available
models, techniques, and methods. We have done this,
analyzing both the potential economic impacts as well as
the environmental and public health benefits of the plan.

In recognition of the important role of small
businesses in the state's economy, AB 32 specifically
requires ARB to consider the impacts on small business.
We have done this. And as you will hear later, we are
developing resources to help small businesses address and
thrive in the new clean energy economy.

In our plan development process, analysis, and
recommendations, ARB has met all of the statutory
requirements for the Scoping Plan.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: AB 32 also recognizes that rules will be more
detailed than plans and requires the ARB to conduct more
specific analyses and evaluations as it develops rules.
The statute includes a number of specific
requirements for the upcoming regulations that are adopted
to meet the AB 32 goal.

For example, to the extent feasible, the regulations must seek to minimize costs and maximize the total benefits to the state. They need to avoid disproportionate impacts on low-income communities and they must compliment efforts to achieve and maintain health-based air quality standards.

ARB must also consider the cost effectiveness of proposed rules, minimize leakage, and minimize the administrative burden.

The statute includes additional requirements to ensure the effectiveness of market-based compliance mechanisms. Regulations that include these mechanisms must consider the potential for direct, indirect, and cumulative emission impacts and consider the potential for localized impacts in adversely impacted communities.

As I will discuss later, ARB is initiating a process to identify these communities to ensure that rules that include market mechanisms comply with the criteria contained in AB 32.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: As we developed this plan, we received tens of thousands of comments, including written comments from the EJAC, the ETAAC, and on our economic analysis from a
number of peer reviewers.

These comments ranged from the lengthy and detailed to a simple e-mail that exorted us to do everything now.

Commenters were not shy. We received much praise, many suggestions for modifications, and in some cases, blunt criticisms.

Many of the detailed comments we received address implementation issues, especially for the cap and trade program, but also for other proposed measures. These comments will serve as an important starting point for measure implementation. And we encourage those commenters to continue their active involvement as we move to the truly challenging part, developing, adopting, and implementing the regulations and measures that actually reduce emissions.

The comments I will discuss further fall into three general areas: Comments on the roll of cap and trade, comments on specific measures, and comments on the economic and environmental analysis of the Scoping Plan.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: Let's start with the role of the cap and trade program.

We received numerous comments on the appropriate
role for cap and trade. Some commenters believe a program
more reliant on cap and trade would be more flexible and
less costly than what is recommended in the Scoping Plan.

Other parties believe that a program more reliant
on source-specific regulations would provide more
certainty and greater co-benefits. Still others have
advocated for carbon fees to play a larger role.

We believe that we have charted the appropriate
path, one that reflects the range of the energy
efficiency, energy diversity, and climate protection
policies underway in California.

The proposed plan contains several major measures
that implement existing state policy, including the Pavley
motor vehicle reductions, the land use and transportation
approach required by SB 375, and the low carbon fuel
standard.

In addition, energy measures designed in
consultation with the Energy Commission and the Public
Utilities Commission are important to include in the plan.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: Together, these measures, reflective of
California's existing environmental and energy policies,
provide many of the reductions needed to meet AB 32's 2020
emissions target.

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The cap and trade program will work in tandem
with these measures and will put a hard limit on emissions
while providing compliance flexibility and helping to
drive innovation in new energy technologies.

So we have developed a proposed plan that takes
into account these various policy considerations and
assess the economic, environmental, and public health
impacts of the recommended approach. This is consistent
with the requirements of AB 32.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: A second major group of comments we received
address specific measures: Whether we went too far, not
far enough, or whether the measures themselves were
designed appropriately.

Let me review some of the major areas in which we
have received measure-specific comments.

In any cap and trade program, the method for
distributing allowances, or the rights to emit, is a major
policy decision. We noted that 100 percent auction was a
worthwhile goal, but that the transition to 100 percent
auction would need to consider many factors, including
competitive factors, the potential for leakage, the impact
on consumers, and the use of revenues.

ARB received recommendations from the Energy
Commission and the Public Utility Commission regarding how to address the distribution of allowances for the electricity sector.

Comments from the utilities and power providers reflect a wide range of views, from support for 100 percent auction, to concern about the potential for wealth transfer if an auction is pursued.

Some industrial sources support free allocation of allowances. While others, including some environmental groups, support moving to 100 percent auction as quickly as possible.

In the area of offsets, consistent with the WCI program design, we propose to limit offsets to less than half of the required emission reductions. This ensures that substantial emission reductions occur at sources in the cap and trade program and was intended as an upper bound.

Since the proposed Scoping Plan was released last month, we have heard concerns that the proposed limit is too high. Other commenters have advocated for no limits on offsets.

Staff believes the plan identifies a proper upper bound for offset use. Future work is needed during the regulatory process to determine the proper rules for use of offsets.
For electricity generation and the industrial sector, the plan proposes cap and trade as the principle method for reducing emissions. Some environmental and community groups have suggested that additional direct regulations on industrial sources would provide more certainty. And the plan proposes several measures along these lines. These include an audit of the largest sources to identify cost effective emissions reductions, and performance-based rules for some fugitive emissions and refinery flaring.

Our analysis led us to the conclusion that cap and trade is the best option for regulating combustion emissions at these sources, but that performance standards for emissions that don't fit into cap and trade were needed.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: The five million metric ton target in the plan for land use and transportation planning is the midpoint of a study we commissioned by U.C. Berkeley. The upper end of the range in the U.C. study is ten million metric tons. However, it is important to note that the U.C. study does not include the potential additional benefits of market strategies, such as congestion pricing or pay as you drive insurance.

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Staff has reviewed the Read Ewing study mentioned in public comments and found its results are comparable to the U.C. study when differences in methodologies are taking into account.

In the waste sector, we worked closely with the California Integrated Waste Management Board to develop a measure to increase commercial recycling rates. We recommended a measure that describes a variety of implementation approaches which could, over time, result in a mandatory program. Many environmental groups have encouraged the ARB and the Waste Board to pursue a mandatory approach immediately.

In the forestry sector, the plan includes a strategy at a minimum maintain current levels of forest sequestration. We agree with commenters that sound accounting methods will be critical for assessing progress toward the Scoping Plan target. We also expect that the forest sector will be a source of voluntary carbon credits as we described at the September Board meeting when the Board adopted the quantification protocol for forest projects.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: The last major category of comments we will discuss relates to the analyses of the impacts of the
Scoping Plan. I've broken this section into economic analysis and public health analysis.

In order to respond to Board member questions, comments from stakeholders, and the peer reviewers, we have conducted additional analyses. The result of this work did not change our overall assessment that the plan will have positive environmental and economic impacts, nor does it change the staff's recommendation.

We have also received comments that our analyses should have accounted for the impacts of climate change. We did not include these costs, but acknowledged the high cost of inaction. As you heard earlier this morning, the economic costs of the climate change are enormous.

For example, a study published last week by U.C. Berkeley and Next 10 estimated that the public health sector alone faces from four billion to $24 billion in additional annual costs associated with climate change impacts.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: Let's begin with the economic analysis. In September, staff published an economic analysis for the draft plan. In the course of preparing this analysis, we held a workshop on modeling tools and considered the results from earlier Climate Action Team work, the
literature, and stakeholder input. We also made arrangements for our analysis to be peer reviewed. Our analysis concluded that the draft plan would have a net positive impact on California's economy. This finding was largely due to savings associated with energy efficiency measures and the Pavley rules. At the time the analysis was published, staff noted that it would benefit from further work on how changes in key assumptions, such as energy prices and the cost of measures, might affect the results. And we have undertaken additional work to address these and other issues.

We have received public comments raising a number of issues, many of which argue our results are too optimistic and likely underestimate the cost of the plan. We also recently received comments from the peer reviewers, some of whom make similar points and provide a number of critiques and suggestions on aspects of our analysis. In some cases, we agree with the suggestions for improvement while in others we believe that our approach is appropriate.

We are in the process of developing written responses to the comments from the peer reviewers which we plan to complete and release shortly. In the mean time, we want to update you today on the results of our
additional work to date.

Overall, we believe that even taking into account the major points made by stakeholder comments and the peer reviewers, our original finding that the plan will have a net positive impact on the California economy is valid.

This result is consistent with the findings of recent studies of greenhouse gas reduction strategies conducted for the states of Florida and Maryland, and for the Western Climate Initiative.

It is also worth noting that although other studies conducted at the national level show a net cost from climate protection programs, the effect is very small in the context of the overall economy.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF CHANG: One concern that has been raised consistently is the near and mid-term impact of the measures in the plan.

In response, we have developed additional information regarding the impact of the plan between 2009 and 2014. These estimates are preliminary, given that the detailed implementation schedule for most measures is yet to be defined.

For the major measures, we assessed when costs would occur and when savings would accrue. Only a few measures kick in before 2012: The Pavley regulations, the
discrete early actions, and the combined heat and power measure.

Our initial estimates are that these measures will require $2.4 billion in capital investments before 2012 mostly from investments in new generation for combined heat and power systems. This total also includes the additional costs for more efficient vehicles resulting from the Pavley and Smart Ways regulations and equipment to control methane from landfills.

In considering this investment, we need to remember that a business buying a new car or a fleet of cars or investing in combined heat and power will be financing that invest. They won't pay the full amount in the first year, but will make payments over time that are offset by the savings.

When we consider what the actual expenditures will be year to year, we estimate that the total expenditures in 2009, 2010, and '11 are about $900 million. This compares to savings about $1.6 billion or a net savings of over $700 million over that initial period.

By 2012, most of the measures in the plan will be in effect. And the costs and savings both increase as people and businesses continue to invest in and reap the benefits of increased energy efficiency.

Significant money will need to be invested in
California in this period as new investments in solar, wind, and geothermal power plants and the transmission to support them comes into play to move California past the 20 percent renewable portfolio standards.

As California builds new homes and buildings, incremental investment will be needed to improve efficiency. Investment will need to be directed to upgrading existing homes and businesses to make them more efficient. And as we all replace appliances and other equipment, we will see incremental costs for more efficient models.

When the measures in the plan are looked at together, we expected to see almost $30 billion invested between 2012 and 2014 to improve the ways Californians use energy. This will translate into expenditures of $12 billion during this period, which will be more than offset by the anticipated savings of $19 billion.

While these savings are good from an aggregate perspective, they don't mean every California business and resident will see savings. As we develop the specific measures during the phase-in of the regulations, we will consider the timing and distribution of the various costs and savings.

We have heard extensively from small business owners concerned about the impacts of the Scoping Plan on
the viability of their businesses. Our analysis shows that the primary impact of the Scoping Plan on small businesses will be a change in energy expenditures. The Scoping Plan calls for a number of efficiency improvements that can offset any increases in energy costs. But we recognize it is critical that small businesses are able to take advantage of these improvements.

We will work closely with the CEC, the Public Utilities Commission, and utilities to maximize the effectiveness of the existing programs and to develop new ways to provide small businesses with access to the capital they need.

We are currently developing a small business toolkit of resources, including best practices, case studies of successful money saving projects, and financial resources to help fund efficiency projects. We are working closely with small businesses leaders to ensure that the final product is accessible, easy to use, and effective.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: Another area of comment relates to the effect of uncertainty. That is how would changes in some of our input assumptions regarding measure cost and savings effect the overall results?

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Given the importance of energy savings in the economic analysis, it is also appropriate to ask what happens if the forecast of future energy prices is too high or too low.

We first looked at a case where energy prices are 50 percent higher than assumed in the plan. In this case, fuel consumption and emissions go down as a result of the increased energy prices. So the quantity of fuel saved by the Scoping Plan goes down. But because each gallon or kilowatt hour saved is worth more, the plan still has a net positive impact.

If, on the other hand, we assume 50 percent lower energy prices, the cost savings due to energy conservation are reduced, and overall the plan is neutral. That is, net costs and savings are roughly equal, and there is little impact on economic growth.

We also looked at how the results of the economic analysis would change if both our cost and saving estimates were either too high or too low.

A number of commenters suggested that our estimates of the costs and savings from the various measures are too optimistic. Our sensitivity analysis shows that even if across the board cost estimates are 25 percent too high and savings estimates are 25 percent too low, the plan as a whole would be neutral with respect to
economic growth.

PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: When we evaluated the savings of the Pavley program, we updated the fuel price forecast that was used when we adopted the regulation in 2004, which was under two dollars a gallon, to 3.67 per gallon based on the most recent forecast adopted by the Energy Commission.

Some commenters noted that a change in fuel prices that large would change behavior on its own in ways that would reduce the savings from the regulation.

It is difficult to break out what portion of the emission reduction is due to higher fuel prices and what portion is due to the Pavley regulation. As a bounding case, we looked at what would happen if all of the savings from the Pavley regulation were excluded from the analysis. We found that although the gross state product experiences a very slight decline, the economic impacts of the plan are still positive for all other indicators.

As we developed our analysis, our intention was to show the environmental and economic impact of the full set of measures needed to meet the AB 32 goal. Thus, the plan recommends the emission reductions, costs, and savings from this set of measures.

Some have suggested that we should not attribute
savings from Pavley to the Scoping Plan since the regulations were adopted in 2004.

Similar concerns have been raised about other measures that might be considered business as usual even if AB 32 hadn't passed, such as some energy efficiency savings that could result from last year's federal energy law.

We disagree that this approach is appropriate, but never the less examined how the results would change applying this view. We modeled a scenario that excluded from the economic analysis both the savings of the adopted Pavley one regulations and half of the costs and savings from energy efficiency measures.

The latter change was intended to capture the effect of the Federal Energy Policy Act. This approach reduced the net savings attributed to the plan, but the overall impact of the remaining measures was still positive.

Economic modeling is not an exact science, and there will always be different opinions about the assumptions and how to apply the available tools. This is to be expected.

However, the issues raised in the various comments do not affect the fundamental conclusions of our economic analysis. Even if we adopt the recommended

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approaches, the overall impact of the proposed plan is positive for most indicators. The additional analysis provides further support for the recommendation in the proposed plan.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: Let's move now to public health.

I'd like to mention here that we have updated the estimated public health benefits of the Scoping Plan to reflect improved estimates of how PM exposure affects premature mortality. These were discussed in draft form at the Board's May meeting and were finalized last month after the proposed plan was released. These new factors reflect the finding that PM is more dangerous than we had previously thought and that the reductions from the plan measures provide almost twice the benefits we previously estimated.

As shown on the slide, we now estimate that implementation of the Scoping Plan measures will avoid approximately 770 premature deaths annually by 2020. The value of these public health improvements alone is approximately $4.3 billion annually.

For the health analysis, we focused on air quality related public health benefits related to reductions in combustion emissions. We estimated that the
Scoping Plan will add to the much larger health benefits of California's existing air quality programs, the State Implementation Plan, and the Goods Movement Emission Reduction Plan.

As we move to implementation and as additional details about specific regulations become available, we will perform additional work to examine the potential impacts and benefits at the community level.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: As we develop regulations now, we are using the best available information and methods to evaluate the environmental and public health impacts of those regulations.

We are also working to improve the available tools. ARB will develop and apply methodologies to identify communities that are already adversely impacted by air pollution.

At your Board workshop in May, many of you saw a demonstration of a method to use GIS data, including socioeconomic information and air pollution data to characterize communities. We plan to make use of a GIS based methodology to identify impacted communities as required by AB 32. We will also access local cumulative impacts of the regulations, including the cap and trade...
program.

We recommend that the Board approve the Scoping Plan at its December Board meeting.

The Scoping Plan represents a balanced approach to reduce greenhouse gas emissions and meet the requirements of AB 32.

As we have discussed today, we have met all of the statutory requirements of the Scoping Plan. Our evaluations show that the plan will have a positive impact on both our economy and our public health.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: We expect you will hear many diverse comments on the Scoping Plan today. I'm sure that you, as members of the Board, also have specific issues you wish to discuss, clarify, and provide input and guidance on.

This is a comprehensive plan. It addresses every major economic sector of the seventh largest economy on the planet. And it establishes a range of programs, measures, and policies that are unprecedented.

As you have seen, other states and nations are looking to California for solutions. The challenge of climate change also affords California an historic opportunity to develop the technologies, patents, and products that will be used in the international
marketplace.

We can serve as an example of a major economy that can move toward a secure clean energy future while growing and benefiting economically and improving our health and environment.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: This is truly California's plan, because this is California's challenge. Putting this plan into action will require all of us, those in this room, watching over the web, and the millions more throughout the towns, cities, and counties of California to break away from business as usual. Only by working together, responding to the need to change, and understanding what's at stake will we prevent the most severe impacts of climate change from disrupting and altering the economy and environment that we experience, and most importantly that our children and their children will inherent from us.

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PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

CHANG: Thank you.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Edie.

I'd look to thank the staff for their continued efforts on following up with the stakeholder and public comments we received on the plan.
The proposed Scoping Plan is just the beginning of California's efforts to reduce greenhouse gases, and we'll continue to gather input from public and stakeholder groups throughout the rulemaking processes that will commence shortly. Of course, some of them have already begun, like the low carbon fuel standard which we plan to bring to you in March.

CHAIRPERSON NICHOLS: Thank you, Mr. Goldstene. Let me say a couple of words about how we're going to try to organize this before I turn to the Board members for comments or questions.

First of all, in terms of today's schedule for those of you who are planning your activities, we are planning to take a break at noon time, at 12:00, for an hour. The Board will recess for lunch. And we will have a closed session at lunch in which we will be receiving advise from our legal counsel regarding pending litigation that's described in the agenda. But I just want to confirm that's going to happen.

We expect to come back at 1:00 and then to go on into the late afternoon. We haven't set a closing time. We'll try to accommodate people who want to speak today for as long as we can still listen and you all can still speak.

We are hoping to organize the speaker requests to
some extent at least by areas of comments. I see there is
a frantic shuffling of cards going on in hopes that maybe
we can focus the discussion in certain areas as opposed to
sort of randomly receiving input. But I'm not clear
whether that's actually going to work yet.

And so maybe at the conclusion of the time for
Board member comments and questions here we can have a
brief recess if we need to try to figure out what the most
efficient way is to proceed. That may cause us to take a
break for five or ten minutes while we try to work that
out.

Now before we go to the public testimony, may I
call upon Board members who wish to speak?

BOARD MEMBER SPERLING: Many of us will have many
specific thoughts. But I just want to start off with
three general thoughts about this process and about the
Scoping Plan.

First one is that, you know, this Scoping Plan is
not very detailed. And many people are going to want to
see a lot more detail. I would like to see a lot more
detail in certain areas as well, because we have concerns
on exactly how it's going to be implemented. And that's
fair enough.

But the overall goal here is to lay out the
strategy to provide the overall structure of the approach.
And I think we need to keep that in mind. Because I think the Scoping Plan does that extremely well. I think it's just right in terms of the amount of detail and the structure of it. And it provides the template that we can move forward on after this. So obviously there's lots of pieces of it that we can quibble about. But I haven't talked to anyone that thought the fundamental structure of it was just entirely that were pieces or there were pieces that were entirely wrong.

So the point of this is that this is a model in a sense and we should look at that. And we'll be moving through with deliberations in the next year or two.

Another point is about the economic analysis. And Ms. Chang mentioned that it's not an exact science. And that's probably an appropriate comment to make. These models are generally not very good at predicting innovation. But that in fact is what we're talking about here is innovation. Certainly for 2020, but absolutely necessary for 2050.

And this is -- I raise this as an important issue because the success of California is probably going to be our ability to be leaders in green technology. And so to the extent that we do innovate and become leaders in green technology, the economic analyses of the benefits are going to be way underestimated. The benefits are going to
be way more than the models show.

And the third point I want to make is what we're talking about here is a portfolio approach, which I think is exactly right. And that is we have these so-called source specific rules and policies that get at many of the barriers to innovation, many of the barriers to change. The externalities, the technology lock-in that occurs, many market failures, and going after them in very specific ways.

And I talked to some of my colleagues in Europe that are experts in what they've been doing. And they think what California approach is exactly the right way to balance between having cap and trade with these other measures.

And so I just wanted to leave that as kind of an overall thought on as we go forward on this. Because I do want to praise the staff. I think they've done a superb even brilliant job in putting this together. I know it's been a lot of work. And there's a lot more to do. But it really is an extraordinary effort.

CHAIRPERSON NICHOLS: Thank you, Professor Sperling.

Any other opening comments? Ms. D'Adamo.

BOARD MEMBER D'ADAMO: I want to compliment staff as well. I've been on the phone and in meetings with them
many times over the most recent months. And I can't
imagine multiplying that hundreds and thousands of times
over. They've been extremely patient. And I just want to
thank them for this.

Just some general comments and maybe a few
specific comments to kind of help set the tone.

I've been on the Board for a while, since 1999.
And I can't think of an opportunity that's presented
itself to this Board that's more significant than this
action that we are going to be taking, not today, but
later on in December. And sometimes it's difficult to see
the forest through the trees.

But just to recognize the historic nature of what
we are about to do, not just in terms of climate change,
but also our goals with reducing air pollution and the
impact that this can have on ozone and public health. So
it is really a privilege and an opportunity to be working
on this very significant measure.

I would just like to call out a couple of areas
where I think it's been well stated that this is a
framework document. And staff has made a number of
commitments to go forward and do a great deal more work
and analysis. But I think it's important for the Board to
make a strong statement in a few areas where we need to do
more and we do have an obligation to the public to do
In particular, regarding the economic analysis.

I think that the work -- most of the work that was included in the economic analysis was done months ago before the big economic downturn that we're seeing. And it's important for us to incorporate some of the recent changes in the economy into our analysis as well as to do more work as we go forward.

Not at all interested in holding up the plan. We need to move forward. But I think we need to call out maybe a date certain. Don't know exactly what that date is. And I know we'll be talking about this as we move forward. But calling out a date certain where we will know as a Board that we are going to have more detailed information on the economic impact, the economic benefits, maybe more information on the interaction and interplay with the economy in terms of the cap and trade program offsets and how those programs are going to be structured.

So I think that before moving forward I don't know at what stage, but before moving forward I would say at a minimum on adoption of cap and trade and any major regulation, it's crucial for us to have that information. And I know others are going to be raising the concern about more analysis on public health. I think we need to have that information at that time as well.
CHAIRPERSON NICHOLS: Let me make a suggestion, because your comments have sparked a thought that I wanted to express at some point here. Might as well do it now for all the Board members together.

I think from having heard from many of you over recent weeks, there are a number of suggestions and ideas for things that should be included, either in the adopting resolution or in the plan itself. And I'm going to be keeping my own list, but I'm going to ask the staff to keep a running list as we move through this hearing process as well.

I would hope that between now and December we could formulate a more distilled list of those changes. And then when we come back together in December actually have a formal set of amendments that we could be voting on as a Board. But I think it's probably premature at this point to actually try to coalesce around exact language or amendments and try to vote on them until we've heard from all the members of the public who are going to want to testify even going forward into December since we are going to be continuing to take public comment up through that time. If that's acceptable as a process, I'm hoping that -- I'm encouraging people to express their views, because I think the staff needs to hear from us. I'm just hoping that we can hold it open in terms of formal action.
until December.

Dr. Balmes.

BOARD MEMBER BALMES: Thank you.

I first want to reiterate my appreciation for all
the hard work that the staff has done.

Professor Sperling and I were driving up here
from Berkeley this morning and contemplating how many
interactions the staff must have had to deal with just
given the number of interactions as Board members we've
had to deal with. So I greatly appreciate the effort in
trying to integrate all this information.

But I'd like to take a cue from Ms. D'Adamo about
the public health aspects of things and not to propose
specifics at this point.

But I think the slide 20 on page 10 with regard
to the public health benefits is an example of the broader
point that I want to make about public health. I think
the public health assessment is sort of incomplete and
could be done better. I don't criticize the staff because
they've had so much to do.

But just like the economic analysis may need
more, I think the public health benefits analysis may need
more. I realize we have almost twice as many avoided
premature deaths now. But I think this is mostly driven
by PM or mortality data.
I'm not sure if we've taken into consideration ozone mortality, because definitely ozone is going up with climate change. And I'm not sure if we've adequately accounted for heat related death morality. We had 150 plus deaths, and that was probably an under count, during the 2006 heat wave.

So off the top, 770 avoided premature deaths seems too low to me. And I think we can get the public health benefits from land use changes. And I think that I would like to see a greater involvement of the public health community in the state in reviewing AB 32 implementation. Because I think it will strengthen the actual implementation of our climate change plan because I think the public health community would like to get behind what we're doing, but they, A, need more input and, B, I think our -- we're not a public health agency. I think the Air Resources Board has done a very good job for many years on looking at the public health impacts of air pollutants.

But climate change is a little bit broader. And I think it would behoove Us to have more input. So I'll be making specific suggestions. But right now just wanted to make those general comments.

Thank you.
BOARD MEMBER ROBERTS: I'd like to put a question on the table for the staff. There's been a lot of analysis first of all with small business. And I know that was required. There's been a lot of analysis for what the State's cost is and its various agencies, how that's going to be funded. I wonder if there's been any analysis of what it's going to cost local government, how that's going to be taken care of. Because I haven't seen that.

CHAIRPERSON NICHOLS: Is there any comment from the staff on that?

EXECUTIVE OFFICER GOLDSTENE: We've not evaluated that yet. But we know that's an important part of what we need to do for the implementation of the Scoping Plan and the work we're going to be embarking on to implement SB 375 on setting greenhouse gas targets.

We are aware in our discussions with the League of Cities and CSAC and others that there will be cost to deal with this. And so we'll be working to make sure that we can find moneys in different places that help assist with that. So they're having discussions about it, but have not done a full blown economic analysis to discover what the actual cost will be. It's a little premature.

CHAIRPERSON NICHOLS: I think the SB 375 process
will include evaluation of cost. But in terms of climate as a whole, I've seen local governments taking a very proactive role in climate change. And we certainly had input from a lot of them individually and collectively in terms of programs that they're interested in carrying on for themselves.

So it's kind of a mixed bag of inputs that we have received I think from the local level with many cities having climate change task forces plans and programs to be participants in this area, a number of them looking for involvement in the cap and trade program. And of course those that have their own utilities and agencies that might be directly regulated by the plan also having input too. But we haven't called out local government as a sector, per se, in the development of a plan even though we've been having a lot of interactions.

Maybe Mayor Loveridge wants to contribute to this conversation.

BOARD MEMBER LOVERIDGE: I'm prepared to listen to those that have gathered today.

But three quick things.

I like very much the language in the Scoping Plan regarding local government, the work described as essential partners. It seems to me that is an appropriate call in the Scoping Plan.
Second, the 42,000 comments on the first draft. I don't know what the world record is in the state of California, but that's got to be getting close.

And then the comment that this was the most important plan before the CARB Board, I think you can generalize beyond this. And my own memory in thinking about political history in California, this is the most significant policy effort I know of since say the end of World War II. I mean, this is -- beyond the CARB Board, this is an extraordinary effort because it involves -- most of the time we look at one particular sector or one particular topic. I know of no other example in California which has moved over this many sectors and as many topics.

CHAIRPERSON NICHOLS: Yes.

BOARD MEMBER HILL: Thank you, Madam Chair.

In listening to Supervisor Roberts, I think the issue of local government has certainly taken the lead in efforts to create the benefits of either local legislation or trying to lead the way in reduction of carbon.

But I think what we're seeing because of the economic downturn is some real challenges that local government will not be able to take that effort. So I think it should be interesting and productive to do some analysis of how that will be.
And I also think the Coalition for Clean Air and Dr. Balmes' comments about public health protections, they have some great recommendations I think in terms of the cumulative impacts assessment that could be done in the next year in looking at some of the public health effects of cap and trade and some of the other issues. I hope we would look at the resolution they have included in their letter that was in our reading file of November 14th. They make some real strong comments and very appropriate manner for us to proceed in evaluating the co-impacts of the effects of it. So I just say that as well.

And also thank you for a tremendous effort.

CHAIRPERSON NICHOLS: Thank you.

Yes, Dr. Telles.

BOARD MEMBER TELLES: I would like to thank all those who actually sent in comments. Really, with all due respect to the staff and everything, when you read the report, it's rather dull.

Sorry, Mary.

The comments with rather spicy. And I appreciate those, because it made reading the report a lot easier.

I have just a few comments. I'm going to wear my public health hat here. A few comments on the public health. This was the first time that I heard the new revised estimate of potential lives saved of 700. I think
the last plan it said 400. And I may be a little
different than Dr. Balmes. I may be more pessimistic.
And it may be we're overestimating it rather an
underestimating it.

And my concern is that the impact on communities
which are already impacted by significant air pollution
that we have to be very careful with this plan not to make
that worse. And that, to me, although Professor Sperling
said the plan has to be purposely vague, I think in some
areas we have to make it not vague at all, and especially
in protecting some of those communities. And I'll be
making some recommendations in this process as we go along
in that too.

Just can I ask -- is this the time to ask the
staff about just a few things?

CHAIRPERSON NICHOLS: Sure. Go right ahead.

BOARD MEMBER TELLES: How did you get to the 900?

My specific question is do you use the 49 percent offset
to get to the 900 saved lives? And where you put those
offsets? If those offsets are outside the state of
California, how do you actually calculate this? Because
if the offsets are outside the state of California and
we're reducing outside the state of California, we won't
have the same emission benefit if we were reducing them in
the state of California.
CHAIRPERSON NICHOLS: Can we talk about the methodology?

BOARD MEMBER TELLES: It's a method question.

CHAIRPERSON NICHOLS: The cost and benefits analysis.

BOARD MEMBER TELLES: What I'm getting at is if you have a 49 percent offset and worst-case scenario all of those offsets are done outside the state of California, you may not have anywhere near the expected health benefit -- collateral health benefit from this plan as perhaps estimated.

PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF CHANG: Dr. Telles, our estimate right now is 770 avoided premature deaths. That estimate is a statewide estimate, and it actually is only the source specific regulations. So it doesn't count emission reductions from the cap and trade program. So the offset issue doesn't come into it, because it doesn't include reductions from the cap and trade program.

BOARD MEMBER TELLES: All right. Is there a possibility if you have emissions leaving the state of California that the state of California won't accrue the health benefits that are estimated?

PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF CHANG: Those estimates are based on just the source
specific regulations. So it's things like the Pavley regulation, the renewable portfolio standard, the efficiency measures, and those kinds of measures. So those are the measures that we -- the benefits would be happening in California.

BOARD MEMBER TELLES: One other question. The uncertainty of the estimates in the original plan was anywhere from 20 to 70 percent. Is it still in that range?

DEPUTY EXECUTIVE OFFICER SCHEIBLE: Yes. The range of uncertainty is about the same.

BOARD MEMBER TELLES: So even with your current plan, the live savings would be 140 at worst case scenario.

So the uncertainty in the health sector is just as large as the uncertainty in the economic sector I imagine.

I have no other comments.

CHAIRPERSON NICHOLS: Thank you. These all I think the kind of questions that are going to come up as we move forward with the comments. So it's good to flag them now.

Okay. Before we get to the general public -- I'm sorry. Yes.

BOARD MEMBER BERG: Thank you, Madam Chair.
I, too, would like to join in. And I'd like to also bring up the point as spurred by my fellow Board members. The absolute importance as I look across not only the dynamic work that staff has done, but as I look across our public audience, how crucial it is going to be for a collaborative effort as we go forward. And things like siting infrastructure, looking at the plan from implementation, and receiving new data as we role things out, staying dynamic, staying flexible and being able to really craft this policy into a workable document is going to be crucial. And that means that everybody in this room and everybody who has participated is going to have a crucial role. And I thank you for doing that. Thank you, staff.

CHAIRPERSON NICHOLS: All right. At this point, we want to turn to our advisors. And what we wanted to do is to hear from the Board's colleagues and advisors here, our sister agencies that are present that have been part of the Climate Action Team process and from the Environmental Justice Advisory Committee and the Economic and Technology Advancement Committee.

And so I believe that we should go first to Angela Johnson-Meszaros, who's one of the co-chairs of the Environmental Justice Advisory Committee, because I think her slides are loaded next. So that's a good reason to go...
first.

So we will follow her if we have -- I'm looking around and not seeing either Allen Lloyd or Bob Epstein. Maybe we can sent out an APB and we'll hear from him next.

Okay. Excellent.

And then we'll follow those speakers with Tony Brunello from the Resources Agency, and Nancy Ryan from the PUC. I believe Claudia Chandler was here; Margo Brown, Mark Cowin, and Roy McBrayer. Those are the members of the CAT team that I know.

All right, Ms. Johnson-Meszaros.

MS. JOHNSON-MESZAROS: Thank you very much, Chairman Nichols. Good morning, members of the Board.

We're going to see if this technology works.

I am Angela Johnson-Meszaros, the co-chair of the Environmental Justice Advisory Committee. And I'm going to talk about the comments that our Committee submitted.

And I'd like to start my comments by following in the course of people who have recognized the work that the staff has done.

I think that as many of you may well know, the Committee has taken positions on some of the core issues that are distinctly different from those of the staff. But nonetheless, I think that we would be remiss if we weren't very clear in indicating that we have appreciated...
the way that staff has made themselves available to come
to our Committee meetings. And I appreciate the deep
commitment that the members of the staff have to
presenting a plan that will work for California.

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MS. JOHNSON-MESZAROS: I'd like to start off by
talking about why we care. Why specifically the
environmental justice communities care.

Our communities will be the most impacted by
climate change, and we recognize that climate change is
occurring much more quickly than it was understood even
two years ago.

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MS. JOHNSON-MESZAROS: And because I think this
was said so succinctly, I'm going to actually say exactly
what the attorney general's website says about global
warming unequal impacts on communities.

"Global warming will not affect everyone
equally. As the Chair of the Intergovernmental
Panel on Climate Change for the United Nations
has stated, it is the poorest the poor in the
world, and this includes poor communities, even
in prosperous societies, who are going to be
worst hit. The adverse impacts often will fall
hardest upon people of color and poor people
because they are concentrated in areas that will bear the brunt of climate change and because they are often the least able financially to deal with its impact. They are also the ones who are least responsible for climate change."

It's because of this recognition that so many of my colleagues in the environmental justice communities around the state have come here today to be in this Committee hearing. I'd like to ask them to stand up.

CHAIRPERSON NICHOLS: Thank you for being here.

MS. JOHNSON-MESZAROS: I would like to recognize that the central valley had a bus that left at 5:00 this morning and collected people all around the state to come here to be here this morning. They anticipate being here all day to have their voices heard. And they expect they'll get back home sometime after 10:00 if they're lucky. And I'd just like for us to recognize the tremendous stake people feel they have in this conversation.

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MS. JOHNSON-MESZAROS: We also know that even since the time that California has started to work on the issues of climate change, predictions have actually overtaken events.

And in fact when the Intergovernmental Panel on
Climate Change originally started looking at this work,
they thought we had 10 to 20 years to act. The Stern
Commission came out later and believed we needed to have
the bulk of our emissions starting to occur before 2015.
And now we know that scientists believe they have
underestimated the speed and the strength at which serious
climate change will strike, which is increasing the
urgency and the need to have California act decisively in
this role as a model.

MS. JOHNSON-MESZAROS: California did act, and
we've taken leadership on greenhouse gas reductions by
deciding to adopt a cap and to plan for how to achieve it.

MS. JOHNSON-MESZAROS: It was with this that the
Governor signed AB 32. And the Governor at the signing
ceremony said what we were trying to accomplish in
California is to end global warming.
That means we need the focus on the policies and
measures that we intend to implement in order to address
this problem.

MS. JOHNSON-MESZAROS: I want to just take a
second to remind people, as the staff has this morning,
that the project that we are engaging in at this
particulate moment is adopting the plan for how to achieve
the cap that's already been established in California.
This plan is supposed to achieve the maximum
technologically feasible and cost effective reductions in
greenhouse gas emissions.

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MS. JOHNSON-MESZAROS: AB 32 also clearly stated
the intent of the Legislature. The Legislature said that
the program implementation was supposed to minimize costs
and maximize benefits for California's economy, improve
and modernize California's energy infrastructure, and
maintain electric system reliability, maximize additional
environmental and economic co-benefits for California, and
implement the state's efforts to improve air quality.

Obviously, I have underlined the word California
to further put a fine point on my position that we should
be focusing on keeping reductions, infrastructure, and
jobs and health benefits in the state of California.

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MS. JOHNSON-MESZAROS: What we have in this
Scoping Plan is a list of measures that are some
combination of expanded measures, some combination of
previously existing measures. Some number of measures
that were adopted in the Early Action Measure Plan. But
the largest single reduction measure included in the plan
will be the cap and trade program. And in fact the cap
and trade program is the framework for the entire plan.

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MS. JOHNSON-MESZAROS: So what actually you're
proposing to adopt here in the Scoping Plan is an
international trading scheme where Californian's working
with six other states and four Canadian provinces, most of
the economy of Canada, in addition to our neighbors in the
northern states of Mexico in order to develop an
international trading program.

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MS. JOHNSON-MESZAROS: As we've already discussed
this morning -- I was really frustrated because my button
is not clicking efficiently. So I don't have my graphics
I would have hoped.

The WCI program has outlined 49 percent of the
reductions coming from offsets and from other trading
programs.

And it's interesting that we heard the staff
phrase this as the majority of the reductions happening
from inside the cap sectors. However, it almost seems
that the 49/51 division was a little bit massaged so that
one could make that statement and feel as if it is
something -- it's giving us more reductions than we
actually have.
We also know that in this rulemaking process these offsets are not only going to be within the WCI partnerships, but in the fact the ARB is planning to undertake a program that will establish offsets without geographic limitations.

MS. JOHNSON-MESZAROS: It's with this background I'd like to turn to the comments that the Environmental Justice Advisory Committee submitted to the Board and staff in August of 2008.

We met four times to discuss the Scoping Plan. We heard testimony in particular from people who talked about the past failures of trading programs. We adopted our comments and recommendations in August which included three comments and four recommendations.

Just so the Board knows, we will be meeting again after this meeting we believe on the 2nd of December. And at that time, we will update our comments and recommendations to address things that are specific to the proposed Scoping Plan. But these are the comments and recommendations that came from the draft Scoping Plan.

MS. JOHNSON-MESZAROS: The first comment from the Environmental Justice Advisory Committee is that we believe California should adopt a three-pronged approach
for addressing greenhouse gases.

The first prong would be to adopt standards and recommendations.

The second would be to provide incentives particularly focusing on small and medium businesses and individuals so they can participate in a robust manner in our efforts to address greenhouse gas emissions and putting a price on carbon via a carbon fee.

The second comment is the Committee supports with some modifications, largely because it's not entirely clear how the measures are going to role out in implementation, but this Committee supports with some modification all but three of the measures that are outlined by the staff. And, of course, those three would be the cap and trade program.

The second is the low carbon fuel standard which we talked extensively about during the adoption of that measure in early action period and the sustainable forest target. And that's largely because of concerns around the permanence of those sustainable forest target and particularly as we talk this morning in the face of the wild fires that we are currently facing in California.

Third, Committee continues to be concerned that the public health and the non-economic benefits and impacts of the plan have not been adequately presented,
analyzed, or incorporated into the Scoping Plan.
And in fact, the Committee sent to the staff and
Board in May a letter where we outlined a recommendation
about how public health can be incorporated into the
analysis and bringing together a panel of public health
officials and experts so they can begin work on this
important question prior to the release of the first
Scoping Plan. And obviously that didn't occur.

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MS. JOHNSON-MESZAROS: The Committee also made
four recommendations. The first is to ensure that the
overall greenhouse gas reduction targets are met in 2020.
ARB should identify emission reductions that total a
significant number more than the minimum necessary
reductions to allow for the inevitable losses during the
rulemaking and implementation phases of rule development.
The second is that ARB should require that all
emission reductions in clean renewable energy
infrastructure be achieved in state; or in the
alternative, provide a clear analysis of capital to be
exported to other states benefits or harms California's
residents. We believe very strongly that that is a
requirement that's clearly not in statute and the Scoping
Plan has not achieved.
The third is to ensure that the Air Resources
Board can truly understand the policy choices that lay before California, staff should provide a path to reaching the target that doesn't rely on trading to achieve the goal. We believe that transparency in the plan and clear analysis that looks at both the pros and the cons of the major policy mark of this plan is an important as California contemplates this incredibly important step both for California and the world.

And, fourth, we recommended that ARB include as proposed measures many of the measures that were labeled as under consideration in the draft Scoping Plan. There were a few that did come into the proposed Scoping Plan, and I will talk about those in a minute.

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MS. JOHNSON-MESZAROS: In the proposed Scoping Plan, the staff pointed out that the Committee supports an approach that includes a price on carbon along with complimentary measures. And that's true.

And then they highlight that although the EJAC recommends that the carbon price be established through a carbon fee rather than a cap and trade program, we recognize the importance of mutually supportive policies.

That's exactly right. And I would like to say that whether or not we use a fee or trading program to put a price on carbon is more than just a small difference of...
opinion. We believe it has significant impact.

MS. JOHNSON-MESZAROS: Because there's so much
that hangs on this question and there's so many things I
could have said to you today -- and I understand I have
less than two hours to comment upon the plan this morning,
I thought I would focus my comments on the trade and
offsets program, because I believe that's the area where
there is the largest divide in our positions.

We believe that trading schemes don't work and
they crowd out things that could, that trading stifles
innovation. And offsets just make these two conditions
worse.

MS. JOHNSON-MESZAROS: Before I give you specific
examples of why I think that's true, I would just like to
point out that the Scoping Plan -- under the statute, the
Scoping Plan is supposed to make determinations that are
required in the Scoping Plan. And they're supposed to
consider all relevant information pertaining to greenhouse
gas emissions reductions rom programs in other states,
localities, nations, including specifically the
northwestern states of the United States program, Canada,
and the European Union, which would be the Kyoto program.
MS. JOHNSON-MESZAROS: I'd like to point out that the Los Angeles Times editorialized back in May 2007 that they believe that the best choice would be to put a tax on carbon. And they explicitly noted while cap and trade creates opportunities for cheating, leads to unpredictable fluctuations in energy prices, and does nothing to offset high power costs for consumers, carbon taxes can be structured to sidestep all these problems, while providing a more reliable market incentive to produce clean energy technology.

And in fact that those things that they explicitly called out are the things that are most important for us to achieve if this plan is going to work.

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MS. JOHNSON-MESZAROS: The Wall Street Journal in 2007 editorialized and they headed their editor, "Cap and Charade." And they indicated that while there may be people who believe this is going to be an approach that will be successful, the Wall Street Journal's position was not to believe for a minute that this charade would do much about global warming.

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MS. JOHNSON-MESZAROS: The Kyoto protocol is a carbon program that very much mirrors the program that we are thinking about implementing here in California.
The Los Angeles Times in advance of the meetings in Bali to talk about the next round of Kyoto explicitly noted that while there are reductions that are being attributed to the Kyoto protocol, the progress wasn't due to global embrace of green power, but rather to the 1991 collapse of the Soviet Union which shut down smoke belching factories across the region. As a researcher from Princeton noted, the emissions dropped before Kyoto even existed.

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MS. JOHNSON-MESZAROS: We know that in California we have a reclaim program. And it's interesting to me that the reclaim program notes and uses language that's very much like the program language that we hear now that the South Coast Air Quality Management District indicates right now on their web page that reclaimed is a revolutionary new approach to air quality regulations. This program has the potential to clean up our air more efficiently than traditional regulations by harnessing the power of the marketplace.

For businesses, reclaim means greater flexibility and financial incentive to reduce air pollution beyond the clean air laws and traditional command and control rules require.

For the public, reclaim means guaranteed annual
reductions in air pollution and public health standards.

The fact of the matter is that just this year the South Coast air basin through the Air Resources Board requested a bump up in its current status because we have not yet the goals that were attributed originally to the program when it was implemented in 1994. They anticipated reaching the ozone standard by 2003. And now the district is seeking an extension of ozone attainment to 2024.

MS. JOHNSON-MESZAROS: We also know that RGGI, the east coast trading program, underwent its first auction. In that program, the RGGI participants agreed to have 100 percent auction. The market clearing prize for the auction was $3.07 for a ton of carbon.

And I think that whatever we believe about whether or not market-based system, a trading program, and 100 percent auction would be the way to go, I think we still have to believe that $3.07 a ton is not going to be sufficient to actually move much in terms of emissions reductions.

MS. JOHNSON-MESZAROS: And in fact, the New York Times reported the reason why the price was so low was because the program was over allocated. It was well known the program was over allocated. And at New Carbon
Finance, they have looked at these issues, and they believe it will be quite some time before the supply of allowance actually outstrips the utility needs, meaning that the program is not going to actually achieve emissions reductions that have been anticipated.

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MS. JOHNSON-MESZAROS: Mayor Bloomberg in New York has been a very outspoken proponent for carbon tax as compared to a trading program. And Mayor Bloomberg's opinion as noted in the New York Times from his speech he gave at the Conference of Mayors is that cap and trade is an easier political sell because the costs are hidden, but they're still there. And the payoff is more uncertain.

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MS. JOHNSON-MESZAROS: So I just want to call very quickly our attention to the ideas that were underlined, the incorporation of the trading program. This is an excerpt from existing plan from the Market Advisory Committee.

Emissions trading programs puts a cap on emissions presented by facilities covered under the system, and because there is a hard cap, the idea is that the emissions will go down.

There will be a market price that was established by the cap. And then that will yield what the Market
Advisory Committee called an enduring price signal for greenhouse gases. And that would provide incentives for the market to find new ways to reduce emissions. They also recognize that the cap and trade program alone will not deliver the most efficient mitigation outcome for the state.

The first point of the Market Advisory Committee is what I call allocation certainty myth. That somehow if we have a hard cap, we will be guaranteed to meet our environmental goals. But the fact of the matter is because we don't understand exactly how fast the climate is changing and we don't understand the science of how the evolving ecosystem will react to climate change, it's possible where you can have a program where you still fail to meet your environmental goals. And that would be a devastating outcome of the program.

CHAIRPERSON NICHOLS: Ms. Johnson-Meszaros, we did allocate 15 minutes for the Environmental Justice Advisory Committee which is five times any person, but still perhaps not as long as you hoped for. However, you've used up your time. Can we get you to wrap up?

MS. JOHNSON-MESZAROS: Yes. The second point of the Committee is that this program will spur innovation because there will be a price on carbon. And the third point is I think the reality that the cap and trade
program itself will not meet the goal.

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MS. JOHNSON-MESZAROS: Quickly, I want to point out that the SOX trading program was often looked to as a model of success. It's different than what's proposed here for the reasons that are indicated in the slide.

Allocation was based on standard. There was a clear path to compliance. There were no offsets. And the costs were much lower than it was anticipated by industry, but in line with the technologies chosen to move forward.

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MS. JOHNSON-MESZAROS: The Congressional Budget Office has called for a tax as being the most efficient way to address climate change much more than using a trading program.

And I just wanted to notice, especially since it was explicitly brought up, this is the last one we are going to do. And then I'll go through to the end.

While the proposed Scoping Plan does indicate there are measures that will be included to address flaring and the ARB believes these are cost effective greenhouse gas emissions, I just wanted to note that the proposed plan indicates that as with the other oil and gas measures, they're going to go back and re-evaluate whether those are needed, if it turns out the WCI decides to
incorporate fugitive methane in the cap and trade program.

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CHAIRPERSON NICHOLS: Thank you.

MS. JOHNSON-MESZAROS: I'm clicking through to

the very, very end.

CHAIRPERSON NICHOLS: Markets are not magic.

MS. JOHNSON-MESZAROS: I'm going to make this

last point. And I'm going to say goodbye, which is in the

South Coast Air Basin, a pound of PM sells for $247,000.

That does provide the innovation in the market that has

allowed the South Coast Air Basin to comes into compliance

with the program.

We hope that you will refer to our comments which

we have submitted to the Board. That if you have

questions, that you will feel free to contact us. And

that we think very carefully because this is in fact the

most important decision that California has made and that

any of you individually will make both in your personal

and professional lives. I'm sure you will take your

decision with the seriousness that it is deserving. Thank

you.

CHAIRPERSON NICHOLS: Thank you. Thanks for all

the information you assembled. Thanks to all of you who

have come to participate.

I think it's important to acknowledge that you've
referred to quite a number of different documents and
studies which are also going to be part of the record and
which we will make sure that we reference in the final
decision.

I think you don't need to be concerned about
whether the Board members are going to be taking the time
to absorb this issue very, very thoroughly before making a
final decision. Appreciate that.

We'll now hear from the other Advisory Committee
co-chairs, Dr. Alan Lloyd and Bob Epstein. Dr. Lloyd.

DR. LLOYD: Good morning, Chairman Nichols and
distinguished members of the Board. It's a pleasure to be
here.

We were asked by James Goldstene to come and
provide some comments. And we're delighted to do that.

I'll share some of the time here with the Vice
Chair, Dr. Bob Epstein. So we're going to try to play
tag-tag addressing several issues from the Committee
viewpoint.

And I think both of us are going to make personal
comments. Since as a Committee, we work on a consensus
and work very well.

I think the bottom line to say is we're generally
supportive.

You also have by the way this copy of a letter

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345
November the 12th that summarizes all the comment. And you can see we're basically supportive of the overall framework for the Scoping Plan. Although I think you will see that we would like some augmentation there.

I would also say we're going to meet again on December the 5th as a Committee so we will be able to update our comments based on what's presented here today and the Committee comments at that time and provide you information before you come to the final vote on December the 5th.

Again I'd like to do as others and congratulate the staff on putting the usual high quality work. I'm always impressed by the enormous effort they provide given the burden the Legislature has given them, as well as the Climate Action Team.

So I think as somebody said, it's a boring document. The point is I think it's very important. But I also saying in some areas I think maybe it's a little bit optimistic.

I will dwell on the ETAAC. I'll hit a couple of points there. I think we agree that it's very important that immediate and effective action has to be taken under AB 32 and looking at all parts of the stakeholders utilizing, for example, some of the goals of the Clean Air Act and its ability to address air quality.
I think the ETAAC recommended in looking at the areas of transportation, electricity sectors, contains measures that deliver greenhouse gas benefits, air quality benefits, and economic benefits.

We also caution about some of the over reliance on the cap and trade. We will not know its true effectiveness until a half decade or decade or longer. I'll say more about that. Although we're very strongly supportive of market mechanisms in the market, cap and trade being one of those.

We also see some of the direct measures there getting air quality benefits as well as greenhouse gas reductions. And when in fact we're very pleased that CARB followed the advice of ETAAC there and others to advance technology and benefit the public health from cleaner cars, energy efficiency, the 33 percent renewable portfolio standard, and infrastructure to get there.

I think it's very ironic to see Nissan is coming out and saying ten percent of new car sales by 2016 will be electric drive, electric vehicle. I think re-enforcement on what the Board has been trying to do will get us there. Seeing the technology follow on as we see it now is very satisfying and leadership the Board is providing.

On the other hand, we feel in some areas there's
no firm commitments. Some of these things are put under
the cap and trade were maybe some of the direct measures
could be more effective. And we've stated some of that in
there. For example, in the cement sector and the
industrial sectors there. We've seen that point and
spelled out in the letter.
So we would like to suggest that in fact the
staff takes a look at those again to see whether they
shouldn't be included.
We also feel very strongly that on the heavy-duty
side that that should be looked at. There is a measure in
there, but maybe CARB taken the real lead in setting
standards with EPA there is worth looking at.
We also looking at the allocation -- cement is
another area where staff changes its mind on that piece of
it. We would like to see looking at direct regulations
measured in that case.
On the allocation of allowances, for example, an
idea that Bob Epstein was very instrumental in pushing
forward the Carbon Trust, we had a very good meeting with
the British equivalent of that and we found out they have
a trademark on that.
But the point is they've done a lot of work in
that area.
CHAIRPERSON NICHOLS: On the name Carbon Trust?
DR. LLOYD: Yes. We tried California Carbon Trust. That was too close.

But I think again it gives me great satisfaction to see there could be a big pool of money put to work in this case. And Bob may say more about that. But that's an area where I think everybody agreed. The question is then how do you generate the moneys? And then how do you make sure that it's distributed satisfactorily?

I think the other part we also identified in the letter is the grandfathering was not so good. In fact, bad based on some recent testimony at the US House of Representatives Ways and Means Committee that found a national level that grandfathering is bad for efficiency and equity.

I would like to just make a few personal comments here as I guess Bob will do it from the private sector side. I'll do it from an ex-regulator and also an atmospheric scientist here, but also as an advocate for advanced technology.

And I would agree this offers a huge opportunity for green technologies. And we must make sure that those happen in California. Because the message goes all over the world. So the good thing is that the Legislature and the government have been first here. So we should be able to consummate that.
I mentioned, the Scoping Plan I think is a tremendous start on there. I would disagree with Professor Sperling that you want to be vague in the Scoping Plan. Academics can be that way, but I think as regulators that's not the case.

I think that without some of the suggested additions that the Scoping Plan does not give me the confidence that the goals of AB 32 will be met in the time frame and the manner suggested by the Legislature.

But again this is a draft good. Good chance to do it.

Also I think history tells us the strong regulatory program is needed backed by market mechanisms. The Scoping Plan appears to place too much confidence in free market force. And opportunities appear to forgo the much more certain outcome of direct regulations addressing industrial sources, et cetera. So you can marry the two. But when you make that accountability, I think it's very important to look at that piece of it. And market mechanisms, whether carbon taxes, cap and trade is a piece of that. Very important piece. But the point is when you come to account for that and giving me the confidence given what's happened recently, then I would caution that part of it.

The other piece I think I would be remiss to say
after reading again the introduction to the Scoping Plan, it's very eloquent. But it looks as though it's very easy. That is a panacea doing this. There's all those opportunities and what not. If that's the case, why isn't it being done?

So I would say this is very important. I'm talking to some of my economic colleagues and we've had in the past. This will not be easy. It will be tough. There will be winners and there will be losers. Overall, it's going to improve the economy.

But I think this is very important to recognize that, and that's where leadership is important. And in that context, I think it's critical that minority and economic depressed communities are addressed in the program up front.

Lastly, I would like to just quote I think from Professor Stern because it's important that even in the current financial crisis, the time for delay has passed. So we're not saying and I'm not saying that personally.

And the reason he observed that the financial crisis was 20 years in the making leading to the longer the risk ignored, the bigger the consequences. Stern argues the current financial turmoil makes an even stronger case for urgent action and presents an opportunity to lay the foundation for cleaner and more
efficient development that will transform power economics and societies. And I think this is very important.

And so it is in this context that I would recommend that the Board direct staff to make the foundation as sound as possible. Because as Mayor Loveridge said, this is global leadership, not just California. People are going to be following.

And as we saw earlier, this is going to be not easy. We've battled for years since the 70s to attain air quality for the air quality standards. As we said, we're still not there. And that is a much simpler job. So let's make sure that what we're implementing and designing is in fact going to be as effective as possible.

On the other hand, I say the good thing here is that it's a new day. And now that President Elect Obama has joined the Governor and the global colleagues, our odds of meeting the critical goal of reducing greenhouse gases and improving our economy in fact is immensely increased.

CHAIRPERSON NICHOLS: Thank you. Thank you, Dr. Lloyd.

Before I move on I feel like I'm back on the Coastal Commission today with the cheering and the clapping and the signs.

But unfortunately we're in leased space here, and
we are subject to the rules of the building and of the
fire marshall as well. And I have now been warned for the
third time that we are not allowed to have people sitting
in the aisles or standing up in the aisles or in the back
of the room.

And I'm going to have to ask people to either
find a seat -- and there are until vacant seats -- or to
go to the room next door, the Coastal Room, which is right
next door to this room, has been set aside for us. We
cleared the room. They've put up a sound system. And you
will be able to view everything that's happening in here
simultaneously. So the only difference is we won't be
able to see you, but you can see us just as well from
there. And when your time comes to testify, you can come
back into the room.

I'm sorry. I don't like to have to move people
around. But we're required to follow the rules of the
building as well. So I really appreciate people's
cooperation here.

DR. EPSTEIN: Thank you very much, Madam Chairman
and members of the Board.

I first want to start out and say what it's like
to be a member of the ETAAC Committee. We are all
volunteers. And it was really rewarding for us the fact
that we worked hard, came up with ideas, and they got
incorporated into the draft. We went back and did additional comments, and those got incorporated into the proposed Scoping Plan. So as a volunteer working on this effort and representing others, it's very gratifying to know that we could actually help the process along.

What I want to do today is describe two suggestions for the final document and then to try to give you my approach on where I think the major differences are in the business community and how we might address those if I can.

First of all in terms of the document itself, strongly recommend that you reconsider the land use target number from the current five up to your something between 11 and 14 for the reasons which the staff have already looked at. And many people who follow me will go into details. So I'm going to not do the details myself.

But it does come down to 11 would be 3.6 miles per day per driver is our target for 12 years from now. We believe it's achievable.

The second thing I would like to suggest is right now there is a vibrant and growing volunteer community, business community that's doing reductions and selling them to people purely from a voluntary basis. And it should be very clear in the Scoping Plan we want to protect that and encourage it and not allow that to reduce
the pressure on other entities. It's going to be
announcement that's happening in 17 minutes from now about
a new company that's entering the market in California to
do this. It's all selling things to consumers on the
basis of their choice. We think it's important to clarify
that's a separate program.
I think when I try to figure out the differences
between the business community. When AB 32 was being
debated in the Capitol two years ago, it was clear the
business community was divided on this issue. And as a
business community continues to be divided.
I think when I try to understand what's going on,
it's very similar to what has commented on. It's four
variables and one assumption. The one assumption
is what's energy prices. What are they going to look like
in 2020 assuming a fossil fuel economy. And what are the
impacts of climate, adding, all in. That's the base line
we're competing with. It isn't today's prices 12 years
from now are going to stay the same.
So there is a disagreement on what that base line
is. I see no evidence that once the economy recovers, and
it will, that fossil fuels are suddenly going to become
abundant or less expensive. So that's number one is
what's the base line that we're arguing among.
And part of our differences is whether those are
going to be really high, really low, wherever they might be.

And there's four design parameters. I think the very strength of the Scoping Plan is the fact it's a framework that's tunable to get the output we need. The parameters, which one that hasn't been discussed yet, is what's the rate of decline in the cap. That's the biggest factor in determining what price is.

So as we see from the low carbon fuel standard proposal, the cap starts off ratcheting down pretty modestly and then accelerates. And gives business time to make the adjustments assuming that three to five-year investment cycle. That's number one.

Number two is the percentage of auction and how it's allocated. You get very different business enthusiasm between if you're a regulated entity, zero sounds like a fine number. If you're a new person trying to enter the market, 100 percent sounds like a fine number. That's the second variable.

The third is as has been discussed many times, the percentage of offsets used for compliance. As we discovered during a workshop sponsored by WSPA, it's not perfectly clear in the plan that needs to be clarified. But there's 49 percent is the maximum. It's not the recommended. What number should it really be?
And then the last and the thing that's probably the least covered in the Scoping Plan is how do you use the moneys if there are some from an auction or a fee to accelerate reductions? What's the use of that capital? How much can we assess to that? And what can be done?

As Alan mentioned one, of the proposals would be to use the State actively buying in the voluntary offset market at a minimum guaranteed price. And that effectively creates a floor and avoids some of the problems you might see otherwise.

So what I'd like to do now is take off my ETAAC hat and put on my E2 hat, similar but different. You have submitted today a letter of endorsement that says that the Scoping Plan should be adopted. It's a right framework.

This has been signed by representatives of individual businesses as well as hundreds of other businesses. They're small, medium, large. Everything from the San Joaquin Valley where I was born to the Silicon Valley where I now approximately live in. And they represent the innovation that Dr. Sperling mentioned.

And two important points we'd like to make. One is if you look at oil prices this morning when I got up, they dropped below $50 a barrel. I think the couple weeks ago -- at least by the middle summer, they were over $140 a barrel.
If you are a business trying to figure out how to invest with something that large, you might go into dry goods rather than energy, which is something my people know a lot about.

But on the other hand, what you are fundamentally doing with this plan is you're providing the certainty that there is a value to carbon reduction. And no matter what the price of energy, that certainty is there to drive investment. And that investment is what we're after.

What you're trying to do in addition to everything else is to tell private capital invest in these areas and there will be a return. And it's a long-term strategy. And it's not just the technology innovation that we want. There's financial innovation that we need, whether it's cities or whether it's small business with the on-bill financing or other ideas we've suggested. And that innovation is happening in anticipation of you approving this plan.

In closing, I want to say -- and we are on time. I don't take credit for the three-minute adjustment.

In closing, I want to say in 2006, I believe this was technically feasible. In 2008, I'm more convinced that the technical feasibly.

I worry about the speed of implementation and what we're going to need to do as a state to allow ideas
to get through the process faster.

But overall, you could call me optimistic. But basically, you can call me determined. I think collectively this is the right plan. And I urge your adoption with a couple of improvements. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

And I appreciate the fact that your Committee is going to be meeting again and we'll have an opportunity for further consultation prior to the Board meeting where this is coming up for final adoption.

DR. EPSTEIN: What we want to do on December 5th is get various economic ideas together and try to frame it. We're not going to solve it for you. But we're going to try to frame it. We have a very diverse group. And hopefully during next year we can provide some additional ways of thinking about it and try to help get people closer together.

CHAIRPERSON NICHOLS: I want to publicly make the suggestion that when you meet again, you meet or attempt to schedule a meeting in a manner that would also include the representatives of the Environmental Justice Advisory Committee. Because I feel that both of you are coming -- although coming from perhaps diverse backgrounds, are focusing on the same issue, which is how to develop a plan.
that meets all of the objectives of AB 32, which could be
seen to be in conflict with each other. There are many of
them: The maximizing public health, maximizing
coe-benefits, getting the best technology advancement for
California, going early, et cetera.

And I feel that because we're getting separate
input from these two committees that we can try to do our
best to reconcile it. But it would be helpful to us I
think if there was an opportunity to have these two
communities actually see how much they could accomplish
together. And so although I realize they weren't created
as one Committee, if we could ask you to at least make the
effort.

And I make the same request I don't know if
Angela is still here. But in any event, we'll convey that
request and hope we can make it happen.

DR. EPSTEIN: I believe we serve at your
discretion. So I'll take that as very sound advice. And
I would look forward to that. I think it's a great
opportunity to try to arrange.

And I think could trade our trademark "In God We
Trust" with "UK Carbon Trust" and maybe solve that
diplomatic issue.

CHAIRPERSON NICHOLS: You can keep your day job.

AB 32, in addition to all of the wonderful things
it did, told the Air Resources Board that we're supposed to coordinate with other State agencies as well as consulting with all the stakeholders. And in fact, it specifically directs all State agencies to consider and implement strategies to reduce their greenhouse gas emissions.

We have been very fortunate to have been assisted by a Climate Action Team coordinated by our Cal/EPA Secretary Linda Adams and also to have had other activities going on and other agencies that have been brought to us as part of the Scoping Plan as well.

So I'm going to now turn to our representatives of our sister agencies beginning with Tony Brunello from the Resources Agency.

MR. BRUNELLO: Thank you, Chairman Nichols. My name is Tony Brunello, the Deputy Secretary for Climate Change and Energy with the California Resources Agency.

First, just hearing comments, if any of you have not seen the video from President Elect Obama that was announced on Monday, I would strongly encourage you to watch that. I think through that with the Congressman Waxman will be leading a key position in the House as well as our friends and I think in the Senate. It's very empowering to know in the plan you have laid out is directly in line with what they're proposing. So I think
that's very empowering.

Another thing I just wanted to state before -- I had to just a couple of comments.

I hope this community that's here today come to our adaptation meetings. We need you all there. We're just developing a climate adaptation strategy for the State that we hope to put out by the early part of next year, and we need as much involvement as possible. So I very much encourage a look at the other side of what impacts are there as stated in the Scoping Plan.

We in the Resources Agency are in 100 percent support of the Scoping Plan as written. We've been very involved through the Climate Action Team efforts of developing measures on the water, energy, forestry, land use, and many other portions of the plan. So we very much appreciate staff and the leadership from both the staff and from the Board on this issue. And we look forward to cooperating more on the efforts in the future.

I wanted to close with what we think is the key priority now. We need to move to action. And I think today I wanted to just lay out a few things that are specific to the sustainable forestry initiative that is laid out in the current plan.

In particular, we are proposing to work with the Board of Forestry, Air Resources Board, and Cal/EPA to
establish an interagency forestry working group that will
review and provide guidance on all forest-related
strategies and policies. The group would meet regularly
and advise the Board of Forestry and ARB on all climate
change related forestry issues. The Committee would be an
advisory group that would solicit public input and engage
in activities that collect information for guidance on how
to meet state mitigation and adaptation strategies.

This Committee would be made up of nine members
selected by Secretary for Resources in partnership with
Cal/EPA and ARB and would represent CalFIRE, the Resources
Agency, ARB, Cal/EPA, Department of Fish and Game,
Department of Water Resources, California Energy
Commission, the United Forest Service, and a position for
the academic community.

Secondly, by February 1st, 2009, this group will
work with the Board of Forestry to set a clear agenda for
priority topics and tasks to be implemented by June 2010
to fit within ARB’s Scoping Plan and state adaptation
strategy efforts.

And finally, third, establish a process to
clearly identify links between existing greenhouse gas
mitigation programs as represented in the ARB Scoping Plan
and climate adaptation efforts as identified as the
recently passed Executive Order S 1308, which expectedly
deals with our climate adaptation strategy efforts across
state government.

Thank you very much. I appreciate the
opportunity to comment.

CHAIRPERSON NICHOLS: Thank you.

I want to congratulate you also for your
leadership in the Memorandum of Understanding that was
signed at the Governor's Climate Summit this week. We're
on a track now for California to participate with other
states that have important forest resources and other
countries of the world whose efforts are currently
contributing to containing some of our precious carbon
stocks to develop a common set of measurements and rules
for how to value and how to protect these. And it's just
a terrific progress. So thank you very much.

Nancy Ryan from the Public Utilities Commission.

MS. RYAN: Good morning, Chairwoman Nichols,
ladies and gentlemen of the Board. I'm Nancy Ryan, Chief
of Staff to Michael Peevey, President of the California
Public Utilities Commission.

I'm here today to speak on behalf of the
President Peevey and the entire Commission. As I'm sure
you're all aware, last month, the PUC and the California
Energy Commission issued and voted out a joint decision
recommending policies for application of AB 32 to the

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electricity sector.

Some of our recommendations are reflected in the proposed Scoping Plan, and we are very pleased to see that. Others are not because they went beyond the scope of the Scoping Plan. And we anticipate they will be considered by staff and ultimately this body during the ensuing rule making process.

So today I'll focus my remarks on the recommendations that are germane to the Scoping Plan and make just a few remarks about those that come later.

So first let me say that of course our involvement in this process goes back to the inception of the CAT team, but also want to note almost from the day that AB 32 passed and was signed by the Governor, our staff -- and I speak for my agency as well as I can say the Energy Commission staff -- began working very closely with the Air Resources Board staff.

And I see many people here in the room today too numerous to name that we've developed close working relationships with over the last two years.

And we did that despite I think some actual physical distance, since the PUC is in San Francisco, and some cultural differences as well. But we've learned to work effectively together. And we look forward to continuing that partnership as we move past the Scoping...
Plan.

So not surprisingly given what I just said, we do find that the proposed Scoping Plan is very much in sync with the recommendations made in the joint decision of the Energy Commission and the PUC. And we're very pleased to see that.

And in particular, we recommended and we agreed with the Scoping Plan that significantly increased investments in energy efficiency have to be the cornerstone of our greenhouse gas reduction strategies for the electricity sector. Energy efficiency isn't just cheap. It literally saves money for customers. And that's even more important as we move against the headwinds of the ailing economy.

We also recommended and agree with the Scoping Plan that increasing our reliance on clean renewable energy is a critical step towards moving California to a clean energy future.

And as an aside, I'll mention that I was very pleased to -- in fact honored to have the opportunity to participate in the event on Monday, which the Governor and legislative leaders re-confirmed their commitment to going to a 33 percent RPS and moving expeditiously to get that legislation passed.

And I'll also note that the Public Utilities
Commission is working very closely with other agencies and in particular with California ISO to ensure that we expeditiously identify and move towards permitting and improving the necessary transmission infrastructure to ensure that as those renewable's are developed that they can move to markets and augment our resource mix with greater amounts of clean energy.

Another key aspect of the joint PUC/CEC decision is that the energy efficiency and renewable energy targets should be statewide targets, that they should apply to all entities providing electricity to customers in California. And one of the challenges looking forward will be how to come up with a framework that provides a level playing field to ensure that we can do that, as we do have a very diverse electric sector in California with a wide variety of different models for bringing energy the customers.

Finally, I'd like to note that the Public Utilities Commission and the CEC strongly endorsed combining these mandatory measures with a multi-sector regional cap and trade program.

The Public Utilities Commission has committed significant staff resources to helping ARB staff in all various phases of the Western Climate Initiative. And we will continue to support that effort strongly.
Our recent joint decision did also contain several specific recommendations on areas of design of the cap and trade system that we think have a particular bearing or are particularly salient for the electric sector. And those include in particular allocation and some aspect of market design. Again, these are beyond the scope of the Scoping Plan. And we anticipate they'll be addressed in the rulemaking process.

So let me commend you, the staff and the staff so far and the Board I hope soon, for developing and adopting what we believe is a sensible and workable policy framework. We believe that the very ambitious energy efficiency and renewable energy targets that are included in the Scoping Plan are attainable and can be met and reasonable cost.

But as I've already noted and it's worth stressing, meeting the energy efficiency targets should save Californians many millions of dollars over this time frame.

Meeting the RPS targets will reduce our exposure to volatile fuels prices while cutting greenhouse gas emissions and criteria air pollutants.

I would like to caution, however, that these are very ambitious stretch goals, both on energy efficiency and renewable energy. Just because we've said we can do
them doesn't mean they're a done deal.

So what we will need to see is a sustained investment and innovation by the private sector and ongoing enforcement and oversight by the public sector. So these are possible but not without sustained ongoing efforts.

Also I'd like to stress there will be offered cost estimates based on the best available modeling and information at the time. We recognize that the numbers change over time. The underlying assumptions turn out not to be accurate. Naturally, the modeling results that we presented are already out of date. We continue to work to update them. And I think that the corollary of that is that we have to appreciate that the Scoping Plan and the recommendations that we've put forward they need to be regarded as -- the Scoping Plan needs to be regarded as a living document, and we need to be prepared to adapt, update, and readjust targets and timetables accordingly.

Let me close by saying that as I noted earlier, the Scoping Plan does leave a number of very important questions to be determined later. One is the burden of how AB 32 compliance will be shared among industries, which ultimately translates into how those costs will be shared by Californians. This is determined partly by the levels of mandates in different sectors. And I will note
the electricity and gas sectors account for nearly 40
percent of the mandated reductions, although they account
for only about 20 percent of the state's greenhouse gas
emissions.

The other key issue is the allocation of
allowances. And then again within the cap and trade
program both across sectors and again emitters within each
sector.

And we did in our joint decision provide a very
detailed, some might say intricate or complex formula, for
how we propose doing that allocation within the electric
sector. And I would ask that the staff and the Board give
this very serious consideration in the upcoming phase of
the process. This recommendation that we've made
represents the considered judgment of some of the best
minds in the state, both the collective staff of all the
involved agencies, but a host of stakeholders who
contribute to voluminous records, and a very fine group of
economic consultants who supported us. So we stand ready
to work with the Air Board as we move on to considering
those recommendations. But we do ask that they get
considerable weight here.

So once again, congratulations on reaching this
significant milestone. And you have the full support of
our agency both for the Scoping Plan and for the process
moving forward. Thank you.

CHAIRPERSON NICHOLS: Thank you very much. And thanks for reminding us once again that this is an ongoing process and only one more step along the way.

I want to particularly comment on the weight to be given to the recommendations from the PUC and the Energy Commission. Because you obviously are a co-regulator and a significant regulator here, but you also only regulate one portion of the energy sector.

And so it's going to be a really difficult but necessary task to make sure that we keep everybody moving forward jointly and send coherent signals to the people that have to actually carry out all these programs. Obviously, we've received advise both from those who loved the recommendation and people who hated the recommendation. And I think the best response is just to say exactly as you did that we should give weight to what work has already been done.

But we will also have to as we move forward continue to try to balance the interests of this sector and each of our agencies with the overall goal set for us by AB 32. So thank you for that.

Claudia Chandler from the Energy Commission.

Welcome.

MS. CHANDLER: So it's still morning. So good
I'm Claudia Chandler, the Chief Deputy Director for the California Energy Commission. And on behalf of the Commission, I'm pleased to be here today to comment on the Scoping Plan.

As one of the ten largest economies in the world called California is clearly a nation state. However, what good is this status if we cannot turn it to the good or if we forgo the opportunity to preserve and improve our environment for our children and our grandchildren.

In signing AB 32, Governor Schwarzenegger and the Legislature mobilized all of the state government around a critical environmental mission. This is an immense task, and the Air Resources Board staff have tackled it as a labor of love.

They have worked tirelessly to develop a blueprint for action. And I know that because we worked closely with them, specifically on the document that Nancy was talking about earlier. Your efforts will improve our environment not just here in California, but for the nation and for the world. We will lead by example.

The ARB staff work closely and tirelessly with other State agencies, as Nancy Ryan indicated, to ensure alignment and continuity. We at the Commission appreciate the time that the staff took to incorporate their sister
agency recommendations into this document.

We are pleased that our major recommendations from the joint document were incorporated specifically, and I think it bears repeating. The increased implementation of cost-effective energy efficiency throughout all economic sectors, the importance of accelerating building and appliance efficiency standards as a foundation to achieving cost-effective energy savings, increased renewable energy generation to 33 percent from our existing place at 12 percent right now, and increased use of combined heat and power facilities.

Earlier in the week, the Governor signed a very important Executive Order that will place into action tangible actions that the Air Resources Agency, the Energy Commission, the Department of Fish and Game, and federal agencies will take to ensure that we reach that 33 percent electricity generation from renewable energy, putting forth specific infrastructure in place as well as addressing environmental concerns.

Also in support of AB 32, the Energy Commission last month, as the lead agency for CEQA put an order addressing informational proceeding to address greenhouse gas emissions from new proposed power plants. We are looking at how these greenhouse gas emissions should be measured as well as to determine the proposed projects.
impact related to greenhouse gas emission from
construction operation of the facility. And then also
possible feasible mitigation.

This is, as you know, the first time any state in
the nation has embarked on this kind of evaluation
process.

But our joint efforts with the Air Resources
staff go beyond the electricity generation sector. The
Energy Commission and the Air Board staff work closely
together on implementing AB 118 to transform the state's
transportation system to one with a lower carbon footprint
that reduces our dependence on imported oil and relies on
alternative and renewable low carbon fuels and also
creates the infrastructure to successfully support this
transformation.

This Scoping Plan today is the foundational work
that will change for the good the way we do business in
the state. This plan and your work and the staff's
efforts is a credit to the great nation state of
California.

CHAIRPERSON NICHOLS: Thank you. Thank you for
your presentation. I look forward to continuing to carry
on the work that we have agreed to do together.

Next we'd like to hear from the Chairman of the
California Integrated Waste Management Board, my 25th
floor neighbor, Margo Reid Brown.

MS. BROWN: Thank you, Chair Nichols and Board members.

My name is Margo Reid Brown. And as Mary introduced me, I'm the Chair of the California Integrated Waste Management Board.

And it's a pleasure to be here today to speak in support of ARB's climate action proposed Scoping Plan. The plan which as we've heard is a landmark in the history of environmental policy and will define sustainability activities for years to come.

I continue to appreciate the work that our respective staffs are doing collaboratively in working on this plan. Your staff has forged an open and positive working relationship with the CIWMB staff and has continually been willing to discuss recycling and waste management issues.

As it stands today, the plan has an impressive array of recycling and waste management measures. These include landfill methane capture, increased commercial recycling, increased organics material production and markets, extended producer responsibility, and others.

At a minimum, we think these measures can achieve on the order of ten million metric tons of CO2 E reductions, and likely much more is infeasible. There are
a number of key issues related to these measures that I would like to touch on today.

First is the commercial recycling measure within the recycling waste section which has received substantial input from our stakeholders. As the proposed Scoping Plan indicates, increasing commercial recycling and using those measures in the manufacturing process will substantially reduce the greenhouse gas emissions. Commercial recycling also is a lynch pin of the CIWMB's efforts to divert more materials from landfills.

The CIWMB supports a mandatory approach to commercial recycling in the Scoping Plan. This is different than how the plan is currently drafted and is a change sought by many of our stakeholders and commenters.

However, if this change is made, then I also propose that we need to soon clarify in the plan or otherwise whether the CIWMB has the authority under AB 32 to implement such an approach or needs to seek additional statutory authority to do so.

In support of this measure, the CIWMB is engaged in a study to examine the costs and benefits of implementing and expanding commercial recycling programs statewide. This will also help us firmly establish their cost effectiveness and allow us to move forward with a well informed basis for rulemaking.
The CIWMB also is engaged in a demonstration study with the Institute for Local Government to develop test implementation mechanisms such as commercial recycling model ordinances, and to pilot and study commercial recycling programs with select local governments.

Second, another change sought by commenters is to include commercial recycling and other recycling and waste management measures within the 2020 emission reduction goals.

There seems to be some uncertainties about what it means to be included in the reduction goal versus outside of the goal. And it would be helpful to clarify what those uncertainties are.

Third, we would like to discuss with the ARB and clarify whether financial incentives such as revenue allowances, set-asides, offsets or fees will be available for activities related to this commercial recycling and other recycling measures and how these would be effected by a mandatory approach.

And lastly, we also need to discuss the availability of funding sources to support the CIWMB's resources needed for implementation and oversight, as we talked.

In closing, I want to thank you very much for
your consideration of these issues and look forward to discussing them with you in more detail as we move forward on implementing this ambitious and far-reaching plan.

CHAIRPERSON NICHOLS: Thank you very much. And I too want to comment on the great cooperation and collaborative work that has been done.

I'm very mindful of the fact that a number of the key staff who were working on the AB 32 implementation plan formerly worked at the Integrated Waste Management Board. And we are very grateful to you for the excellent training and hiring that you did.

MS. BROWN: Share and share alike.

CHAIRPERSON NICHOLS: It's been a tremendous help to us. So thank you so much.

I want to say something in general at this point about the issue -- one of the issue that you raise. They all need to be addressed I believe as we move forward.

But on the question of what means to have a number included in the plan. Because it's going to come up again in connection with a number of other measures that we're talking about here.

And I want to express a view on this which I'm hoping is consistent with what the staff thinks as well. But if it's not, we need to talk about it further.

And that is that unlike a SIP where we have a
target which is mandatory and an obligation to have
numbers that add up exactly and oftentimes we find
ourselves having to make adjustments if we lose a little
bit if one, et cetera.

Here, although we definitely have a target that
we're aiming for, we know for a fact that between now and
2020 there are going to be changes. And we know there
will be areas that we don't know about today that will
emerge as possible sources of reductions as well as
challenges along the way. And we also know that this plan
is being looked at as a stimulus really for creativity on
the part of a number of different sectors, including as we
are hearing, from our colleagues in state government.

So I don't think we need to be bound to only look
at 174 million metric tons as our target. I think we
should be looking at putting numbers in the plan,
recognizing they're not hard numbers, but that they help
to focus people's thinking and aspirations in this area
and treat this as more of an invitation or an opportunity
and less as a hard regulatory target. Maybe then we would
if it was a SIP.

And so what that means to me is that in areas
like recycling, waste reduction, and so forth where we
know there is a lot of tons out there and we know they can
be captured, but we're not sure exactly what the best way

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is to capture them that we should consider putting a
number into the plan, even though we don't know exactly
how we're going to get there. Just as a way to signal
that we're going to keep working on this and to give
others the incentive to continue working on it as well.

So I suspect we're going to be talking more about
this as we go along. But I just thought it would be to
respond.

BOARD MEMBER HILL: Applies to land use as well.

CHAIRPERSON NICHOLS: Could be.

MS. BROWN: Thank you for your comments.

CHAIRPERSON NICHOLS: All right. Next we'll hear
from Mark Cowin from the Department of Water Resources and
then Roy McBrayer and Kathy Hicks.

MR. COWIN: Thank you. And good morning, Chair
Nichols, members of the Board.

I'm Mark Cowin, Deputy Director with the
California Department of Water Resources. And together
with Frances Spivy-Webber of the State Water Resources
Control Board, I co-chaired the Water Energy Subgroup of
the Climate Action Team.

Other members of the work group included
representatives of the California Energy Commission,
California Public Utilities Commission, and the Department
of Public Health. We also had participation by
representatives of the California Bay Delta Authority,
U.S. EPA Region 9, and of course ARB staff, who managed to
be just about everywhere these days.

We developed five strategies and proposed those
strategies to ARB staff, and they are included in your
proposed Scoping Plan today. And those include increasing
water use efficiency through furtherance of best
management practices, appliance efficiency standards, new
landscape standards, and regulatory action, advancing
water recycling particularly in areas where recycled water
could replace more energy intensive imported water
supplies, improving the energy efficiency of water
systems, and that includes systems throughout the water
cycles, storage, conveyance, treatment distribution,
in-home use reuse, advancing reuse of urban runoff
including low impact development practices and other tools
that again could serve to replace more energy intensive
water sources. And then finally, increasing renewable
energy reduction associated with water systems.

All of these strategies are important, of course.
And I think I would like to underline the importance of
water use efficiency as a foundational measure here. It
certainly is an important tool which will contribute
towards the Scoping Plan goals. But even more perhaps
importantly for the sake of resources management, it's a
foundational tool for adapting to the effects of climate
change in our water management system.

So to that end, the same agencies that have been
working together on the water energy subgroup have formed
a group to develop a plan to reach the Governor's goal of
the 20 percent per capita decrease in water use by the
year 2020. We'll have a plan in the next couple of
months.

And in fact, there is a workshop going on across
town and there's hardly anybody there because I guess
they're all here today.

But anyway, we are looking forward to getting
that plan out and working with all of you.

I'm here today to lend my support on behalf of
the subgroup and my department for this Scoping Plan.
Thank you, Board staff for your engagement with us on
these issues and for taking our input so readily. So
thank you for having me there today.

CHAIRPERSON NICHOLS: Very much appreciate the
work of your Committee. It was really stellar and unusual
I think to see that collaboration happening between the
department and the Board in such a focused and concrete
area. And we're very grateful to you.

We'd like to call now on Roy McBrayer who's the
Deputy to the State Architect.
MR. MC BRAYER: Chairman Nichols, members of the Board, I'm here today representing the Governor's Green Building Initiative, on behalf of Secretary Marin who chairs the Governor's Green Action Team and the Department of General Services.

And we'd like to comment on the great work that the Board staff has done on the sector of green building and express appreciation for including a green building measure within the scope plan.

Since a large portion of our greenhouse gas emissions arise from the consumption of energy and water, the harvesting process and use, disposal of materials and resources and transportation that's associated with and around buildings, the identification of this is a measure that provides an important opportunity for us to achieve some synergies in how we go about reducing our overall carbon footprint in the state of California. And I think it also provides an opportunity to engage all sectors of our community in this action and possibly even create increased demands for new green products and services that provide an economic stimulus to the state of California.

I think it's important that the Scoping Plan acknowledge the need for us to identify new and creative ways to provide funding for the investment in existing buildings so we can capture these measures in our built
environment. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Whenever I walk into this building and see that
great big silver medallion that says it's a LEED building,
it gives me a good feeling to know that we're in such a
building. And so we do have one State agency that's able
to enjoy the benefits of being in such a clean and green
building. And I hope that some day we can say that about
all of our sister and brother agencies as well. Thank you
for your leadership on this issue.

We'll hear from Cathy Hicks from the Department
of General Services. And this will be our last witness
before the lunch break.

MS. HICKS: It might be short.

Good morning, Chairman Nichols and members of the
Board. My name is Cathy Hicks. I'm the Interim Chief for
the Office of Fleet and Asset Management for the
Department of General Services. I'm here to speak on
behalf of the Department of General Services relative to
the transportation sector.

We appreciate the opportunity to participate in
the development of the Scoping Plan. DGS has embraced the
recommendations in the plan and is moving forward with
implementing transportation policy and common sense best
practices in the area of fleet management.
The first asset management system -- fleet asset management system is a critical first step in our implementation plan. The fleet inventory utilization data is necessary to establish a benchmark against which the results of our greenhouse gas emission reductions can be measured.

DGS advocates for a vehicle portfolio approach while we evaluate the full impact of the current impact of the mandates and technology advancements to determine how best to move forward to achieve our climate and asset management goals.

In the interim, more effort should be devoted to streamlining the burdensome installation process of alternative fuel infrastructure needs.

We look forward to working with our sister agencies and stakeholders in collectively collaborating to achieve the state's goals. Thank you.

CHAIRPERSON NICHOLS: Thank you. Great suggestions. Very much appreciate your coming to the forefront here and being here today. Thank you.

We will now take a lunch break. We will try to resume as close to 1:00 as possible. And then we will proceed to take the witnesses who submitted cards. Thank you.

(Thereupon a lunch recess was taken.)
CHAIRPERSON NICHOLS: The Board members are willing to have dinner brought in in the back of the room and shuffle back and forth and stay here as long as we can stay awake and listen to you, because we know people can't necessarily come back tomorrow.

If there are people who are available who are local and who would like to come back tomorrow rather than take your chances of sitting here until late in the evening and potentially not being heard, I would encourage you to let the Board secretary know that sooner rather than later, because that will make everybody's planning easier.

We're also trying to accommodate the many groups and individuals who are here in a way that gives everybody a chance to be heard, but doesn't unfairly impinge on anybody. I know whoever you are and whoever you represent -- maybe you're being paid for your attendance here or whether you're here as a volunteer, you're taking time away from something else you could be doing and you have an important reason for being here. And so I don't feel it's appropriate to say any group is more important to hear at a particular time than any other group.

I think our only interest here is in trying to give ourselves the opportunity to hear you as effectively as possible. And what we had hoped to do was to try to
organize around issues. So we do have one grouping that we think makes sense from a logical perspective on one of the key issues in the plan. And I think we're going to start with them. It does include a number of representatives of cities who are here to talk about the issue of land use and how that auto to be treated in the plan.

So I'm going to call upon this group. And I'm going to ask you to come up if possible all of you when I read your name and just take your turns at the microphone. The other thing is it's going to -- we're going to begin right now because we have over 200 people signed up to speak. So we're going to already start limiting the numbers to two minutes rather than three minutes for your testimony. You can give us anything you want to in writing, but you'll have 60 seconds at the podium to make your point. And I think I'm confident if you can't say it in 60 in two minutes, you probably can't get it in three.

I do want to also --

OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: This is Chuck Shulock.

I just want to mention what I gave you was the front end of the land use group. And there are actually other people not on that list that we identified as land use local government. We were thinking that what we would
get started while we're getting some things --

CHAIRPERSON NICHOLS: All right. While we're sorting out.

OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: So just to be clear, that was the first part.

CHAIRPERSON NICHOLS: Thank you for correcting me here. However, as we reconvene, I do need to say that during lunch we had a closed session. And during the session we conferred with our legal counsel and we received advise regarding pending litigation that was listed on the public agenda. The Board did not take any action or vote on anything during that session. So just for the record, I want to make that clear.

Already. So the first group that has signed up to speak -- and I will call you in this order. First group that we are going to call from are Jon Harrison, Janice Keating, Lisa Novotny, Pete Montgomery, Betsy Rifsnyder, Maria Birnueta, Shabaka Heru, the Society for Positive Action -- sorry -- Kathryn Phillips, Neil Blaze, Tom O'Malley, Jim Talbott.

If I called your name, could you please come forward at this time and be prepared to speak. You can just stand in line. Both sets of microphones are available. Please come on down and just say your name and your city or your affiliation when you begin and then just
launch into it, please. Okay. Are you Mr. Harrison?

MR. HARRISON: Yes. I'm here on behalf of the city of Redlands. I'm the mayor of Redlands, California and also a member of the local government --

CHAIRPERSON NICHOLS: I need my timer. You have a timer, but I don't have a timer up here. I'm normally able to see what's going on.

Thank you.

MR. HARRISON: I'm here certainly in support of AB 32, but what I'm encouraging you to do is to expand the role of local government by increasing the requirement for meeting greenhouse gas reductions from transportation land use to the 11 to 14 million metric tons level. I think local government has shown leadership in this area. And I believe by giving us that challenge that we will again rise to that occasion and push forward to bring about those kinds of changes that are needed.

But to go along with that, we are going to certainly need the funding support, whether it's the funding support for the general plan updates, the climate action plans. Whether it's the funding for the transportation or the funding for other infrastructure that we are going to need to leverage private sector money. And I think we have proven time and again that local government can be partners with the state in that
manner. So I'm asking you to strongly consider that increase and take advantage of local government's special position.

I especially think will be important during that first decade of implementation here when some of these larger programs of getting the transmission lines in place, getting technologies under advance are still under development, we can be the catalyst to get the movement going and to make the public aware of how important this issue is. And by giving us a higher target, I believe you will motivate government. And if you tie that with the funding we can use to get that part of the program rolling, at that point when the other program that will attack some of the larger issues have a technology in place, we will be in a position -- you will be better supported by the public and moving those forward.

Thank you very much for your time.

CHAIRPERSON NICHOLS: Thank you very much for your statement. Thanks for coming.

Janice Keating.

MS. KEATING: Good afternoon, Chairman Nichols and members of the Board. My name is Janice Keating. And I'm a mother, a community activist, and a seven-year member of a city council in the heartland of our state, Modesto, California.

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Thank you for allowing me to speak before the Board on this historic movement inherent in the Global Warming Solutions Act.

AB 32 provides a blueprint for all levels of government within the state to work cooperatively as we dare to say that becoming better stewards of the environment is part and parcel of the way we right budgets, promulgate regulations, author legislation, and encourage the evolution of public policy.

First, while I congratulate sub-groups working with in the state agencies, it's evident that we are still very early in the process. The thunder has mostly been heard in southern California.

The Governor has spent most of this week reaching out to the world on the topic of climate change. The highlight of the meeting is a commitment to cooperation between governmental entities on the international, federal, and state level. That's encouraging.

The scoping document you're considering, however, is not just an international, federal, or state issue. It's also an extraordinary local concern. In fact, I would venture to say that local officials need to be an integral part of the process in order for your ultimate vision to become operational.

As an elected official in a community where
population and economic demographics are fluid, I believe the way we transition from discussing our carbon footprint to reducing it means keeping our finger on the pulse of local businesses and the lifestyle concerns of our neighbors.

The solution will be human. It will be found in the way we drive to work and the way we cultivate our food. It will be felt in the way we shop, heat our homes, clean our yards, and turn on the light in our family room. The consequences are deeply personal and they're profoundly local.

I believe it's critical that local officials everywhere in the state, but certainly in the central valley, be part of the continuing process initiated by you today. California leads the way. I expect the implementation of AB 32 to be nothing less than revolutionary.

CHAIRPERSON NICHOLS: Thank you. But your time is up. Sorry.

MS. KEATING: Well, I ask whatever considerations result from your deliberations that local government have a presence in the ongoing process.

CHAIRPERSON NICHOLS: We heard you and appreciate your very good comments. Very eloquent.

Lisa Novotny.
MS. NOVOTNY: Madam Chair, members of the Board,
I'm from the city of Lakewood, Deputy City Manager.
And Lakewood is a medium-sized city in southern California. We signed on to the Mayors' Climate Protection Agreement years ago. We're members of ICLEI. We have our software to do our emissions calculations. We really believe that reducing emissions is critical.

We applaud the goals of AB 32, but we have deep concerns about the implementation, especially the land use portions, of SB 375. We would hope that because it's so critical to actually get true emissions reductions quickly and with a reasonable rational amount of hit to the economy, that you would focus on things that can happen quickly.

That it's very sad that Senator Lowenthal's SB 974 was vetoed, because in our area most of the pollution comes from ships and trucks coming in and out of the ports. Something like that will get you far more results in actual reductions in emissions than expecting that changes in land use will do that.

Those admittedly even in your own studies are decades long programs. They're not going to get you immediate results. It's questionable that the examples that you have from around the world actually even apply to our communities. All the cities in California are not the
We really feel, as Ms. Keating, said that we haven't necessarily had a voice in the process. The League of California Cities, one voice, 480 cities, is not completely adequate for that role.

So we would hope that when the RTAC is developed, when the reduced targets are set that actually you have something representing us that is practical. We would appreciate that. We don't know what you're going to set. The percentage is fluid. Nobody knows what it will end up being. Some cities want you to raise all of the percentages higher. The rest of us don't know how we're going to achieve that. We're not along true transportation corridors. We can't densify to the extent that you want. When you do densify, will you have less pollution at first? Will people immediately hop out of their cars into a transportation system that's practically not existent?

CHAIRPERSON NICHOLS: All good questions.

MS. NOVOTNY: So would just like you to be mindful.

CHAIRPERSON NICHOLS: We'll work with you as local cities. Heard the message.

Pete Montgomery and then Betsy Rifsneider.

MR. MONTGOMERY: Thank you, Madam Chair.
First, I'd like to start off by acknowledging the Chair and the Executive Officer and the staff's willingness to engage with the building industry.

I'm Pete Montgomery. I represent the California Building Industry Association statewide trade association representing 80 percent of the trades involved in new development.

I'd like to also acknowledge the great step that was taken in this year and to the consternation of some on our side, on SB 375. A major, major change in the way we do planning for land use. In our opinion, the appropriate way to do regional and sub-regional planning to achieve greenhouse gas emission reductions.

And although we applaud the incorporation of SB 375 into the benefits for regional targets, just a couple of quick points very high level in order to accommodate the time.

Number one, on the estimated reductions, still not comfortable with the science behind the five number. We're digging into that. We'll submit a detailed analysis of what we think are the real reductions for new development that would be necessary in order to achieve that. Particularly based on the significant reduction in units being built in California. In the midst of a housing crisis, we will build potentially 25 percent of
the estimated growth projected. We think that the
reductions actually necessary in VMT from new construction
would be in the 60 to 70 percent range, which we think is
impractical and impossible.

Secondly, definitely in violating in our opinion
the spirit of SB 375 is the inclusion of an indirect
source rule as a proven measure to addressing greenhouse
gas reduction measures. An indirect source rule is not a
proven measure for reducing greenhouse gases. It's
redundant. It's inappropriate. It hasn't been shown that
an indirect source rule can change on a development level
transportation patterns in the region. Again, regional
planning as envisioned by 375 is the way to go.

I know other people are going to speak on zero
net energy. That's our last point. Three minutes would
have been perfect.

CHAIRPERSON NICHOLS: Sorry. You did pretty
well. You get points for that, carbon credits.

I've been advised unfortunately that the mike on
this side is not picking up adequately for the people who
are watching this on the web. So I'm going to have to
shift everybody back to this podium, which is much less
efficient. But unless we can getting that mike to do
better, we're not going to be able to solve this problem.

There is always one other solution, which is to
make the staff leave and have a panel of people sit up here, which is sometimes a way to go. Let's try to use this podium for a while.

Betsy Refsnider. No. She's not.

REVEREND MYERS: Betsy is not here, but I'm Reverend Charlotte Myers. I represent California Interfaith Power and Light. And Betsy is the signature on our statement.

CHAIRPERSON NICHOLS: Well, if you're representing her or the group, that's fine. Thanks.

REVEREND MYERS: Thank you for having this kind of open hearing. And we applaud the California Air Resources Board on the work that it has been doing in the passage of AB 32.

California Interfaith Power and Light is a broad coalition of religious organizations representing over 500 California congregations. And nationally, we represent over 4,000 congregations.

We believe that auctions on carbon allowances within a cap and trade system requires polluters to pay for using our shared resources rather than having them gain a windfall profit.

Revenue from auctions can then fund programs to assist vulnerable communities in coping with raising energy costs, such as low income households that will...
incur costs through weatherization through increased energy bill payments. So we believe that this revenue is also needed to fund green jobs training and to allow low income communities to fully participate in the new clean energy economy.

While we are pleased that the proposed Scoping Plan that will eventually set goals for full auctions, we believe that the use of 100 percent auctions should be immediate in order to effectively and justly fulfill the goals of AB 32.

Our health, our resources, our citizens most affected by the higher energy cost and pollution cannot afford a delay.

Thank you for considering our comments. And we look forward to a continued moderation and a continued participation for advocacy for the full implementation of AB 32.


MR. HERU: That's Shabaka Heru. Sorry for --

OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: It's my handwriting. I'll take the blame on that.

CHAIRPERSON NICHOLS: Mr. Heru.

MR. HERU: Thank you very much.
There must be a better way. I'm working down in L.A. with the LAX expansion and also working with Wilmington and the ports. And my hope is that we do something about the transportation situation. We believe that what's going on is reflective of what's going throughout the society. The economy is coming apart, the housing market. And our health is at risk as well. So we hope that we can get away from some of the cap and trade portions of this and move towards some meaningful regulations of the polluters. Thank you.

CHAIRPERSON NICHOLS: Thank you, sir.
Katherine Phillips followed by Neil Blaze.

MS. PHILLIPS: Thank you, Chairman Nichols. Katherine Phillips with Environmental Defense Funds.

First, I want to echo other's appreciation for the CARB staff. I don't think there is a better regulatory staff in the world.

Second, I want to comment briefly on the document's approach to the land use improvement measures. This document's appendices don't set out a clear course for ensuring those land use and transportation system measures that are proven are put into -- proven to reduce criteria pollutant and greenhouse gases are implemented in a timely fashion, contrary to what an earlier speaker said.
If you look at the indirect source rule in the San Joaquin Valley and two years of implementation despite challenges in court, which by the way the challengers have lost so far. Despite challenges in court, the indirect source rule has managed to get 6,000 tons reduction. Half of that has been through changes in the way developers do things on site. The developers have figured out once they've had an opportunity to review their developments. And half of that has come from fees that the developers have paid as mitigation fees and have been able get of site.

I think that the Environmental Defense Fund thinks the Scoping Plan ought to be clear and the document should, for instance, recommend the time line for every air district in the state, not just those covered by 375, to develop and implement an indirect source rule. And it should establish a deadline by which CARB must develop clear guidance for air districts to ensure indirect source rules the district develops captures as many GHG reductions possible while still allowing the development we need to be a prosperous state.

I'll note the staff developed indirect course rule developed in 1990 for criteria pollutants, improving that and updating it taking into account to recent positive experience in the San Joaquin Valley and also
some of the work we've done. We had an expert look at the indirect source rule in the valley and see how it might apply to GHG. We submitted that as part of the record. And there is a clear indication it could be used for that.

Finally, I want to express Environmental Defense Fund's notion of raising the statewide target for land use transportation system reductions from the five million metric tons to at least eleven, others will be testifying about that.

Our support is based on three simple ideas.

First, setting a low --

CHAIRPERSON NICHOLS: Ms. Phillips, your time is up. If others are speaking to this point, I think you'll be covered.

MS. PHILLIPS: Thank you very much.

CHAIRPERSON NICHOLS: Mr. Blaze and then Tom O'Malley.

MR. GLAAB: Madam Chair, Mayor Blaze had to catch an airplane. So I was hoping that you would allow me to take his place so I can catch my plane as well.

CHAIRPERSON NICHOLS: And you are?

MR. GLAAB: I'm Paul Glaab, Mayor of city of Laguna Niguel. And I also stand before you as a commissioner on the State Mandates Commission. So my comments will reflect both agencies.
We're very concerned about the impacts that AB 32 implementation will have on our community should it follow the blueprint laid out in the Scoping Plan.

Despite staff's conclusion that there will be no net cost to AB 32 implementation, the fine print in the plan and the economic analysis of impacted agencies, stakeholders, and independent economists paint a little bit of a different picture. There are some that are projecting the real cash costs associated with the policies promoted in the Scoping Plan. They are as follows: 60 billion in cost to electrical utilities between 2010 and 2020; 11 billion in cost to implement the low carbon fuel standards for gasoline; 11 percent annual increase in electrical rates; 8 percent annual increase in natural gas rates; up to half a billion dollars a year in new water fees, as well as tacking on an additional $50,000 increase to the cost of a new home. And those are just the ones that are easily identifiable.

Our city and many others support the goals of AB 32 and already making efforts to the local level to address climate change. But we are also making an effort to keep our budgets balanced and figure out how to provide the most basic public health and safety services critical to the well being of our citizens and their property in a time of declining revenues and increasing costs. When we
consider new policies, our constituents expect us to do
our homework, figure out how the costs and benefits are,
and to not bite off more than we can chew.

As a State Mandates Commissioner, I would also
respectfully remind you that the State Legislature has
already voted earlier in this year to defer almost two
billion in payments to local governments for state
mandated programs and will probably withhold even more as
the California budget crisis worsens. We can't afford it,
and I don't think we can afford the additional billions
that will come as unfunded mandates.

The Scoping Plan suggests much of the
responsibility for actually implementation of AB 32 will
fall to local government.

I'm here to ask that you and your staff provide
meaningful objective information, not only about the cost,
but have more cost effective alternatives that might help
us achieve the goals of AB 32 and that you not approve the
Scoping Plan until you're satisfied your decision is fully
informed and will not impose severe unintended
consequences. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Mr. O'Malley?

Jim Talbott.

MR. TALBOTT: Good afternoon, Madam Chair and
Board. My name is Jim Talbott. I'm the Executive Director of Smooth Transportation in Santa Maria, Santa Barbara County, a very small transportation nonprofit organization. We're the contract transit operator for the city of Guadelupe transit system, a very small community on the central coast.

So in addition to global, state, and even large city perspectives, I hope to communicate to you the perspectives and challenges that are faced by a very, very small community with very limited funds, i.e., Guadelupe, as well as the challenges that Smooth faces as a transportation provider in the state.

Both Smooth and Guadelupe, a community of 6,500 people, very small community. Both of us have underserved populations. And of particular note, both of us have no funds for the emission requirements mandates that are in place right now, not to mention the ones that are soon to come.

Of equal concern are future strategies and how they are being implemented in a similar one-size-fits-all manner adversely effecting our small organization.

I know that emissions reductions strategies have never intended to reduce or restrict transit. But unfortunately as current strategies have been implemented, they have heavily impacted small cities like Guadelupe and
small non-profits like Smooth. Both agencies face the
lose of fleet size and service reductions between 30 to 50
percent currently.

A reduction in transit services will result in
more cars back on the road. Absolutely contradictory to
what we're trying to accomplish. Unless creative,
flexible, and responsible solutions that include the needs
of small cities and small transit operations are included
as well as funding resources for those affected, continued
reductions in services will continue for the city of
Guadelupe and unfortunately for our organization, Smooth
Transportation.

Thank you very much for your time and the
opportunity to speak.

CHAIRPERSON NICHOLS: Thank you very much.

Teresa Florez and then Kyra Ross.

I'm going to read some names just so they'll know
and can be ready.

David Schonbronn, John Cunningham, Chris Morfas
Robert Sudnick. You're the next group. Okay.

MS. ROSS: Good afternoon, Chair Nichols and
members. I'm Kyra Ross with the League of California
Cities. Thank you for the opportunity to comment today.

California Cities are very proud of the work
they've already accomplished to reduce greenhouse gas
emissions. Cities across the state are finding cost-efficient innovative solutions to accommodate the unique characteristics of their communities.

And we should note the important work of our Institute for Local Government CCAM program. We've already submitted an extensive letter in which we comment on the Scoping Plan. However, today we'd like to highlight two of them.

The first, we remain strongly concerned about the funding sources for local actions to achieve the reductions outlined in the Scoping Plan. With the state's take of local redevelopment dollars along with the decline sales tax dollars, we worry about the ability of local governments to fund the up-front costs of achieving greenhouse gas emission reductions on their own dime.

And, second, we believe the ARB should maintain the five million metric ton target in the Scoping Plan. We believe this number is a proportional reduction from cars and light trucks. Cars and light trucks account for approximately 31 percent of all emissions in California. When you account for the reductions from other areas, emissions from cars and light trucks will be proportionately reduced by 33 percent. Thus, we see no need to increase the metric tons in the Scoping Plan to a higher target number at this point.
Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

David Schonbronn.

MR. SCHONBRONN: Editing madly as we speak.

I'm David Schonbronn with Trans DEF.

The plan is an exceptional piece of work. We support its adoption. Yet, something important is missing: A commitment to a high visibility advocacy program by boards members and your staff.

Here's an example why that is needed. As you well know, mobile sources are the biggest sector of GHG emissions. This sector is the very definition of business as usual. Transportation professionals just don't get the urgency see of climate change. They think it relates to something other than them.

This problem is endemic and it goes all the way to the top. The Governor exemplifies our state's policy disconnect. On the one hand, he's very committed to fighting climate change. But he's also actively promoting business as usual. His leadership on the Proposition 1B highway bonds will result in greatly increased VMT and GHGs.

The Governor's recent budget proposal to rate public transit is a knife in the heart of climate change efforts in the transport sector. Quite frankly, these
actions could neutralize all the progress you've made on climate change.

I recite these points not to criticize the Governor, but to emphasize how vocal and persistent your advocacy needs to be before our state can have coherent leadership on climate change.

We understand this is a very big job. I have no idea how to go about that. That's why we think it needs to be specifically called out in the Scoping Plan.

We've submitted a comment letter with a lot more details, and we support adoption. But we ask that your staff add at least the skeleton of a commitment to high level advocacy starting with the Governor and working with the Legislature, telling them when something doesn't work for climate change, it has to be publicly heard.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

John Cunningham followed by Chris Morfas, Robert Sudnick, Josh Shaw, Penny Newman.

MR. CUNNINGHAM: Chair Nichols, members of the Board, thank you for this opportunity to provide comment. Again, my name is John Cunningham.

CHAIRPERSON NICHOLS: We need you to speak closer to the mike and louder

MR. CUNNINGHAM: I'm representing the Contra
The county has submitted comments on the draft plan, and we will do so on the proposed plan.

My comments today, however, will focus on what the county considers feasible and effective measures that are being missed in the proposed plan.

State agencies engage in numerous activities requiring siting of facilities which affect greenhouse gas production.

School sites, just I'll use that as an example but relative to all siting facilities. School sites have a number of direct and indirect impacts on greenhouse gases in both the land use and transportation areas. There are direct effects, trips to and from the site, in addition to the indirect effects, which may actually be more than the direct effects, et cetera. Indirect effects include influence on local land use policies, travel behavior, and critically, development pressure.

Poor choice in site selection results in more and longer auto trips and negative influence on the indirect effects. At the county we have seen many, many poor choice in school site selections.

Several mechanisms are available currently right now at hand that can have a positive effect on the...
selection of a site. First, many local agencies have good land use policies. Existing tools will result in better site selections being made. The state and schools are exempt from having to comply with these policies. Many of these local agencies have stated practice of regulations on the books right now. And they're only going to get better with the implementation of AB 32 and SB 375.

Second, in the draft plan there was a requirement to meet the standards in the collaborative for high performing schools. This requirement was substantially softened in the subsequent plan.

CHAIRPERSON NICHOLS: Your time is up. I'm sorry.

MR. CUNNINGHAM: Thank you.

CHAIRPERSON NICHOLS: If you want to add anything to your written comments, please feel free.

Chris Morfas, Rob Sudnick, Josh Shaw, Penny Newman.

MR. MORFAS: Madam Chair, Board members, staff, Chris Morfas representing the Safe Routes to School national collaboration of 350 partner organizations working nationwide working to increase safe walking and bicycling to school by children.

We would suggest this is a very viable strategy by which the Board and its partners could see some
reasonably immediate returns in terms of reducing automobile emissions.

In brief, this is a strategy that over the past decade has emerged as successful in many communities as the Bronx and Marin County. This is something that people want. People want sidewalks so their kids can talk to school. People want safer intersections. People want to be able to bicycle in their neighborhoods and to and from their schools.

From your perspective, this proposals would also contain enormous co-benefits including reduced criteria pollutants, reduced obesity, increased physical activities, traffic safety, happiness. This is something that people want.

We've got some specific requests which you can see in our letter dated November 13th. So I'll leave staff to explore the details. But in brief this is something the Board can do to see benefits in the next five to ten years.

Finally, we offer it as a means by which those people in Ms. Chang's final slide in her presentation, those kids we saw, this is a means by which you can engage those people. Kids age 6 to 16 today are the ones who are going to be young adults by the time to 2020 rolls around. If we are going to bequeath to this generation this mess,
we may as well be teaching them now about things they can
do to make a difference. And we suggest that Safe Routes
to School can change the an entire generation.

CHAIRPERSON NICHOLS: Thank you for your work
too.

Bob Sudnick, Josh Shaw, Penny Newman.

MR. SUDNICK: Thank you. My name is Robert
Sudnick here helping Evergreen Oil.

Evergreen Oil is one of two United States
re-refineries of used motor oil.

Because motor oil is an indispensable part of our
present transportation system and because re-refined motor
oil is a renewable resource that conserves energy and
reduces greenhouse gases, recent studies in Europe
concludes by as much as 42 percent as well as studies in
the state of Massachusetts and any number of per reviewed
science studies.

We would like you to consider two things that you
might add to your Scoping Plan which we support. One
would be a regulation requiring California fleets to not
only use re-refined oil, but to re-refine their used oil.
Currently, only a fraction of the fleet, which is between
70 and 80,000 vehicles, use re-refined oil. And most of
that oil is being burned for energy recovery and not
re-refined.
The second thing we would like to ask you to consider is a higher incentive for re-refined than for refined oil used for energy recovery, such as low sulfur diesel.

And black oil, 35 million barrels a year is shipped out of state untested and untreated for burning. The current law gives the same four cents quart to all three categories irrespective.

Recently, the Integrated Waste management Board did a study through Lawrence Livermore National Lab that concluded that re-refining used motor oil is the highest and best use of the resource because it's closed loop recycling.

So our hope is that as you proceed on with the Scoping Plan that you consider the two additions. And would be more than happy to consult with you. Thank you very much.

CHAIRPERSON NICHOLS: Josh Shaw.

MR. SHAW: Madam Chair and members, thank you. Josh Shaw, Executive Director of the California Transit Association representing your local bus and rail transit operators.

Your plan says enhanced transit service will play an important role in helping to reach regional targets. Thanks to staff for acknowledging that important role.
However, that assumes we think business as usual as couple of speakers just said, we're going backwards on state transit funding. More than $3 billion have been shifted away from local transit operators in each the last two state budget cycles. And just two weeks ago today the Governor called for the complete elimination of state transit funding next year and every year after that.

We ask you how can regional local governments maintain current or business as usual levels of transit service, much less play that enhanced role that you call for your in your plan if the state advocates its responsibility to help fund local transit. Specifically, we don't know how SB 375 will work if the state takes $2 billion or more out of the transit budget every year going forward.

Therefore, two things. We urge you to make a public statement as a Board. Tell the Legislature and Governor when you adopt the Scoping Plan in December. Put it in your resolution. Tell them to fully fund public transit, AT least the state's commitment every year going forward.

Number two, we also support your cap and trade system or some other market-based program that limits emissions and generates funds.

And we ask you to direct your staff between now
and December to amend the section on allowances where incentivizing local government is listed as a possible use and put in there you support direct subsidies to public transit. Because if we don't beef up that program, you're not going to meet your greenhouse gas emission reduction targets at a regional level.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Penny Newman are you here?

Ray Pingle, Matt Vander Sluis, Cal Broomhead.

MR. PINGLE: Madam Chair and members of the Board and staff, my name is Ray Pingle. I'm a volunteer representing Sierra Club California.

By 2050, California's population is expected to grow to about 60 million. That's a 62 percent increase from where it is today. Through appropriately aggressive leadership and actions, CARB will have an opportunity to influence this massive development in a way that minimizes greenhouse gases and improves the quality of life for Californians.

Three things that the Sierra Club of California believes can help this effort is, number one, CARB should double its goal for emission reductions from smart growth to the 11 to 14 metric tons area. This will send a clear message that new communities should be more compact, self
contained, have great transportation choices, produce far
less greenhouse gases, and produce more happiness as well.

This goal we believe is quite achievable as
evidenced by several studies that are sited in our written
comments. But one is the April 2007 Cal/EPA report
entitled "Climate Action Team Proposal Early Actions to
Mitigate Climate Change in California," allotted 18
million metric tons by 2020.

The second thing that we think would be helpful
is CARB should adopt the indirect source rule because
additional policy tools are essential for reaching these
land use emission targets. Rural non NPO counties are
excluded from SB 375. So an ISR would be the only tool
that rural counties can use to address global health
greenhouse gas impacts of land use. The ISR will create
local revenue fund to help local governments implement
climate action plans.

And number three, we fully support other comments
made that CARB should ensure that all appropriate funds
are made available for public transit.

Thank you for the opportunity and for your superb
work.

CHAIRPERSON NICHOLS: Thank you for your
comments.

Matt Vander Sluis, are you here? Yes.
MR. VANDER SLUIS: Good afternoon, Chairman, chair, Board. My name is Matt Vander Sluis. I manage the global warming program for the Planning and Conservation League.

Very briefly, we wanted to commend you for taking action at this historic moment. And also point out this is an historic moment for the Board to leave its fingerprints on this document, because there are some important changes that need to be made. And this is your opportunity to do that.

We submitted several comment letters that give more of the rational. So we urge you to look at those.

This afternoon I just want to highlight a few points here.

On the land use section, we strongly encourage you to raise the target to the 11 to 14 million metric ton range. The five million metric ton target is an important step forward, but we can do a lot more. We know that it's widely acknowledged that the report that was used to find that five million metric ton number underestimates the benefits in terms of vehicle mile reduction from dense mixed use development.

The 11 to 14 million metric ton target is also conservative, and it's a modest step forward. So we hope that you take that action and that you add additional
enforcement mechanisms to help in the land use sector, especially an indirect source rule, and that you make it clear that there will be funding for transit and planning activities.

On the economy wide price signal, it's essential that we have 100 percent polluter pays system. So we would ask you to revise the Scoping Plan so that it specifically says that we will not be granting the financially valuable allowances to polluters for free here in the state of California. It will send a very important signal, especially as the national government takes up this issue.

Lastly, on public health, we ask that you establish a formal role for public health organizations in the review of regulations and that the Board commits to identifying and protecting vulnerable communities.

Thank you very much for your time today and we look forward to your good action this afternoon.

CHAIRPERSON NICHOLS: Thank you, Mr. Vander Sluis.

Cal Broomhead, Calla Rose Ostrander, and John Ellison.

MR. BROOMHEAD: I'm Cal Broomhead, city and county of San Francisco. I manage energy efficiency, renewable energy, and climate programs for the city and
building private sector buildings.

We very much support the comments made before about involving local government directly and CARB's processes. Local governments need capacity building funds, whether it's coming from a carbon tax or a cap and auction program. We need the funds to do our greenhouse gas emissions inventory, et cetera.

San Francisco will probably not going to need much of the funds because we've gone through the five step program in ICLEI and moving on to our implementation stage. But local governments need that. You've heard that loud and clear from others.

We also need support. We need support on the education outreach. I think the gentleman from Trans DEF mentioned we need outreach from CARB, from the Governor's office to go out to all local government agencies, their counsels, advisory bodies, et cetera, so that we have a much more unanimity on local government level.

We need technical assistance, that kind of technical assistance that the California Energy Commission has presented or the Waste Management Board where they have a stable of contractors ready to come and give consulting assistance to local governments so we don't have to bear the burden of the management of those contracts.
We need access to data. And we need to get rid of the hoops of fire. We're running about a $6 million a year energy efficiency program where we had to jump through hoops of fire at the Public Utilities Commission and wrestle the IOUs to get the money to do it to deliver programs that are better suited to our locality.

And if we can't solve these problems through the regulatory structure of the existing agencies, then can you create another agency? It was mentioned a California Carbon Trust or somebody who would be in charge of the day to day planning and management of these kinds of activities. Thank you.

CHAIRPERSON NICHOLS: Thank you, sir.

Ms. Ostrander followed by John Ellison and Kate Wright.

MS. OSTRANDER: Hello, Madam Chair, Board, thank you. Thank you very much for your time in afternoon and your ears.

I'm Calla Rose Ostrander. I'm the Climate Change Coordinator for the city of San Francisco.

When looking at the appropriate role for policy for climate change coming from a Board such as yourself, the Stern review suggests that you look at three places: Carbon pricing, technology policy, and incentivization and the removal of barriers to behavioral changes.
In regards to the first one, carbon pricing, the city of San Francisco has concerns relating to the use of REX and the use of portfolio standards. And specifically the lack of regulation in the carbon offset market and the perhaps fungible and therefore detrimental effects that come through the allowance of REX under that program, not to mention the environmental effects of allowing pollution to stay here in our state and be traded elsewhere.

In towards to the third, barriers to behavioral change, we are specifically concerned that the proposed Scoping Plan is missing tools, mandates, incentives, and specific guidelines that will help local governments offer support to our existing programs, help us scale out programs into the future, and enable us to be your partners in addressing climate change.

I'm just going to give you a really practical example. We need from you performance standards for energy efficiency. The Department of the Environment is in a building, and we can't control the temperature. Our landlord is some shadowy figure. We're not really sure. We talk to him sometimes. But we don't lease the whole building. It's not a building we own. So we can't even decide we're hot or cold or the day that's given, nor do we have direct access to the energy data to that building.

Seeing some performance standards or tools coming
from you guys would allow us to begin to have a
conversation with our landlord in that regards. This
would also allow us to address emission from existing
buildings stock, which is a large percentage of our
emissions, and to broach that conversation across the
board, giving us backup, teeth power, whatever you want to
call it, in addressing that.

Also we've heard from our business constituency
in San Francisco. We have a council called Business for
Climate Change. And in talking with them, what they're
really asking us is what does green mean. What are the
standards we should be using? What are the methodologies
we should be using? What inventories are you guys using?
We are doing our best to follow what your recommendations
are. We are grateful for the protocols that are involved.
We are a member of the Climate Action Registry. But
something you could help us again enable us to do the work
that we do locally both in the public sector and in the
private sector business is giving us some standards
saying, here's our methodology. Here's the game we can
all play. Here's the language we can all talk to
together. And here are the goals that we want to reach
together. So I agree.

I again, I encourage you to not just be vague
about what you're recommending for local governments, but
to give us tools that will help us to help you and all of
us reach these goals. Thank you for your time.

CHAIRPERSON NICHOLS: Thank you.

Mr. Ellison and then Kate Wright.

MR. ELLISON: I'm John Ellison representing
Environmental Council of Sacramento, and co-chair of the
Transportation Air Quality and Climate Change Committee,
which is perfect for this discussion.

Three points quickly.

One is that there be a formal role for public
health in this process of regulating AB 32 from the
Board's perspective.

Secondly, we're of course in support of the
Scoping Plan as drafted. And we're pleased that it sets
goals for greenhouse gas emissions at five million metric
tons for land use and transportation purposes.

This needs to be reduced at least 10 MMTs to come
close to the AB 32 goals within the time line at least for
industry emissions like oil refineries spewing stuff all
over Richmond. I've read the Scoping Plan, and I see
there's some special provisions in there. But we've got
to make sure that the reduction is good enough for those.

And we also support requiring local air districts
to have indirect source rules. Very, very useful to
regulate to make a difference.
And, lastly, the social justice aspect. The public health protections for those most vulnerable: The elderly, the disabled, and children. The for communities, locations that are most adversely affected by emissions causing poor air. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Ms. Wright.

MS. WRIGHT: Good afternoon, Kate Wright with the Local Government Commission.

I want to thank you for your leadership on this issue and just couple of quick comments.

The Local Government Commission would like to second the California Energy Comission's statement in the 2006 IPR update, which states the AB 32 plan should require, not just encourage, local governments to develop greenhouse gas reduction plans and finance such efforts through the AB 32 administrative fee at a level commensurate with the greenhouse gas reductions savings expected through land use planning.

Additionally, we would like to see that those expected savings reflect reviewings, analysis which reflect that 11 to 14 million metric tons could be reduced through smarter land use.

We have submitted a letter of 70 local government officials that are our members that we hope that you will
get a chance to look at. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Scott Nelson, Michael Brennan, David Assmann.

And then that's going to be followed by out of order three gentlemen in the front row, Mr. Morales, Mr. Alvarez, and Mr. Galvan.

MR. BRENNAN: Mr. Mike Brennan, Council Member, City of Oakdale, Stanislaus County.

Outside of state legislation and federal guidelines, action taken at the local level in all likelihood will have the highest impact on the reduction of greenhouse gases and particulate matter and in promotion of living a healthier lifestyle in all areas of our society.

If you look at the different sectors listed on page 13 of the proposed Scoping Plan and the pie chart below it, I think you will find that we at the local level have the most direct effect on the biggest sector of our population most of the time. This includes people at all economic levels of our society.

The plan paraphrases this on page 36 in Section B where it states, "Local governments are essential partners in achieving California's goals to reduce greenhouse gas emissions. They have broad influence and in some cases exclusive authority over activities that contribute to
significant, direct, and indirect greenhouse gas emissions."

Many of us at the local level believe land use planning incorporating smart growth policies such as the Ahwahnee principles are one of the best ways to reduce greenhouse gases. As alluded to earlier today, a reduction of only five million metric tons assigned to the local level when some of us feel that 10 to 15 million metric tons is more realistic. This can be achieved if we get the backing of the State through wise legislation and proper funding of any mandates which are laid upon us. We at the local level need to be encouraged, cajoled, and enabled through state policy and legislation.

On page 47 of the scoping document, you addressed regional gas emission reduction. This is part of this SB 375, I would take it. And also alludes to the blueprint process, which I've been a member of down in our area in the north central San Joaquin Valley.

Well, from my experience in talking to some of my cohorts in some of the other meetings, we have less than one percent of the citizens participating in the blueprint process. So that means we elected officials are going to be the ones who we actually create the blueprint document. It will not be local citizens, because they do not come out no matter how much we try to get them there.
CHAIRPERSON NICHOLS: Thank you.

MR. BRENNAN: The one other thing I would like the allude to is the cap and trade. I believe that since that part of your document will probably be the one that is most used, most abused, I want to use some career education, I want to use a little example of how I don't believe it's going to be used very effectively.

Now you in front of me and many of these fine gentlemen and ladies behind me come here dressed in nice suits and nice outfits. Most of you will go to a dry cleaner to get those cleaned.

Now if you use the dry cleaner as a greenhouse gas emission -- I myself wear jeans. They're going in the washing machine. You people that go to the dry cleaners if you go too much or use too much of your emissions, you're going to go to auction to buy -- you're going to go the cap and trade.

CHAIRPERSON NICHOLS: You're already abusing the cap and trade, because I don't have the ability to get you to stop and you've already exceeded your time.

MR. BRENNAN: Okay, Madam Chair. What I'm saying is --

CHAIRPERSON NICHOLS: You said it. You showed how you can abuse the system.

MR. BRENNAN: It was abused this morning also and
you didn't stop them. It's time to listen to us locals.

CHAIRPERSON NICHOLS: I don't think that's true.

Thank you.

Mr. Assmann.

MR. ASSMANN: Madam Chair and members of the Board, I'm going to try to be less than my time limits.

I represent not just the -- I'm Deputy Director of the Department of the Environment in San Francisco. And I'm representing today not just San Francisco, but also members of Green Cities California, including eight of the largest jurisdictions in the state: Los Angeles, Santa Monica, Santa Barbara, Sacramento, San Jose. And I just want to make a couple of quick points.

One is that we submitted comments on the draft Scoping Plan. And one of the points we made was that we didn't feel that local government was being asked to do enough and that we felt that a target of two million metric tons was insufficient.

Unfortunately, when the proposed Scoping Plan came up, there was a target of zero for local governments. It was moved from two million metric tons to to be determined.

We think we can do more. We think that local governments should be not just encouraged to set up programs in line with what the state is doing, but at the
very least be required to put together climate plans and
to report on those plans, if not mandated to keep in line
with what the State is doing.

We think that there are a number of cities that
do take the initiative and have the incentive to move
forward, but there's also others that don't. And it's not
enough to encourage us. I think there needs to be some
requirements to make sure that we follow through and do
our part.

And there's a lot we can do. There's a lot we
are already doing. As a city, we've already achieved --
we're back to 1990 levels. We think that more can be done
with a little bit of encouragement of some of the tools
that we mentioned earlier today.

I also had a number of things to say on
recycling, but the Chair of the Waste Board this morning
articulated those very well. Just want to reiterate our
support for what the Chair brought forth this morning.

CHAIRPERSON NICHOLS: Thank you for what the
cities are doing.

We're now going to hear from the gentlemen in the
front row.

SGT. MAJOR MORALES: Good afternoon, Madam Chair,
members, staff, and my fellow Americans. Thank you, Madam
Chair, for indulging us and being able to speak as I have
some of my former members that are here would also like to. I had some prepared comments, but I understand for the time.

I would note like to state that I understand the leadership and role we're taking. When this plan was implemented in 2006, we did not face the economic crisis that we currently find ourselves in.

I just attended, as you did, in Los Angeles the Governor's small business. I attended one particular workshop. That is access to capital, being able to work with the Governor's offices on small businesses and access to the capital.

I am concerned how is disabled veterans who have given so much to this country and are here to try to make a better life for their families. As stated, from World War II and the current crisis and the war that's going on, our veterans come back to home as well as to build a business. And I'm concerned how we as a small disabled veterans business is going to gain access to that capital so that way I can buy the higher utilities and gases. That's a question our veterans deserve an answer to.

We have given our lives as well as become wounded and come back to our communities.

And I applaud the Committee here as well as the staff for the hard work. But there's still some of the...
details as was mentioned by some of the members here that
as a business person that I would like to have answered.

    Thank you, Madam Chair and members and the staff.

    CHAIRPERSON NICHOLS: Thank you for your
attendance as well as your service.

    MR. ALVAREZ: My name is Frank Alvarez. I'm the
commander of the Modesto chapter of the American GI Forum.
And I have with me one of our members, Korean war veteran.

    And the American GI Forum is a family veterans
organization. We started in 1948 when Mexico American
veterans came back from the war and were not given their
just due were, treated in a discriminatory fashion.

    And our founder, Dr. Hectare P. Garcia, one of
his main goals throughout his life was to bring the
Spanish people, the Mexican people, Latino people to an
equal footing in government, education, and in all other
walks of life.

    And as I look at the Board and I look at your
staff, I can see that we're not here as equals yet. And
because of that, it's going to fall on you to say when the
issues regarding the Latino community and those people
that are in the environmental justice areas -- because I
have many members that live in those types of areas. It's
going to be up to you to take our concerns and implement
them.
I can only say to you one short thing. We have a lot of businesses, 700,000 in this state. They're the engine of this economy. And when you implement this -- and that's the concern I have, because I've talked a lot with people in my community. Please be sensitive. Please do it in a way that doesn't drive them out of business.

If this was 1999, four percent unemployment, go ahead. Do it as you're going to do it. It's a different time now.

The people out here are suffering. And for that -- especially our business people. For that I ask that you have some sensitivity and take into account the Latino community. Thank you.

MR. GALVAN: My name is Willie Galvan. I'm the State Commander of the American GI Forum which he just stated it's hispanic veterans organization, mostly hispanic. We're dedicated to meeting the needs and improving the lives of the veterans. Not just hispanic, all veterans.

There are a lot of people hurting in California as we all know nowadays, and a lot them were veterans and veteran businesses.

Our economy is worse than it's ever been in the years past. Many, many years ago we had better economy. We've had good economy. Now it's in worst shape it's in.
You're being asked to approve a plan that will make it worse than that now. It will drive the cost of housing, fuel, electricity, natural gas, and other essentials even higher than they are now. Billions of dollars higher. There are costs likely to come at the same time as higher tax, probably sales tax. And gas taxes are levied as they're levied by the Legislature to pay down the budget deficit.

The plan recognizes that it will impact the lives of every Californian, but it doesn't face up to the fact that those impacts have the potential to ruin the lives of many, many, many people, including a lot of veterans and businesses.

Before you approve this plan, please be sure that you understand exactly what those billions of dollars in costs to the community people and to business have done and will do.

And I want you to think about doing everything you can to protect them. In the case of veterans, they've protected all of us with their lives. We've gone to war. We've gone to all the different wars we've had in the last 40 years. It's time we return the favor to them. Thank you staff and Board for all the work you're doing.

CHAIRPERSON NICHOLS: Before you leave, can I just say a word to you. And I know this isn't meant to be
I appreciate the points you're making. And I think you speak for many other people aside from yourself, both from here and many who are not here. So I just want to reiterate a couple of things.

First of all, I've heard these kinds of concerns raised for the time I've been in California, which is since 1971, working on air pollution. Every time we move to deal with the smog and the pollution that harms people's health. And I think we've had a good track record over the years in this state of having found ways to clean up our air while at the same time making our state one of the most prosperous states in the country. So this Board wouldn't have been given this task if the Legislature didn't feel these were people who were capable of carrying out that mission and doing it with sensitivity.

The second point I want to make is that we are determined to develop a plan that will have a benefit for the state of California. I know there will be costs involved. And you've heard about the utilities and the oil companies and so forth talking about the price of energy going up.

If we can't come up with ways to make those costs acceptable by coming up with ways to conserve energy and...
give people the assistance they need to conserve energy in
their homes or businesses or whatever, I don't think we're
not going to be able to implement this plan. That's just
the reality given the state of our economy. So we're
really all in this together. And I want to thank you for
articulating that and tell you we agree with you and hear
you.

MR. GALVAN: Madam Chair, thank you very much for
being sensitive. We'll take your message back to our
communities, to our veterans.

CHAIRPERSON NICHOLS: Bob Johnston, David
Patricks, Amanda Eaken.

MR. JOHNSTON: Good afternoon, Chair and Board
members. I'm Bob Johnston, Professor at U.C. Davis.

I'm going to talk just to the land use measures
as they affect transportation. My expertise is in urban
modeling. I was the person, for example, that first did
the urban models in the Sacramento region. I'll be quick.

A valid target for local governments in my
opinion would be eight to ten million tons per day. This
is based on my experience modeling this region and
reviewing the work done in other countries.

I base that on the policies being modeled as
transit, land use, and pricing policies. That is I looked
at the stronger sets of policies. And my findings agree
1 with those in the Rodier report that your staff is using.
2 I don't look at the weak policy sets, only the strong
3 ones.

4 Next point, the scoping reports needs to be more
5 direct in recommending policies to local governments
6 regarding the need for higher density infill, greatly
7 expanded capital funding for transit, and parking cash-out
8 for workplace parking, the single most important pricing
9 policy. And creates no new costs. Just unbundles
10 existing costs. Also indirect source review should be
11 recommended to local air districts.

12 Many places in the Scoping Plan you're charging
13 fees to polluters. This is just another way of charging
14 fees to polluters. I have modeled all these policies, and
15 all of them improve urban economies.

16 Last, the report should clearly state that if
17 MPOs or counties add highway capacity, it is likely to
18 make it more difficult to attain the SB 32 targets.
19 And last I would just say all of these policies
20 that I'm recommending today you will also find them in the
21 Stockton settlement between the attorney general's office
22 and the city of Stockton. Thank you

23 CHAIRPERSON NICHOLS: Thank you, David.
24 BOARD MEMBER BERG: Normally we have a witness
25 list. Could you provide your contact information to

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staff, please? Thank you for your testimony.

MR. JOHNSON: I did. I work in Dan's department too.

BOARD MEMBER SPERLING: And I praise him for wearing his blue jeans, which he does not take to the dry cleaners.

CHAIRPERSON NICHOLS: He's offsetting you then.

David Patrick, Amanda Eaken. Amanda.

MS. EAKEN: I'm not David. Good afternoon, Chair Nichols and members of the Board. My name is Amanda Eaken. I'm representing today Climate Plan.

I'll just cut to the chase, as Chair Nichols has recommended. We believe the methodology to generate the five million metric ton target is flawed. The regional simulations in the Rodier report broadly are acknowledged to understate the benefits in smart growth.

Further, this study is based on experiences from other states and other countries with vastly differing circumstances. And given the weakness of regional simulations as a tool to estimate evidence of smart growth, we believe CARB's decision to select the midpoint of that study is inappropriate. If that study is to be used, we recommend the upper end of that study be used as a Bob Johnson recommended.

By contrast, the reviewing report is based on
actual historical data selected only from California from the last 20 years. It is, thus, able to provide a far more realistic estimate of what's possible in California.

And I just want to estimate that the 11 to 14 million metric ton target can be conservative for at least two reasons. One is that it assumes gas prices of two to $2.50 through 2020, which is not at all likely. And the second is this study does nothing to address jobs/housing balance, which thankfully will be addressed in SB 375, which account for a substantial portion of the state's VMT.

And my last point is just to get us on track to meet the 2050 targets. It's absolutely essential we get started now. And we want to encourage you to include an 11 to 14 million metric ton target to send a strong message, as Chair Nichols mentioned this morning, that land use is an essential strategy to help the state achieve our AB 32 targets. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Now I'm going to turn to the next list and. I'm going to read these names. And I want you all to come forward also, if you would. Linda MacKay, Weltie Morrison, Irma Medellin, Socorro Gaeta, Ray Leon, Eursoreina Ordaz, Josa Lara, Maria Rivera, Margarita Guzman, Inez Rojas.
And if anybody needs translation services -- it doesn't look like you're wearing ear phones -- if you need them, the translator is in the back and you should get here.

MS. MAC KAY: Good afternoon. My name is Linda MacKay. And I live in Lebec, California which is in the southern end of the San Joaquin Valley Air District.

I arose this morning at 3:00 a.m. and I'm as tired as I look. But I felt it was very important to be here today.

I'm in a region that interstate 5 goes through it, the largest goods movement corridors of our state. And we are impacted by that. There are over 700 trucks an hour going through our region. We have a middle school right next to interstate 5 where my daughter attends.

Five-hundred students in that middle school impacted by that traffic and those emissions.

But we're also being impacted by the valley air, the San Joaquin Valley air. You can visibly see it coming up into our region.

I'm bothered by this plan, because I understand there are no controls on agricultural emissions. I think that's a mistake.

And another thing that bothers me is the cap and trade. I think allowing credits, allowing companies,
polluters to buy pollution credits is a mistake. It should be across the board. There should be strict regulation. You have that authority. And I think that's where you should go. Thank you.

CHAIRPERSON NICHOLS: Thank you. Thank you for being so crisp and to the point.

Ms. Morrison.

MS. MORRISON: Good afternoon, Madam Chair and to the Board. My name is Nettie Morrison. I'm chair of the Community Council for Allensworth.

And it was truly a happy day for me when I discovered that I could afford to move to the country thinking that this is fresh air, beautiful green grass, and all the things that we can envision when we live in the city. Needless to say, I stand here today in ill health after moving to the country.

So today I stand here to ask, please, no trading, no offsets. Please regulate agriculture and clean up the air in the valley. Thank you so much.

CHAIRPERSON NICHOLS: Thank you.

Ms. Medellin.

MS. MEDELLIN: Good afternoon. I'm Irma Medellin. I'm community organizer for Center for Race Poverty and Environment.

So I live in community Lindsay, in Tulare County.
And I have a small company. My small company is my family. So, yeah, this company may like a 1,200 per month and have four members. Two of these members, one of them have valley fever and another have asthma. So my company is in Lindsay. And this is small community around all these around fields. And my company it's not enough money to buy insurance. And the money is not enough for that. So now with this AB 32, someone need to pay attention of these communities who live in the central valley who live in the middle of the orchards. And we have a lot of problems with the pollution. Cap and trade is not a good solution, because like how you take our health and play with our health. And that is not fair. So in the valley has worst in the United States because of our decisions. Now you are not regulating agriculture. So other regions will improve, but the valley won't. We trade our air quality and even worse. Thank you.

CHAIRPERSON NICHOLS: Ms. Gaeta and then Mr. Leon -- or maybe it's Ms. Leon.

THE INTERPRETER: I'm the interpreter, so I better come here to help her.

CHAIRPERSON NICHOLS: That's okay. I think we
all understand everything she said so far.

UNIDENTIFIED SPEAKER: Now I'm participating in the organizing in my community, there's four kids 13 to 14 to 14 years old with this black cancer and also valley fever. And it's difficult and sad to see them now. When I started organizing in the beginning, they were really looking forward to become something in life. And now you should see them. They don't have the optimism any more.

It is really hard to see she was talking about the 16-year-old young woman that had gone out to party on Saturday. And then she had come back with problems asthma attack she suffer. So it's just really hard to see these people that have their life ahead of them being so young already going through this stuff as it is.

We're asking for your help and support, because you are the only one who can do that. In order to have these young people have a life, you know, in the future -- she mentioned a number of cities that I didn't get -- Arvin, Weedpatch are the areas most affected by the pollution. And they're asking for your help to clean up the air in those areas.

CHAIRPERSON NICHOLS: Thank you.

UNIDENTIFIED SPEAKER: That's all for now, and I hope you can help us. Thank you.

MS. GAETA: Good afternoon. My name is Socorro
Gaeta. I'm here representing Fresno Valley of San Joaquin and Fresno Metro Ministry.

My main concern is we live in an area where there is a lot of health problems because the area in the valley asthma. In my own personal case my family, a lot of heart problems. I had a son who was an athlete, and he cannot do that anymore.

And I beg you to please take into consideration how the contamination and all of this effects us poor people and to remind you that it's not -- it will effect all of us the same, either poor or rich people or in between. Thank you. Please, I beg you to help us clean up the environment, work on the global warming. And I thank you for your time.

CHAIRPERSON NICHOLS: Thank you for coming.

MR. LEON: Good afternoon. My name is Ray Leon, Executive Director of the San Joaquin Valley Latino Environmental Advancement and Policy Institute, and I'm here from Fresno.

I'm a native from Fresno, born in Fresno, raised in the farm worker town of Huron, very small farm worker town. Very proud of it, as poor as it may be. Very rich in culture and values.

First and foremost, no to cap and trade. There is a better way. In the San Joaquin valley, we have
observed some foreshadows to this cap and trade issue through offsets. As they call them ERC, emission reduction credits. Or what I call them, EDC, emission displacement credits because effectively what has taken place is they have used these offsets to permit the construction of power plants in farm worker communities. These offsets have been taken from upper income white communities in Kern County and have been displaced to build power plants in farm worker communities on the west side of Fresno county. And this is a terrible already foreshadow of what will come with cap and trade. I know that for sure already.

And that's one of the very consistent scenarios that we continue to see. And we really do need ARB to step up in a way to be responsible. Because this will create enormous inequity.

In the San Joaquin Valley we are seeing the consequences of the lack of actions from generations past and hopefully not from generations present. That is yourselves.

In the past few years, we have observed many farm workers from Kern County to San Joaquin Valley collapse due to the extreme heat. That is not normal. That has never been seen in the valley as it has been this time around.
It is not any better that farm workers don't receive a living wage and much less have health insurance. So it's a downward spiral for our community in the San Joaquin Valley which is the agricultural industry region. Eighty percent of those farm workers are Latinos. In the valley, 42 percent Latino. I beg of you to pay attention to the sensitive situation socio economic the Latinos face today.

CHAIRPERSON NICHOLS: Thank you, Mr. Leon. Your time is up.

MR. LEON: So no cap to trade and trade. And also what we really want to see that the ARB follows up on developing an assessment on San Joaquin Valley as they do with the bay and with L.A. Do not leave the valley behind. We need you to step up to your leadership roles and your authority to say no to cap and trade and help the valley out.

CHAIRPERSON NICHOLS: Thank you very much.

Next, could we please have the next speakers come forward, Ms. Ordaz, Mr. Lara.

MR. LARA: Good afternoon. My name is Jose Lara and I'm from Weedpatch, California. I come to tell you that we have an enormous problem. Three factors can be mentioned about this problem.
First one, the gases emissions, pesticides, and they have caused a lot of issues in the valley to our population.

I would like that all of you please would take some measures to alleviate the problem that we're having in Arvin. It's been a problem mostly with the businesses, asthma, and an infinite that number of other issues that have been affecting us not only the majority of us, but also the children, since the water is also contaminated and the schools are using those waters that are contaminated. And we would like your help to please solve that problem to help us for the benefit of the whole city.

I appreciate your time.

CHAIRPERSON NICHOLS: Thank you for your presence.

MS. GUZMAN: Good afternoon, Madam Chairman.

My name is Margarita Guzman. I come in from Fresno. And I say please do not leave out agriculture from enforceable regulation and measure, because many people are suffering from asthma come from the agriculture.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

MS. ROJAS: Good afternoon, everybody. My name is Inez Rojas. I'm here representing asthma community for health and a better environment of Fresno.
We cannot talk about laws or bills or any other argue theories. We just want you to see us and realize that we are the leading example of the impact that all these not so good laws that are being implemented, the affect they're having on us. And we're suffering from different respiratory diseases and asthma.

We also know that you plan your job the work that you have to do, all of you. But we need us to enforce the work that you've been doing so our children can have a better quality of life compared to the one they have so far. Since we know a few community without much access to health care is a community who's going to suffer more from these effects. Please don't effect us and consider us in these changes with the contamination of pollution. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Do we have -- we are not in order here because that was the last name I have. But if this lady signed up, she can speak.

MS. IBERRA: My name is Maria Iberra. I'm here representing Lamone, California.

I want to tell them that Lamone is completely and really contaminated. Because my husband got the diagnosis of only five years of life, because he used the work in the fields. And he's lungs are this little. It's the
once who have healthy lungs like this big. And he only
2 got five years left.
3 I beg you to pay attention to us, because there's
4 a lot of asthma in our area like the one my husband
5 suffers from. Thank you.
6 MR. COLE: Madam Chair, I think I can dispense
7 with a number of the other names on your list because the
8 bus from the valley needs to go. So if I could just have
9 people stand to support certain positions, if you'll give
10 us a minute to do that. My name is Luke Cole, Executive
11 Director of the Center on Race Poverty and the
12 Environment.
13 CHAIRPERSON NICHOLS: You're also a member of the
14 Environmental Justice Advisory Committee.
15 MR. COLE: Yes, I'm also a member of
16 Environmental Justice Advisory Committee.
17 Those of you who came from the San Joaquin Valley
18 today, would you please stand up.
19 Those of you who are opposed to pollution trading
20 which would enable people to trade pollution to your
21 communities, please raise your hands.
22 Those of you would like the Air Resources Board
23 to regulate agriculture which produces six percent of the
24 state's greenhouse gases but which is getting a free pass
25 from this Board, please raise your hand.
Those of you who are tired of the Air Resources Board discriminating against you by allowing you to live with the dirtiest air in the United States, please raise your hand.

Those of you who are not going to sit back any longer, but are going to fight for your right to have your greenhouse gases cleaned up as well as the rest of the state's greenhouse gases cleaned up, please raise your hand.

What do we want?

THE AUDIENCE: Justice.

MR. COLE: When do we want it?

THE AUDIENCE: Now.

MR. COLE: What do we want?

THE AUDIENCE: Clean air.

MR. COLE: When do we want it?

THE AUDIENCE: Now.

MR. COLE: Thank you, Madam Chair.

CHAIRPERSON NICHOLS: We'll give them a moment.

BOARD MEMBER TELLES: I'm from Fresno. I think you're hearing the message from my area. And I am glad they all came.

CHAIRPERSON NICHOLS: You can give the ladies and gentlemen a chance if they need to catch their bus.

This is great. It's been a while since we've had
demonstration inside the board room. Usually they're just
out circling around us with the tractors. Thank you,
everybody.

We'll continue on with our list. The next
witnesses are going to be Rachel Oster, Arthur Boone,
Scott Smithline, Charles Helget, if you want to come on
down.

Rachel Oster is the next name on my list,
followed by Arthur Boone, Scott Smithline, Charles Helget,
Chuck White.

I'm calling one more time for Rachel Oster.
Rachel, are you with us?

Arthur Boone

MR. BOONE: My name is Arthur Boone. I speak for
the Northern California Recycling Association.

A number of us were quite moved, and I won't say
stunned by the press that the Chair of the Integrated
Waste Management Board came today and announced they were
in favor of mandatory commercial recycling.

That's been an issue that's been a big dividing
point among the environmental groups and recyclers with
the Integrated Waste Management Board. We've been waiting
three-and-a-half years since the Governor's Executive
Order for this kind of commitment. And we are very
pleased it has happened.
I think there is one point -- I have a few slides I'd like to show you quickly.

What's happening in California is that we have seen -- we believe that garbage is a pollutant. And what happened is that -- go on to the second slide.

And what happened was essentially -- go on to the third actually. Thank you.

Between 1990 and 1996, there was a reduction in garbage in California by about 10 million tons a year. And in the last 12 or 13 years, the amount of garbage has increased again. And so there's a certain credibility problem between those of us who believe everything in the garbage could be recycled and the Integrated Waste Management Boards which seems to be happy about the fact that the State has calculated its diverse rate is now being something greater than 50 percent.

In fact, the state has as much garbage -- more garbage now than I thought it had in 1989 when it passed our waste reduction and recycling law.

And we see an absence of actions on the part of the Legislature and the Waste Board in terms of tackling this.

So Ms. Brown's saying statements this morning were very important. It's very important that we stay firm on this issue. There's a number of other issues that
have to be dealt with I think much more by the Legislature
than by this Board. But I certainly hope that the actions
that Ms. Brown announced this morning will in fact be
concretized. And as Clinton Rossiter once said many years
ago, the shadow of a policy gets turned into the substance
of a program --

CHAIRPERSON NICHOLS: You're just saying that
because you know I'm a Cornellian.

MR. BOONE: I didn't know that, no.

I remember Judge Wisdom from the 5th Circuit in
1969 who said that actions taken in the face of litigation
are equivocal in nature purpose, and permanence.

We always have to watch out when people feel
pressured what they're going to do and make sure they get
done.

CHAIRPERSON NICHOLS: Thank you, Scott Smithline,
Chuck Helget, Chuck White.

MR. LAPIS: Good afternoon, Madam Chair and Board
members. My name is Nick Lapis. I'm here on behalf of
Scott Smithline. He took off earlier. We're taking
shifts. I happened to be here when you called his name.

I'm going to keep my comments short. I'd like to
start off by saying that this has been a long process.
And we started off two years ago with AB 32. And a lot of
us had this vision of AB 32 being a key driver for
recycling. And along the way, some of us have lost faith. Some of us, you know, sort of thought it wasn't going to happen and it was all pipe dream and that despite how big AB 32 was, recycling would not end up in the program.

I'm very happy to be here today to thank the staff of both agencies and the leadership of both agencies, especially you, Chair Nichols, and Chair Brown of the Waste Board.

Mandatory commercial recycling is the next step for California. It's the easiest opportunity for us to increase recycling. And if we let AB 32 go without increasing recycling, it would have been a great chain. It takes 85 percent less energy to make a can from recycled materials than compared to virgin materials. If we left those kinds of savings on the table and just walked away, we would be seriously disappointed.

So again, I'd just like to thank the leadership of you and Chair Brown as well as the staffs of both agencies. Thank you.

CHAIRPERSON NICHOLS: Thanks for your persistence.

Charles Helget, Chuck White, Laurie Wayburn.

MR. HELGET: Thank you, Madam Chair. Chuck Helget representing Allied waste.

I, too, would like to echo our supports for the
comments made earlier today by Chair Margo Reid Brown regarding waste and recycling.

I would emphasize as well the need in the Scoping Plan for consideration for permit streamlining. The economic viability of this plan really depends on our ability to permit new and upgraded solid waste facilities for processing and renewable energy plants and including landfill gas to energy.

We also support expanding the scoping plan's coverage of the commercial recycling. We believe that program should be mandatory statewide.

And finally, we support the proposed revisions contained in the November 14th errata sheet that define anthropogenic and biogenic gases. We do believe, however, that biogenic gases should be considered carbon neutral under the plan.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Mr. White.

MR. WHITE: Thank you, Madam Chair and members of the Board. Chuck White with Waste Management. Just three quick points.

Number one on the commercial recycling. We, like Mr. Helget and Chairwoman Brown, we support an enhanced recycling, particularly commercial recycling. There's
widespread evidence the benefits of recycling through lowering greenhouse gases. The problem is they don't always occur in California where the recyclables are collected but maybe result in greenhouse gases elsewhere in the world. But still California can do a lot to stimulate increase greenhouse gas reductions by encouraging recycling. We certainly support that.

With respect to biogenic versus anthropogenic emissions, as Mr. Helget indicated, we support the further clarification in the errata sheet that came out that clearly distinguishes anthropogenic from biogenic emissions of greenhouse gases.

I think the real focus is on anthropogenic emissions of CO2 from burning of fossil fuels. Biogenic energy sources such as biomass consistent with the Governor's bioenergy action plan is a way to reduce our reliance on fossil fuel and encourage biogenic use.

There is one term in the definition of the biogenic which says it may not be necessarily carbon neutral. We would hope that there's some further clarification on what exactly that means. Your low carbon fuel standard is developing a procedure for determining the carbon intensity of biogenic fuels. However, there is no similar process I'm aware of for the stationary fuel sources to really give us a clear indication of what...
constitutes carbon neutrality or near carbon neutrality with respect to biogenic fuels from stationary sources.

So we hope either in the Scoping Plan or in further guidance in the near future you will help clarify that so we can understand and focus our attention on the lowest carbon intensity fuels that is the most carbon neutral possible.

And then finally, the Integrated Waste Management Board is working on a carbon life cycle analysis for organics in the waste stream. That's where a lot of the methane is coming from landfills. And it's really involving a life cycle analysis. Unlike other industrial sources, the solid waste industry doesn't necessarily have its only impact in the year the activity occurs, like emissions coming out of the smoke stack. Because it's a biogenic material that lasts in nature for a long time, it goes on and on and requires a life cycle analysis.

We just simply urge you to work with your sister agency, the Integrated Waste Management Board, on the developing of this organic life cycle analysis so we can get a better handle on the overall carbon balance of materials that move through the waste stream, the recycling stream, and we can better make investment choices in the future to lower the overall impacts. Thank you very much for your time and attention.
CHAIRPERSON NICHOLS: Thank you.

Laurie Wayburn followed by Rachael Katz and
Michelle Passelo.

MS. WAYBURN: Thank you very much. I want to thank you and the members of your staff. I apologize for my voice.

I want to thank you for the extraordinary work you've done. The implementation of this landmark legislation is landmark in all senses of the word. And most notably perhaps it's a measure of the mark that what we do with the land will do for the climate as a result of landscape. It's model not only here, but nationally and globally, particularly so of the forest sector in your inclusion of the forest sector as a whole and in recognizing the linkage inherent between forests, energy, land use, landfill, transportation. It is something where indeed that kind of integral linkage is something that can stand out globally.

I want to applaud the draft plan and urge its adoption. I have three specific recommendations that we'd like to make to ensure that the intent to maintain climate benefits to mitigate for loss of climate benefits and to monitor them are in fact carried through.

First, given the cross sectoral nature of how many of the sectors impact one another, not the least of
which is forests, we would like there to be a clear
requirement for life cycle accounting that enables one to
track the flux and flow of carbon across sectors.

An example of this is to track carbon from its
accumulation in the forests into use in the energy sector.
I'm sure you know that roughly 14, 15 percent of the RPS
last year came from wood biomass energy. And that will
increase. And then further on to landfills and emissions
as methane.

And that tracking be done at a fine enough
grain that you can identify significant sources of changes
influx or carbon stocks at the level of accountability to
allow for appropriate adaptive response. We like to call
that counting with accountability.

CHAIRPERSON NICHOLS: I'm sorry, but you've used
your two minutes.

MS. WAYBURN: Let me just give you my last
suggestion. And that is that given the need -- I was
pleased to hear this from Tony Brunello earlier this
morning -- the need to recognize the inherent synergy of
adaptation and mitigation. In the same way the Air Board
reached out to its sister agency at Resources and
specifically asked for the involvement of the Board of
Forestry and Department of Forestry and Fire Protection,
that you specifically ask for the involvement of Fish and

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Game in this linkage, given that carbon in the forest is embodied in the habitat and you need to maintain the habitat as much as the carbon accounting, per se.

CHAIRPERSON NICHOLS: Thanks for that. Okay.

Rachael Katz.

MS. KATZ: My name is Rachael Katz, and I also work for the Pacific Forest Trust.

And I follow up with another three short points in addition to what Laurie just mentioned.

And that first is that we strongly support the principle of the no net lose target for the forest second for. Those included in the Scoping Plan. We think that's a great step forward for recognizing we need to maintain the forest climate benefits that we have in the state that are an integral part of achieving our climate goals and we can also go above and beyond that.

As part of the no net lose, we encourage as ARB staff continues to go back and refine targets and the data used to establish those targets that the forest sector target is similarly re-visited looking again at the data and the assumptions used in coming up with that flux number.

And then in addition to the flux number that staff is directed to almost develop a cumulative carbon stock target for 2020 and 2050 so that we have a clear
path forward for how we are going to maintain and increase
carbon storage across the landscape.

And the last point I wanted to raise is both that
we strongly support raising the regional land use planning
target. And that as a key part of land use planning in
addition to reducing VMTs and energy use, you're also
conserving carbon sequestration in landscapes and
preventing significant greenhouse gas emissions that occur
when you convert those landscapes and maintain their
sequestration capacity. So conservation is a key piece of
land use planning. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Do we have Michelle Passelo?

MS. PASSELO: Michelle Passelo with the Nature
Conservancy.

TNC does support the comprehensive and thoughtful
Scoping Plan that has been developed by ARB staff with the
help of the other State agencies and stakeholders.

We also echo the comments that have just been
made by Pacific Forest Trust. And among the other
measures, the Nature Conservancy does support cap and
trade and the inclusion of offsets and believe if done
right it can attain emissions reductions that are cost
effective both inside and outside of the cap. And
inclusion of offsets like those that may come from forest
projects through restoration, changes in management, and avoided conversion, they can be reductions that are real, surplus, permanent, enforceable, and verifiable. And certainly California has done a lot in this arena through its work with California Climate Action Registry and the forest protocols.

These kinds of projects also can produce tremendous co-benefits related to water quality in our drinking water as well as protection of fish and wildlife habitat and also fostering local economy. We do support auction of allowances 100 percent as soon as possible and practical.

And we also, as mentioned before, recommend a clarification in the Scoping Plan that outlines ARB's role a little more clearly with respect to oversight on the greenhouse gas inventories, protocols, and standards that would actually compliment the measures that may be introduced by other agencies just to ensure efficiency, consistency, and to avoid double counting. As mentioned before, some of these sectors flow into each other.

And we do appreciate what the suggestion of a multi-agency effort to consider the forest-based measures. And we also echo the land use recommendations made by PFT and looking at the nexus of land use and fire where we actually put buildings, houses, and how that may actually
exacerbate some of the causes of fire.

CHAIRPERSON NICHOLS: Thank you.

Bud Beebe, Michael Murray, Kari Smith.

MR. BEEBE: Good afternoon. My name is Bud Beebe. I'm with the Sacramento Municipal Utility District, the publicly owned electricity server for the Sacramento area.

I have posted our verbal comments, so hopefully you have a copy of them.

I would like to say just a couple of things. The first one is that SMUD is a long-time supporter of AB 32. We support the adoption of this plan and particularly in terms of the electric sector, we support 33 percent RPS. We support the need for electricity efficiency. We support the California solar initiative. And we support the need for allowance trading.

Three items that we'd like you to consider prior to voting yes on this include the fact that with respect to cap and trade, one of the most important considerations the ARB has maintained throughout the development of the Scoping Plan has been one of fairness. This is certainly something to applaud. However, the Scoping Plan shows that the electric sector and the industrial sector are subject to a cap in 2012, whereas the transportation and natural gas sectors get a buy until 2015.
Not requiring allowances to be held by the transportation and natural gas sectors really amounts to preferential treatment and places considerable more burden on the electricity sector for paying for AB 32. This is a fairness issue that we believe should not be overlooked.

Secondly, we need help in getting local offset programs off the ground. We started with some dairy digester programs. We've solicited bids which preferentially look for local offsets. And we believe that the ARB could be really helpful in this if you would accelerate your carbon offset protocol process to fast track the adoption of regulations under a Health and Safety Code Section 38571 to verify and enforce these reductions so that verified offsets can be banked and ready in 2012 when the program really gets underway.

And lastly just to mention that Figure 1 of Appendix C shows that the Scoping Plan believes that there's some magical linearity of reductions that can be achieved through all of the aggregate of all of these programs. Starts in 2012 and linearly reduces greenhouse gases emissions to the year 2020.

SMUD is unaware of any specific investigations that have shown how all of these programs are actually stacking up relative to phasing in time. And we believe that such an investigation is really a necessary component.
before you can just assume there's going to be a linear
reduction relationship between 2012 or even between now
and 2020.

That's the bulk of our comments. Thank you so
much. We'll have some additional written comments.
You've done a fine job. Thank you

CHAIRPERSON NICHOLS: Thank you very much.
Michael Murray, Kari Smith, Bill Gallegos.

MR. MURRAY: Good afternoon, Chairman Nichols and
other Board members. My name is Mike Murray. I'm with
Sempra Energy.

Sempra Energy has participated in the development
of the Scoping Plan as well as the related proceedings of
the PUC and the CEC.

We congratulate the Board and its staff for
preparing a first of its kind plan, and we are committed
to a successful implementation of AB 32.

We agree that energy efficiency is the first
place to start. In the last 15 years, San Diego Gas and
Electric and SoCal Gas and their customers have spent over
one billion dollars on electricity and natural gas energy
efficiency programs. The results are apparent. SoCal Gas
customers, gas users of GMG emissions are about the same
as they were in 1990.

SDG's carbon footprint is about half the national
average and per capita electricity usage rates are about the same as in 1998.

Sempra Energy is generally supportive of the Scoping Plan. And we support the recommendations of the CPUC and CEC on design of the program for the electricity and natural gas sectors, many of which are reflected in the plan.

As noted by Nancy Ryan of the CPUC earlier today, the electricity sector will deliver 40 percent of the plan's reductions, though it is responsible for only about 20 percent of the emissions. We are concerned about the impacts to rates and bills paid by our customers for assuming this disproportionate burden and believe any revenues raised through any allocation of auctions should be returned to benefit our customers.

We all understand the plan is a fluid document which will change as conditions change. We look forward to being a participant in the State's effort to meet these very ambitious goals. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Kari Smith, Bill Gallegos, Malakai Seku-Amen.

MS. SMITH: Good afternoon, Chairwoman Nichols and Board. My name is Kari Smith. I'm the Director of Public Affairs for Sun Power, Corporation. Sun Power is a PV module manufacturer and solar power plant developer.
We also sell our products to retailers around the state and country. We employ over 700 people in California. Our headquarters are in California.

I'm also here representing the Solar Alliance, Renewable Energy Marketers Association, and a group of about 25 environmental groups and businesses that signed on to a letter that I gave to the Board this morning.

So I'm here to congratulate you on AB 32 and support implementation of the proposed Scoping Plan with one important addition to that plan. And that would be that the Board please explicitly recognize the greenhouse gas emission reductions that are associated with voluntary renewable power purchases.

The plan does recognize quite appropriately the importance of renewable power and the importance of market driven emission reduction measures, also the importance of voluntary action. However, the plan does not recognize voluntary renewable power purchases and emission reductions associated with those power purchases.

The voluntary renewable power market equals half or over half of the new renewables coming on line in the US today. CRS came out with a study today showing that 2.7 million megawatt hours are purchased by green certified business in 2008, which is 114,000 megawatt hour increase over 2006.
This is quite a vibrant market. The reason people purchase renewable power is so they can make a difference in reducing greenhouse gas emissions. So I would ask the Board in developing the rules for AB 32 implementation to please not undermine this important market-driven sector, but in fact to recognize and support it.

I heard a lot of comments by local government today. One of the ways that local government can reduce greenhouse gas emissions is by purchasing renewables. If you in fact allocate allowances to voluntary renewables, they'll be giving local government an important tool in meeting your goals.

CHAIRPERSON NICHOLS: Thank you very much.

Is Bill Gallegos here? No.

MS. OROZCO: Bill Gallegos is not here. If you don't mind, I'll speak in his place?

CHAIRPERSON NICHOLS: All right. That's alright if you're representing him.

MS. OROZCO: My name is Ana Orozco. I'm a community organizer representing CBE in Richmond.

Richmond happens to be the home of Chevron Oil Refinery, which is one of the largest refineries in the state of California. Cap and trade policy will allow oil refineries like Chevron to continue and to increase the
releasing of greenhouse gases and toxic pollution which
will exacerbate existing health problems like asthma and
cancer and create new health problems in healthy people
living in refinery communities which are also low income
communities of color, similar to Richmond.

If AB 32's goal is to reduce greenhouse gases, we
need to keep the cap and ditch the trade. There is a
better way.

So I ask that the Board adopt a Scoping Plan with
direct measures to reduce greenhouse gases at refineries.
This will effectively clean up local pollution in Richmond
and all refinery communities which are also low income
communities of color. Thank you.

MR. SEKU-AMEN: Good afternoon, Madam Chair and
members of the Board. I'm Malakai Seku-Amen. And I'm
here today representing the California State Conference of
the NAACP. I hope my boss isn't watching.

As an entity of America's largest and oldest
civil rights and social justice organization, we here to
speak on behalf of California's communities most impacted
by pollution, poor health, and poverty. And we
are speaking for those who have lacked capacity to fully
comprehend and participate in the complex process of
implementing AB 32.

While we applaud the Board's hard work and we do
have a neutral position on the Scoping Plan, we are concerned about the extent to which underserved populations benefit from the proposed Scoping Plan.

On this note, the California State NAACP respectfully urges that the Board avoid adopting a Scoping Plan that is too narrow in laying a framework for AB 32 implementation. It's critical that adequate opportunity remains for all Californians to help ensure equitable emission reductions, cap and trade, or carbon offset sales, program, and regulations development as well as maximum social and technological innovation in the future.

There are a number of equity groups who are concerned that the public health and economic benefits of the plan, particularly as those benefits relate to low income and urban populations of color, have not been adequately presented, analyzed, or incorporated into the Scoping Plan.

Our concerns include the costs for consumers and small businesses and inconclusive standards for carbon offset sales. Although the positives far outweigh the challenges, one of the dispiriting aspects of AB 32 implementation. At least for urban revitalization and environmental justice advocates is it can impair California's development, discovery, and cataloguing of magnificent research ideas and strategies that often leave...
underserved communities empty handed.

This time, however, we must be committed to a meaningful and equitable paradigm change. And since California doesn't have an overall economic development and job creation strategy, let alone one for low income areas, the Board is surely in a unique position with the job prescribed by AB 32. Through the Climate Action Team, there is an awesome opportunity to now once again bring action oriented responses to all the horrific data on business, homeownership, vocational training, and science and engineering work force deficits that are attributed to a chronic lack of capital, regulatory barriers and costs, and fragmented approaches to policy implementation. We can even of course benefit from our own intellectual property coming out from --

CHAIRPERSON NICHOLS: Your time is up.

MR. SEKU-AMEN: Thank you. I just wanted to say the NAACP stands ready to work with the Board in the future of this issue.

CHAIRPERSON NICHOLS: Thank you. We appreciate your comments. And I think we'll be commenting further as we sum up where we are. But I think we're in agreement with you in terms of how we should proceed. Thank you. I'm going to ask everybody to stand up and stretch. I need to that.
(Thereupon a recess was taken.)

CHAIRPERSON NICHOLS: Roberto Cabrales from CBE, John Busterud, Susie Berlin, David Wright, Ron Davis, Phyllis Currie.

Starting with Roberto, are you here? Yes, you are. Excellent.

MR. CABRALES: Good afternoon, Madam Chair and members of the Board, members of the public. Thank you all for sticking around so late.

My name is Roberto Cabrales. I'm a community organizer with Communities for a Better Environment in the L.A. office. I'm also a resident and a concerned citizen of Huntington Park in L.A. County.

The southeast L.A. communities have been fighting a power plant for last couple of years in the southeast L.A. region. If built, this power plant would emit over 800 tons of pollution per year in addition to 2.3 million tons of greenhouse gases per year.

The proponents of this power plant call this a green project. I don't see anything green about 1.7 million pounds of pollution per year. In a region that has suffered for decades of environmental impacts of cumulative impacts from freeways, from stationary sources of pollution, power plants, and then additional proponents want to bring power plants. This is an injustice we want
to talk about.

I'm glad to see 33 percent increase or the 33 percent of renewable portfolio standards in the Scoping Plan. But unless CARB includes real and aggressive measures like no payment outs, no alternative compliance payments, no renewable energy credits, fee and tariffs to make small scale renewable facilities cost competitive and requirements that economic dollars stay in California and flow towards the most disadvantaged communities mandated by AB 32, including green collar jobs and skilled training and installing clean energy infrastructures in the community.

This increase means nothing to the county and to the world without these measures. We want a meaningful, realistic, and aggressive push for renewable technology in California. ARB has the ability to set a precedent to the rest of the nation in moving away from fossil fuels for our energy consumption.

If we create the gateway towards building small scale and large scale solar panels on businesses and homes, then we won't have to face polluting power plants from coming in our community like the one in Vernon. Furthermore, the Scoping Plan has a real risk of placing more pollution in non-attainment communities like the southeast L.A. region by allowing polluters to buy their
CHAIRPERSON NICHOLS: Thank you, but your time is up.

MR. CABRALES: Thank you.

CHAIRPERSON NICHOLS: John Busterud.

MR. BUSTERUD: Good afternoon. My name is John Busterud on behalf of the Pacific Gas and Electric Company.

PG&E is committed to working with the Board, staff, other state agencies and concerned stakeholders to make AB 32 a success and a model for others to follow in the years ahead.

We commend the staff for their hard work and stamina in producing a proposed Scoping Plan that provides a comprehensive conceptual road map for the regulatory implementation process to follow.

PG&E was the first investor-owned utility to support AB 32, and our customers have invested in energy efficiency programs and a clean electric generating portfolio so our emissions are among the lowest of any utility in the nation.

In addition to the programmatic measures proposed in the Scoping Plan, we commend ARB for recognizing a well designed multi-sector cap and trade program linked to the Western Climate Initiative and other emerging programs can
provide real, sustained, and cost effective greenhouse gas
emission reductions.

We are pleased that the plan proposes a
rulemaking specifically addressing critical market
designed issue and implementation and to receive input
from the public and those with expertise relevant to the
design of cap and trade programs.

In these turbulent economic times, we strongly
urge you to within the scope of the cap and trade
rulemaking consideration of potential consumer cost
protection mechanisms, such as strategic allowance reserve
or price collar which could provide an additional
allowance supply in the event allowance prices exceed a
pre-determined level.

Broad access to environmentally sound and
verifiable offsets will also be necessary to achieve AB
32's reduction targets in a cost effective manner.

These critical components of all-over market
design will no doubt benefit from closer analysis during
the cap and trade rulemaking next year. With these types
of measures, we believe ARB and California can and should
achieve the bold objectives of AB 32 while minimizing the
economic impact on California consumers.

CHAIRPERSON NICHOLS: Great place to stop.

Thanks.
Susie Berlin is not here. She is here. There you are.

MS. BERLIN: Good afternoon, Madam Chair and Board. My name is Susie Berlin from McCarthy & Berlin on behalf of the Northern California Power Agency.

We appreciate all the efforts that are reflected in the proposed Scoping Plan and believe that the plan is a good outline for implementation of regulations eventually. However, we're concerned that there are obstacles associated with a lot of the proposed suggestions that are either understated or omitted completely from the plan. We don't believe that these issues can be addressed or should be resolved in the plan.

But they should be at least be acknowledged and indeed agree with the comments made earlier by Alan Lloyd that stated if you read just the introduction, it looks overly simplified.

One of the issues we believe is very important that's not adequately addressed at this time is the complete economic analysis. Cost effectiveness is a very important consideration. It is not a single criteria that needs to be weighted in the final recommendation, but rather it is measure that has to be met before plans can be adopted. Understand it's a complex issue but one that needs to be addressed before we can move forward with the
regulations and one that I think is understated in the
plan.
And one of the things that I believe the plan
also understates is the impacts of viewing all the
proposed measures on a total portfolio basis rather than
looking at the cost effectiveness of each program and its
impacts on each of its affected sectors and the members of
that sector.

With regards to cap and trade program, while a
well designed cap and trade program may be able to achieve
emissions reductions, all of the allotted benefits of a
cap and trade program are associated with an economy wide
program and not one that will include for all intents and
purposes in California essentially the electricity sector
in the beginning exclusion of the transportation sector,
for example, from the initial cap and trade program makes
it difficult to see how well those benefits would actually
work with a truncated program. There are also key market
structure mitigations that needs to be taken into account.

CHAIRPERSON NICHOLS: I feel like the voice of
doom. Your time is up.

Thank you. David Wright followed by Ron Davis.

MR. WRIGHT. Thank you. My name is Dave Wright.
I'm the General Manager of Riverside Public Utilities and
the President of the Southern California Public Power
Authority, also known as SCCPA. SCCPA is composed of 12 public power agencies from the size of LA DWP to Banning to coastal areas to the Imperial Valley and the hot desert regions. We serve six million people where they live and work. And we have a diverse generation mix, as you can imagine.

Public power agencies have been some of the most aggressive in renewable energy and energy efficiency programs. In fact, in Riverside, we'll have gone from no renewable energy in 2000 to 50 percent renewable energy within five years. So making great strides. And we'll probably have one of the highest renewable energy portfolios in the state, except for those that had legacy hydro. We also have a one in two participation rate for energy efficiency programs. So every other customer has participated.

Our resources mix is diverse, but there is a lot of coal in our resource mix. And we'll be the first to bring that forward and propose that.

We play by the rules. When we got that coal in the 70s, you couldn't put in any natural gas. No nuclear. We don't have hydro in southern California. We built that coal, but we are very aggressive and hired a number of consultants to assist us with those plants to reduce our emissions to look at sequestering greenhouse gases and
look at how to make those the cleanest plants while they're still operating and then eventually commit to moving away from that.

We do have some concerns with the potential cap and trade that might be put in place. And in fact we would like to request that some regulatory safeguards be included as this is further developed. We do not -- we're concerned about the rate impacts because of potential health transfers or market manipulation and have passed out what we would like to request be added as an individual item to the executive summary, which would essentially in these tough economic times cite the Board's support of not having unexpected impacts to rates.

CHAIRPERSON NICHOLS: We'll take a look at that language, but your time is up.

MR. WRIGHT: Thank you?

CHAIRPERSON NICHOLS: Thank you.

Mr. Davis and then Ms. Currie and then Ms. Johnson Korral.

MR. DAVIS: Good afternoon, Madam Chair, members of the Board.

My name is Ron Davis. I'm general manager of Burbank Water and Power. And I will try to not duplicate comments and get out of your way as soon as possible.

Like my colleagues that you will hear today, the
city of Burbank is already under a 33 percent mandate for renewable portfolio. We are well on our way to meeting that. We know we have a lot of heavy lifting to do, and that means our rate payers do. We understand it. We accept it. We encourage it. We support all the good hard work you've done. We want to tell you we think you have it right.

We very much would like you to look at one thing our city added when we adopted our sustainable goals, and that was ensuring as we reach sustainability, we could afford to live here, or the maximum diverse population can afford to live here when we got done.

There are certain things associated with cap and trade that cause could an awful lot of money to change hands that will not reduce carbon. We understand a lot of good folks have good ideas what they want to do with that money. But those of us who have to do heavy lifting and we except it. We know we're going to have 30 percent rate increases. We can't afford more to help other people more, no matter how well intended project. Please give some thought to affordability and sustainability. Thank you.

CHAIRPERSON NICHOLS: Thank you. I think we will be giving a lot more attention to those issues as we move forward.
Ms. Currie, welcome.

MS. CURRIE: Thank you. Phyllis Currie, General Manager, Pasadena Water and Power, also a member SCCPA.

And I'm going echo some of the comments you heard. I think the thing we want to convey to you is we do think the Scoping Plan is a good document. That you've done a lot. We've recognized that you listen to us on a lot of our issues. We are very pleased with that.

We are still concerned about cap and trade. We're glad you are going to take time to really look at it in depth. Our concern again will be the issue of wealth transfers and what happens to the funds at the end of the day.

As my colleagues are indicating, we are heavy in coal because of the legacy issues. We are working on that. We are committed to energy efficiency and renewables.

As you move through that, remember that the people who will have to pay for these emissions allowances and the cap and trade costs will be our customers. They are citizens. They are also looking at the other economic issues facing our community.

So we ask that you keep that in mind. We would rather put our money towards the investments that move us towards AB 32 goals rather than having our money go to
others that don't have the same emission issues we have.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Ms. Johnson Korral.

MS. JOHNSON KORRAL: Good afternoon. Leilani Johnson Korral with Los Angeles Water and Power. I want to thank you for all of your efforts in developing the proposed Scoping Plan. I want the express our support of you efforts to develop a comprehensive approach to developing a plan that is equitable and fair and is on the way to achieve the 2020 goals and sets us on a path to 2050.

When I say that, I indicate that LA DWP is fully engaged and committed today. We are not waiting until 2012. We have a five billion dollar investment commitment right now to renewables over the next five years. And that is not a small task on our end.

We are undergoing a transformation. We are certainly not in the business as usual mode.

Not only do we endorse the energy efficiency and renewable measures, we believe they are the cornerstone of AB 32 compliance for the electricity sector. And as that, we look forwards to working with you to develop the metrics to measure the tonnage reduced and avoided by those measures and also the enforcement mechanisms for the
electricity sector.

We support the Governor's 33 percent RPS goals including the one stop permitting which we think is really important for the renewable goals to be met.

With that said, cap and trade design should compliment those measures and the commitments that we've had. We indicate cap and invest is our motto in our business model, and we want to continue with those investments in renewables and energy efficiency. We ask that CARB work to ensure that the policies you adopt do not syphon the money away, helping us to accomplish our goals. And David Nahai, our CEO and general manager, has tremendous respect for Madam Chair Nichols and the Board. We look forward to the next steps. Thank you

CHAIRPERSON NICHOLS: Thank you very much.

Scott Raymond, Elizabeth Hadley, Krystal Muhlencamp, and Bill Sproull will be next after that.

Start with Scott Raymond from Fine Light. Are you here?

Elizabeth Hadley and then Krystal Muhlencamp and then Bill Sproull.

MS. HADLEY: Good afternoon. My name is Elizabeth Hadley. I'm here on behalf of the city of Redding Electric Utility, REU.

As a medium-sized city with an electric load
based primarily on residential air conditioning use, we believe Redding offers a unique perspective on the effect that the proposed Scoping Plan will have on the whole community, the city services, and the municipal utilities like REU.

First and foremost, REU believes any fees collected for the citizens of Redding from greenhouse gas reductions from an auction or public goods charge must be kept within the local community and managed by the local governing authorities in order to achieve the maximum amount of localized emissions reductions.

Second, although the plan acknowledges there will be an impact to utilities from electrification from the transportation sector, the potential load growth from plug-in vehicles could be tremendous, even during the off-peak hours.

Without giving proper credit to the electricity sector for the resulting increase in electrical demands, utilities could be forced to discourage plug-in vehicle charging to avoid greenhouse gas penalties.

Third, REU does not support the immediate implementation of a cap and trade program due to the potential unknown consequences of being out of sync with adjacent states. While we are supportive of the AB 32 goals, REU believes a cap and trade program should be
postponed at least one compliance period or three to five years.

During this delay, utilities would be able to focus their investments on the additional infrastructure necessary to meet the renewable and energy efficiency standards. This would ensure all WCI states are ready to participate in a truly regional market. Transportation fuels could be incorporated into the cap at the onset or perhaps a federal program would be enacted.

Finally, REU encourages CARB to leave enough flexibility in the regulation it develops to promote growth and the expansion of new resources that aid in greenhouse gas reductions.

Thank you for the opportunity to comment today.

REU along with the city of Redding is submitting written comments as well.

CHAIRPERSON NICHOLS: Okay. Thank you.

Bill Sproull.

MR. SPROULL: Thank you, Madam Chair and Board members. I'm Bill Sproull, Senior Vice President of Clear Edge Power and also a member of E2.

I'm here today in support of the Scoping Plan as a framework that includes recognition in it for new technologies that have a significant impact on emissions reductions like fuel cells and NCHP.
Clear Edge Power is a company that is about five years old that is currently introducing a fuel cell combined heat and power system that's designed for residential, multi-family, and small business type applications.

The high efficiency of these distributed fuel cells will cut CO2 emissions in addition to reducing the consumption of fossil fuels by up to 40 percent. 5K system as an example will reduce over a period of a year about 12 tons of emissions per system. Interestingly, that correlates for a family of three to the targeted per capita emission reduction that you're looking at in the Scoping Plan. So one system would have the impact that you're targeting for a family of three.

We're pleased to be building the business in California. We are going to be shipping product next year. And the environment that things like the Scoping Plan and the work that the ARB and other agencies are doing in California to create a good environment for clean tech businesses to develop the technology and bring it to market is to be complimented. And we're excited to really build the business. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Marybelle Nzegwe and Sofia Sarabia, two of the Fresno group representatives I was told were still here.
I'll move on and maybe we can pick them up later.

Ronald Davis I think we've already heard from.

Diane Tavkorian, Linda Gilgun, Gary Schoonyan.

MS. GILGUN: Good afternoon.

There is a better way to ensure that local
government --

CHAIRPERSON NICHOLS: Could you give your name
please, so we know who you are?

MS. GILGUN: My Linda Gilgun. I'm a community
leader with Environmental Health Coalition. My home is in
Chula Vista. My experience as a member of the Chula Vista
Climate Change Working Group has shown me that even when
local government is inclined to take significant action to
reduce carbon emissions, pressure from interest groups can
overwhelm even the best intentions of the local
government.

I'm recommending making emission reductions
mandatory based on my experience of attempting to ensure
carbon reductions in Chula Vista. The city actually
convened the working group to make recommendations to
update Chula Vista's carbon reduction plan, because the
plan was largely voluntary and failing to meet established
reduction goals.

Several of us community residents were involved
in a long ongoing process of deliberating, compromising,
and developing very significant recommendations for our city council. All of our recommendations for climate change have been successfully implemented in other cities.

Unfortunately, in the end, the Chula Vista City Council backed off from their original interest in reducing carbon emissions due to significant opposition from powerful lobbying groups including developers and business organizations. Our recommendation became suggestions rather than requirements which weakened their potential positive environmental impact.

I strongly recommend the Air Resources Board require local governments to adopt a mandatory reduction goal of 15 percent from current levels by 2020 which include municipal emissions and community emissions which is in line with the state commitment.

In order for the state to meet its goal, each local government will have to do its part. A mandate from you could empower local governments to enact policies and set up incentives and penalties to meet that mandate.

Simply changing a word from "encourage" to "require" would make a substantial difference.

CHAIRPERSON NICHOLS: Thank you. Appreciate your testimony.

Gary Schoonyan.

MR. SCHOONYAN: Thank you, Madam Chair. I'm Gary
Schoonyan with the Southern California Edison Company.

Before I begin, I would like to give my appreciation for the hard and productive work of the staff of the ARB as well as the Utilities Commission.

We support sounds policies the implement the draft plan and it suggestion several additional considerations. Many of our comments focus on urging the Board to pursue least cost options. Unless California can deliver emission reductions at the lowest possible cost, we will be less able to lead others in implementing the plan during these adverse economic times.

Regarding offsets, SCE fully supports the proposal to allow up to 49 percent without geographic restriction. We do, however, suggest that the use of validated and sustainable offsets should also be allowed to support other elements of the plan.

SCE further believes that electrification across sector is a key option. And we ask the Board to direct staff to develop rules which will recognize the consequences of fuel switching and develop methods to make electric sector whole for the increased emissions incurred.

SCE also is fully supportive of efficient combined heat and power systems. However, we are concerned that the planned proposal to increase the
capacity of these systems to 4,000 megawatts without adopting operational and efficiency standards will result in inefficient applications and result in less reductions than expected.

Regarding renewables, we recommend that the CARB and working with other agencies fully evaluate and embrace policies that address the significant infrastructure, cost, and integration challenges that need to be overcome to achieve a sound 33 percent policy.

Finally, SCE fully agrees with the proposed plan that a cap and trade program must be broadly based. As such, we recommend that the CARB pause the initiation of a California-only program to allow for the development of a WCI regional program or, better yet, a federal cap and trade program. Thank you.

CHAIRPERSON NICHOLS: Thank you.

We have two people whose names I called earlier, so come on.

MS. SARABIA: Sofia Sarabia from the Center on Race, Poverty, and the Environment. I was outside when my name was called.

We will have a detailed comment letter that we'll be submitting. But I wanted to highlight one of the points that will be in that letter. And that is the low carbon fuel standard in the Scoping Plan which we believe
will have unintended consequences, especially for environmental justice communities.

And the consideration of corn-based ethanol will have an impact on low income communities of color like the communities for the residents that you saw earlier this afternoon, Wasco, Hanford, Madera, where these facilities have been located and are being sited to be located.

And the Scoping Plan is relying on local permitting processes to mitigate the potential impacts in these communities. And that's not going to work. And the reason is that the local land agencies have a lack of guidance from this Board. And the Board should provide minimum thresholds of significance and guidance on how local land use agencies can mitigate and avoid greenhouse gas emissions from these projects from individual projects in these local communities.

And the last point I'm going to make is that the Board should make the voluntary greenhouse gas reduction goal of 15 percent by the local government a mandatory requirement instead of a voluntary requirement to ensure that these communities are receiving the benefits of this Scoping Plan.

Thank you

CHAIRPERSON NICHOLS: Thank you.

MS. NZEGWU: Good afternoon. My name is
Marybelle Nzegwu, and I'm a staff attorney at the Center on Race, Poverty and the Environment in San Francisco.

I would like to focus my comments today on the impacts that the Scoping Plan will have on environmental justice.

Throughout the structure of AB 32, there are many references to environment justice. And the Legislature directed this Board to consider impacts on environmental justice communities. However, the Scoping Plan states that this Board will only do that analysis at the later regulatory stage, and we believe that's inappropriate.

This Board is required by AB 32 to design its plan in order to avoid impacts on environmental justice communities and also to design this plan to maximize co-benefits. The requirement to maximize co-benefits is found in three different sections of AB 32, in the directives Section 38501(h), in the regulatory section at 38562(b)1, and in the requirements for market-based compliance mechanisms.

This Board should consider environmental justices impacts in the plan, because what is happening now is business as usual. And the adverse impacts on these communities are occurring today. And if business as usual -- if we just continue with business as usual, the impacts on these communities will be exacerbated.
And I have just two additional points.

CHAIRPERSON NICHOLS: Sum up very quickly, because your time is up.

MS. NZEGWU: I'll just -- ARB must identify measures to provide air quality and health co-benefits in highly polluting sectors for which there are few specific regulations, such as the petroleum refining industry and agriculture.

And additionally instead of relying on trading, ARB should work with the air districts to develop emissions reduction measures targeting individual major sources to provide certainty about where emissions reductions will occur. And thus ensure that environmental justice communities will get an equitable share of the co-benefits of reducing greenhouse gas emission.

Thank you.

CHAIRPERSON NICHOLS: Thank you for your testimony.

Before we proceed, I just want to do a check. We are now according to my list at number 50 perhaps of 71. And I'm assuming that this is not the last list that I'm getting.

BOARD CLERK VEJAR: You have about 225.

CHAIRPERSON NICHOLS: So I have a lot more names that are going to be coming do me.
EXECUTIVE OFFICER GOLDSTENE: Yes.

CHAIRPERSON NICHOLS: So if every one of you really feels like you need to speak individually, we will sit here and listen to you today or tomorrow. But if anybody feels like you can combine your comments and still get your points across or if your point has been made by somebody else, I would encourage you to think about what you're facing here. Okay. This is a voluntary request at the moment.

MS. TAKVORIAN: I will try to be brief. My name is Diane Takvorian, and I'm the director of the Environmental Health Coalition in San Diego. I was also a member of the Environmental Justices Advisory Committee.

Let me say first to thank all the staff and your Board and particularly the public who has worked so hard incredibly hard to bring this scoping plan on behalf of our communities here.

And while the Scoping Plan is a good first start, we really believe there is a better way to reverse climate change and to end the overwhelming toxic pollution in our communities. We must have the public health benefit that Dr. Telles talked about that. That has to be a guarantee in this plan. We must ensure economic vitality and particularly amongst the small businesses and in our local communities. We want to offer you a few concrete
First, we need to eliminate the cap and trade provision. There's some here who believe that's not on the table. I believe that your Board is listening to all of us and that you will seriously consider that.

Secondly, we feel that we need to require local governments to adopt a mandatory reduction goal, a mandatory reduction goal of 15 percent just like the state requirement for the mandatory 15 percent reduction. We must have the local control in our communities in order for environmental justice communities to benefit from this Scoping Plan and from this entire plan. We can't just have a statewide goal. That won't get us the benefits that we need in our communities.

As some have said, we need small businesses in our communities and workers in our communities to benefit from the incentives that are going to come down. They can't be across the state. We need to have handles at the local level. And that's the way you can give them to us.

We want you to require a mandatory goal of energy net zero structures by 2020 for residents and 2030 for commercial and industrial sector. These are very specific. You're part of the way there. We're just asking you to go the rest of the way there in the Scoping Plan.
Require the mandatory annual report cards. Very important for transparency and for communities to help you hold everybody accountable to this lofty goal.

And we support the 33 percent RPS for local renewables and not for new transmission. Let's do the local renewables in basin first and see how far we can get and then we can go to transmissions if we need them.

CHAIRPERSON NICHOLS: You're out of time.

MS. TAKVORIAN: And to phase out aging power plants. We are all facing peaker plants proposals in our communities. And you can go a long ways to help us prevent that. So very specific. Thank you so much for your time.

CHAIRPERSON NICHOLS: Thank you.

Okay. Polly Shaw, Scott Tomashesky, David Brodwin, Faramars Nababi.

MS. SHAW: Good afternoon. I'm Polly Shaw, Director of External Relations for SUNTECH. And we are one of the largest solar manufacturers in the world. We provide solar solutions in the residential, commercial and utility scale space.

We opened our second largest office in the world in San Francisco, because of California and San Francisco's long term and robust commitments in policy to climate and solar. You may know us from the Google,
Disney, and other installations. We support the adoption of the Scoping Plan with some improvements.

I would like to briefly touch upon two. Accounting for a voluntary renewables and limiting offsets.

First, you may have seen the October 2008 report from the National Renewable Energy Lab that demands for new voluntary renewables is now greater than demand for renewables under RPS.

Customers want to do their part on climate. The state must ensure this vibrant market contributes to real reductions under the cap. Please retire the emissions value associated with these installations.

We ask that California's policy makers limit compliance offsets that diminish the demand and the greenhouse gas mitigation rewards from energy efficiency and renewable energy.

There has been much discussion today and in the last few weeks of the voluntary forestry offsets. I'm struggling to find clarity in the plan to compare the dynamic voluntary renewables market. And our concern is if the renewable energy contribution is not made clear in the plan through some clarity in terms of retirement or allowance or corollary decisions on offsets that this very vibrant dynamic market could disappear by 2012. And
surely that was not the intent of AB 32.

So therefore we are a signatory with 24 other clean energy leaders to two letters that are being provided about the voluntary renewables and offsets.

And last I want to thank you all very, very much for your hard work. It's an excellent Scoping Plan. Keep up the great work.

CHAIRPERSON NICHOLS: Mr. Tomashefsky, David Brodwin, Mr. Nababi, Ms. Birmingham.

MR. TOMASHEFSKY: Thank you, Madam Chair, Board members.

Thank you for the two minutes as well. My goal here for the last six-and-a-half hours you've been hearing about various positions and things, I want to step back for a minute and offer some suggestions on process for moving forward.

Given that we have spent now about two years dealing with lots and lots of discussions, numerous stakeholder discussions, very good coordinations. But at this point, now we have something's probably more difficult to deal with, how do you actually implement these regulations.

And in going forward, what that's going to entail is a much more intense, if you can imagine, exchange of ideas, concepts, and really people rolling up sleeves and
just basically coming up with decisions we need to come up with. So from that standpoint, you basically have about -- the way I figure about nine to twelve months to figure that all out and you've got about nine to twelve months to deal with the regulations and implementation if you want to get there by 2011. So my suggestion on that is a couple.

First of all, just focus on one topic at a time and really get people to come to the table and bring forth ideas. Come to the full debate. Get resolution on that and move on. Because if you don't do that, you're not going to be able to resolve those various issues.

From the standpoint of the key issues to address, I look at it in about six ways. You want to determine what the stakeholders needs to do. Tell us what you want us to do is still an outstanding issues in terms of you've got inventory. You're coming up with calculations. It's not clear as to what you want specific sectors to do in the cap and trade program. We know what you want us to do with respect to regulations. We need to see how it fits together.

When you get past that, then focus on offsets. Try to determine how you're going to work with the policy options on offsets. How this is all going to fit together. Because then you're going to need to look at
things like how renewable energy certificates are going to be addressed. I know that's being addressed at the Western Climate Initiative. But there is some debate there as well.

And you have auctions. And then you get to the most controversial in terms of allowance distribution. If you go in that step meal approach, you should have enough guidance at least to soften some of the discussion when you get to the point of allowance distribution. If you don't deal with market design at auctions before you get to that point, you're going to come back to an argument to re-visit it. And we don't want to see that happen.

When you have two years to implement AB 32, we want to make sure this is done in the most practical way. I think most people in this room are very supportive of the goals and objectives of the Scoping Plan. Certainly nothing is perfect in terms of what's in there and we can debate that for a long time as you've heard today. But we definitely want to be part of that process. And certainly from a Northern California Power perspective, we are clearly committed to being at the table with you on this process. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Next, Mr. Brodwin.

MR. BRODWIN: Yeah. My name is David Brodwin.
I'm with New Voice of Business. And formerly I was a partner with Accenture, which is a global management consulting firm.

I've looked at hundreds of business cases, and I think I know something about cost structure.

I want to address my comments here to those who claim that California business cannot afford to act, because the opposite is true. In fact, we need to act and we need the stimulus that this can provide.

The people who claim the Scoping Plan will lead to a rise in energy costs are hiding from themselves and from the rest of us large parts of the total costs that are involved. What we think we pay for energy is only a small fraction of what we actually pay for energy. And we must understand the difference between the two in order to make the right decision today. Because while there truly are some direct and obvious costs to business that will go up, the total costs of energy will go down. And as a business person, I believe that we need to care about the total costs when we look at this situation and what to do.

For example, with gasoline, we know that gasoline really costs us all in somewhere between 10 and $20 a gallon and what we pay at the pump is small fraction of the total. The rest of it goes for excess military costs and other things.
AB 32 may raise the small fraction of gasoline
costs that we pay at the pump, but it will actually lower
our total cost per mile driven in California. This will
happen because we useless gas as cars become more
efficient and these other hidden costs become less impact
on us as we wean ourselves from these fuels.

The same is true of all the other energy costs,
electricity and natural gas, that drive our economy.

So this is the situation. The cost of energy is
like the proverbial iceberg. A portion of the costs are
the ones above the surface, the ones we can see easily.
And, yes, some of these costs will go up. In fact, they
need to go up. But businesses that don't understand their
total cost don't survive in business for very long. As we
go forward with implementing AB 32, we need to look at the
total economic impact both on individual businesses and on
the state as a whole --

CHAIRPERSON NICHOLS: Your time is up.
MR. BRODWIN: Thank you.
CHAIRPERSON NICHOLS: Mr. Nababi, are you here?
Sara Birmingham, you're here.
I'm not going to take anybody now if they don't
show up when I call their names. You can all keep track
of this list.
Sara Birmingham followed by Barry Vesser, Rafael
Aguilera, and Ana Orozco.

MS. BIRMINGHAM: Thank you. Good afternoon. My name is Sara Birmingham with the Solar Alliance. Solar Alliance is an association of solar photovoltaic manufacturers, installers, integraters, and financiers dedicated to accelerating the development of solar power in the United States. Our members all have a strong commitment to assisting in the adoption and implementation of sound state-based policies and programs that will accelerate towards a low carbon economy.

I would like to applaud CARB for this important task we have undertaken. You're taking a national leadership role, and we appreciate the hard work you have done.

The transition to a low carbon economy is essential to maintaining the economic well-being, public health, natural resources, and environment in California.

A critical element in that transition is maintaining and stimulating the development and use of zero carbon low energy technologies such as solar. We believe that if properly designed, a cap and trade regime in California should spur further solar development in the state, fully allowing solar to be part of this climate change solution.

Solar energy also stimulates the local economy by
creating new jobs throughout the communities of California.

However, the Scoping Plan currently appears to eliminate the ability of customers to reduce greenhouse gas emissions through the voluntary purchase of renewable power, such as solar systems they install in their homes or businesses or the purchase of renewable energy credits. We feel strongly that potential emission reduction measures under AB 32 should seek to increase, not hinder, citizen participation in a clean energy futures. And therefore we recommend that voluntary emission reductions resulting from new generation should be treated as emission reductions within the capped electric sector by retiring carbon allowances on behalf of the renewable power produced in the region. This will ensure that system owners are assured their investment in renewable generation will result in real emissions reductions.

CHAIRPERSON NICHOLS: Thank you. Your time is up.

And you know if anybody else is here who wants to comment on the need for further recognition of voluntary renewable energy projects, I think your point has now been made about five times. We have all heard you. So you don't need to say it again, unless you just absolutely are
dying to do so. We got the message. We're taking notes.
And it will be reflected in some fashion or another.
Either we'll end up doing what you want or we won't.
But we've heard you. And I don't want to commit
to what the resolution is going to be. But I think we
have the message. I see a lot of heads nodding.
Please be aware you're not talking to a wall.
You're talking to actual human beings and really doing our
best to listen and listen to each other. If somebody else
has said what you're going to say, don't feel like you
have to say it again. Thank you.
Barry Vesser.

MR. VESSER: Thank you, Chair Nichols and the
Board. My name is Barry Vesser with the Climate
Protection Campaign.

And first of all, I want to salute you all for
taking on this monumental undertaking with such
professionalism and your staff.

The Climate Protection Campaign works with local
government and business. We just released a plan
supported by all nine cities and the county government of
Sonoma, our community climate action plan, to reduces our
emissions 25 percent below 1990 levels by 2015. And I
want to say that plan includes funding mechanisms for all
41 solutions. So local government does have a very
important role to pay here.

We have submitted detailed comments on the Scoping Plan to your staff, so I'm going to highlight a few things. We have also submitted a petition and letters of 333 people that support the following policy recommendations.

The state should auction 100 percent of permits under the cap as soon as possible. Upstream polluters should pay for their emissions, not be given free permits which will prolong the transition to a clean energy economy.

Second, and perhaps most important point I would like to make, is the Scoping Plan should specify that auction revenues will be used to provide a dividend to compensate consumers. Given the state of the economy, helping consumers deal with rising fuel and energy costs is an absolutely imperative use of these auction revenues. We need to ensure that the increase in energy prices that an effective cap will surely bring do not disproportionately effect low and moderate income people. Otherwise, this plan and the law itself implementation will be jeopardized politically.

Finally, we support the use of carbon fees. These fees can be used to funds clean energy technologies, green jobs, public transit, and energy efficiency programs.
and much more.

CHAIRPERSON NICHOLS: Thank you that was two minutes.

MR. VESSER: Thank you.

CHAIRPERSON NICHOLS: All right. Rafael Aguilera followed by Dr. Michael Dorsey and Bernadette Del Ciaro.

MR. AGUILERA: Good afternoon. Rafael Aguilera, consultant with the Verde Group here on behalf of the Climate Protection Campaign.

I want to say when AB 32 was being debated in the Capitol, economic impacts are one of the most important considerations. That's why AB 32 has some of the directives that it has to make sure ARB adequately addresses this while we're moving toward a clean air economy.

Along with stringent regulations on power plants, oil refineries, and industrial polluters, making polluters pay for their pollution is an essential strategy that has the potential to accelerate our move towards clean energy.

However, regardless of how you put a price on carbon, whether it's a fee or auction, nearly 100 percent of those costs paid by polluters will be passed through to consumers in the form of higher prices for gas, energy and essential consumer goods tied to the fossil fuel economy.

I'm here today to suggest that we use as a tool
dividends also known as per capita rebates as one of the mitigating strategies to address economic impacts formed by low income communities and individuals on fixed incomes.

The way this works is you set an aggressive cap or a fee and do not allow offsets. You make the polluters pay. And you return all or nearly all of the money back to individuals on an equal basis.

What this does is two things. One, mitigates the regressive impacts of the program. According to studies by the Congressional Budget Office, University of Massachusetts as well as environmental justice and climate change initiative, dividends show great promise to offset the dividends for low and middle income families and have the ability to compensate everyone except the very rich.

The other thing it does is increases political support over the long term because of a very unique feature. One, as a cap is lowered, dividends rise. Two, as the carbon price rises, dividends also rise. So you're going to have a situation where people are looking in the paper every day trying to figure out how low the carbon is going and how much their dividend check will be on a monthly basis. They'll be applauding as the hammer comes down.

So what we're recommending is you do an analysis...
on dividends in California context as they have none in other states and hope you'll consider as a cornerstone and complimentary mechanism.

CHAIRPERSON NICHOLS: Thank you. We appreciate that. That is an issue we're going to be dealing with in the context of looking at allocations and how to do allocations and revenues. They're clearly interconnected with each other I think.

MR. AGUILERA: I'll just make the point it's not necessarily related to cap and trade and auctions. It's definitely --

CHAIRPERSON NICHOLS: Could be free standing.

MR. AGUILERA: James Hanson, NASA climatologist supports tax and dividends, which is also another way of doing it.

CHAIRPERSON NICHOLS: It could be looked at in a different light. I agree. Thank you. Okay.

Michael Dorsey, Bernadette Del Ciaro, going once. Going twice.

Nicole Caprets from the Environmental Health Coalition. Nicole?

Andrew Hoerner, Redefining Progress. Erin Lamar. I'll just read you the rest of my list here so you know what's coming.

After Andrew, Erin Lemar, Michael Beer, Tamujin
Harris, Michael Dorsey is down for a second time, adrian Block, and Ulla Nielsen. The whole CBE contingent.

MR. HOERNER: Good morning. My name is Andrew Hoerner. I'm Director of the Sustainable Economics program at Redefining Progress.

I spend the last 16 years studying incentive approaches to climate policy with emphasis on whole system and economy modeling. I'm the person who first proposed seriously to Fran Pavley that she take a little on the mandatory inventory bill called AB 32 --

CHAIRPERSON NICHOLS: Could you speak up a little bit? You're a soft spoken gentlemen.

MR. HOERNER: -- turn it into a comprehensive cap.

Redefining Progress has a lot of things to say about many aspects of the Scoping Plan, but I'm going to do something I've never done before and limit my points to one.

It's essential, essential that we implement the polluter pays principle by adopting 100 percent auction of any allowance from the first day and give not any period of give-a-ways. And we'll submit written comments on some other issues.

Why is 100 percent auction essential? If CARB decides to give away even one percent of the allowances,
you need all the mechanisms for a give-away. You historic
table lines for every covered company. You need a huge
opaque politically manipulable process to allocate
allowances. You need an elaborate and fully detailed
system of allocation rules. Allowance give-a-ways are
immensely valuable at $20 a ton of CO2. California
allowances are worth in excess of $8 billion per year.
Because of this value, you need to prepare for a
huge amount of litigation and lobbying over the rules.
These costs are so great that companies that use the
broadcast spectrum are actually asked to be switched from
free allocation to an auction in order to reduce a
crushing burden of litigation costs and related
uncertainty. So you'll need to hire an army of lawyers
and interpret and defend your rules. And you need to
anticipate delay. Lots of delay.

CHAIRPERSON NICHOLS: Thank you. And two minutes
goes by really fast. I know. But we have heard from you.
We've seen some of your writing on this. So we understand
the point.

MR. HOERNER: I'll get one last sentence, which
is that, you know, any lobbyist who can't find some good
reason for his or her industry to have an exception should
turn in their Gucci's. And in the end, you know, people
will try to do what they do to the BPU tax. They'll load
it up with special gifts like a Christmas tree and then
kill it because it's to complicated. So like it's real
risk to have any auction at all.

CHAIRPERSON NICHOLS: What's happening here today
is good example what happens when you don't auction off
the right to speak, which is everybody tries to exceed
their time. We're not allowed to do that, because we are
a public agency. Go ahead.

MR. BEER: Chairperson Nichols and Board members,
my name is Michael Beer. I live in Richmond, California,
a hot spot for cancer tumors and childhood asthma and also
the home of a Chevron refinery.

I'm going to be speaking in favor of strong
regulation and enforcement and against relying on a cap
and trade method.

First, I'm opposed to voluntary anything. The
honor system doesn't work. The complete criminal justice
system is erected on that fact.

In Richmond, we have this Chevron refinery. And
recently we were trying to put a cap on the amount of
their pollutions, because as everyone knows, refineries
are moving toward greater use of a dirtier heavier crude.

We lost that fight, because the Chevron
essentially controls the city council. And so that's why
it's important for you to make regulations that surpass
those of the local entities to give them the power to do
what really needs to be done.

Also I should warn you that Chevron in the case
of recent ballot measure that we had to get a little bit
money more from them as a business tax lied to the
community. And they would probably not feel bad about
lying to you either.

And about the cap and trades in Europe, it seems
to be working in some places. But in other places, it
seems not to be working. So to me that's like saying that
the air circulation system of a submarine works most of
the time. I don't think you want to be in that submarine
when it doesn't.

And I would like to urge all the Board members to
act as if -- in looking at these issues to act as if your
name was on this bill AB 32 personally and this was going
to be your legacy for the state of California. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Kari Decker from APX, followed by Brent Newell
and Patty Krebs.

MS. DECKER: Sorry about that. Kari Decker with
APX, Silicon Valley based company that specializes in
designing the underlying infrastructure used in renewable
ergy and carbon markets.

We are just here to support our -- express our
strong support for the Scoping Plan and the great work that CARB staff has done to date.

We believe the plan is very far reaching. It's comprehensive. We support its multi-sectoral approach, and we believe it's also balanced.

In addition, we believe it's good for businesses. We're a Silicon Valley company. And we see this plan is creating additional jobs and economic development.

Regarding offsets, we applaud CARB staff plan to set strict standards and allow only the highest quality offsets.

We urge CARB in the months ahead to quickly identify which methodologies and protocols will be acceptable so as to incent the earliest and greatest reductions possible.

Finally, we believe the plan's recognition that strict enforcement and compliance is absolutely critical. Especially in these times of severe challenges in our financial markets, compliance and oversight is more important than ever before. We urge the most robust tracking and oversight systems possible, including extensive transparency and strict accounting standards.

Thank very much.

CHAIRPERSON NICHOLS: Thank you.

Brent Newell, Patty Krebs, Buddy Berk, Chris

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MR. NEWELL: Good afternoon, Madam Chair, members of the Board.

The sole point I'm going to make today in addition to all the issues that we're going to rise in written comments is that agricultural measures in the Scoping Plan are currently volunteer. They should be mandatory for at least large confined animal facilities including dairies.

Just two months ago, the California Energy Commission released a dairy greenhouse gas model where they modeled the emissions from this source category. And the results were 19 million metric tons of CO2 equivalent emissions. It's a very large component of the state's overall inventory. If you add that in and then readjust the numbers, comes out to about five percent of the total state's greenhouse gas inventory.

Allowing that to be on a voluntary basis really ignores the ability to reduce massive amounts of methane and nitrous oxide emissions that are extremely powerful greenhouse gases.

So what I would suggest just orally here is that the Scoping Plan should call for mandatory regulations, not voluntary. For large confined animal facilities, including dairies.
Feasible mitigation measures are already available to capture these emissions from lagoons that contain liquefied manure. And closed free stall barns confine methane from burps and flatulence. Each cow in California emits on average 400 pounds of methane per year. Multiply by 23, that is a lot of greenhouse gas emission. Enclosing a barn has tremendous greenhouse gas benefits.

So I encourage the Board to not hear the siren song that its often hears from agriculture in every rulemaking that you get before you. Please don't carve out an exemption for a very major component of this state's greenhouse gas inventory. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Patty Krebs, are you here?

Buddy Berk.

Chris Erikson.

Elliot Hoffman.

If not, we are through the first list.

We move on to the second list beginning with CAPCOA, and then we've got five people from CAPCOA who have signed up to speak. And I know they all will have organized their time efficiently, because I know these people. Starting with Barbara Lee.

MS. LEE: Good afternoon, Madam Chairwoman,
members of the Board. I'm Barbara Lee, the Air Pollution
Control Officer in northern Sonoma County and immediate
past president of CAPCOA.

I'm the first of several APCOs here on behalf of
the CAPCOA today. We have consolidated our testimony so
we will not take as long as we had planned.

We do appreciate the opportunity to speak and
have provided written comments with attachments.

Our comments, CAPCOA commends ARB staff for a
tremendous job on the Scoping Plan. We support the
proposal and stands in partnership with ARB to implement
and enforce it. Our comments focus on implementation and
enforcement.

California's air quality and public health
program is strong because it's tiered. ARB sets goals and
adopts statewide regulations for stationary sources.
Local districts implement and enforce them with hundreds
of experienced engineers, field enforcement, and technical
staff with ARB oversight. This is a strong foundation to
implement and enforce Scoping Plan requirements for
stationary sources. The overlap between the program is so
extensive they really can't be implemented in isolation.

Attachment B to our letter shows the current
regulatory structure for criteria pollutants. The first
column shows stationary source categories identified in
The Scoping Plan. As we move to the right, you see criteria program elements. Are there existing district permits for the sources, category districts in specifics of the sources, emissions inventories, monitoring recordkeeping and reporting. Will compliance with AB 32 require modifications to district permits.

It's a difficult slide, but the point is how many boxes are checked. There's a lot of intersection. CAPCOA recommends implementation through local permits and programs where they overlap.

Skipping our last two slides, we recognize that the Scoping Plan goes far beyond traditional local programs. The most efficient and effective use of resources will leverage existing programs to achieve the Scoping Plan goals where those programs align.

We strongly recommend ARB and CAPCOA staff work together in the near term to map out how implementation and enforcement will be done, what resources will be needed, and how they will be secured.

In closing, I want to address one particular question we've heard. There are 35 local air districts with staff roughly from one to 850. Whatever size, if there are stationary sources that will be regulated under the plan, there are district staff with expertise in regulating, permitting, and inspecting these sources. Be
assured, all local air districts have the capacity to
implement and enforce Scoping Plan programs that will
effect the stationary sources in their areas.

Thank you very much for the opportunity to speak.

CHAIRPERSON NICHOLS: Thank you.

Let you go in order here.

MR. SADREDIN: Good afternoon. I'm Sayed Sadredin. I'm the Executive Director and the Air
Pollution Control Officer for the San Joaquin Valley Air
Pollution Control District.

We have consolidated our comments, so let me just
say me, too, to the comments that Barbara Lee just made
regarding the role the air districts can play in
implementing the AB 32 requirements.

Just a couple of brief statements that unless we
amend the State and Federal Clean Air Act and the local
permitting regulations, there is really no legal way to
avoid the sources that are subject to the greenhouse gas
control measure requirements to also have to obtain
permits from local districts. And anything that these
sources do that requires a change at their facility will
also trigger a permit.

So in our opinion, relying on the existing
infrastructure provides for the most efficient, least
costly, and the most expeditious means to implement AB 32.
One additional topics that I wanted to bring up on behalf of my colleagues and that is very important to CAPCOA as well as the valley air district is the trade off between public health and greenhouse gas control measures. Of course, all of us will support measures that have co-benefits, and there are very many of those in the Scoping Plan. But there are several measures in this plan that could lead to increases in criteria pollutants and toxic emissions if they are not designed properly.

But the cap and trade program itself if it doesn't have adequate safeguards could lead to loss of co-benefits and detrimental impact to the public health.

So we ask that as you have in the past -- ARB has a long and proud history of protecting public health. We ask that when faced with those trade-off questions whether it be in designing your control measures, the cap and trade program, or the expenditure of various funds that you put a high priority on public health and environmental justices in designing those programs.

Thank you very much for your time.

CHAIRPERSON NICHOLS: Thank you.

MR. DRESSLER: My name is Terry Dressler. I'm the Director and Air Pollution Control Officer of the Santa Barbara County Air Pollution Control District, also the president of the California Air Pollution Control Officers

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The Air Pollution Control Districts, as you have heard from Barbara and Sayed, are uniquely positioned to play a role in the implementation of many aspects of this Scoping Plan.

We have submitted a comprehensive and detailed letter, the major points of which I will not go into in two minutes. I would like to focus my remarks on what we believe to be important actions that your Board could take either today or in December when you decide to form your resolutions.

We recommend that your Board specifically direct staff to ensure that all greenhouse gas rules for sources that are currently under the jurisdictions of local air pollution control district's permitting and compliance programs enable the implementation and enforcement of the rules by local districts. This would maximize administrative efficiency and take advantage of currently available expertise and resources.

We also further recommend that ARB propose in each rule a mechanism for cost recovery where local air districts would collect sufficient revenues to fund our implementation efforts and acknowledge that local air districts are among the organization that quantify greenhouse gas emission reductions and issue greenhouse...
gas emission credits.

We also think that the ARB should devote adequate resources and work with CAPCOA in the development and approval of additional quantification protocols.

Finally, we urge your Board to direct the staff to work with CAPCOA to develop a work plan for air district participation in the implementation of the Scoping Plan and bring this work plan back to your Board in the spring of 2009. We believe that air districts can provide administrative efficiency and cost effectiveness to the implementation of the plan.

Finally, we urge the Board to have ARB staff work with CAPCOA in the development of the work plan.

Thank you very much. I'm available for any questions.

MR. BROADBENT: Madam Chair, members of the Board. My name is Jack Broadbent. I'm the Executive Officer for the Bay Area Air Quality Management District. In the interest of time, I will keep my remarks very brief.

On behalf of the Bay Area Air Quality Management District, I guess the best thing for me to say is me, too, in terms of the points have been made by representatives of CAPCOA and the three districts that proceeded me.

Essentially, we are in support of the
establishment of an implementation plan. We think that makes a lot of sense in order to be able to work together where we can enjoy the efficiencies of our programs that we have at the district and frankly implement AB 32 in the most cost effective way.

There are a variety of programs we have at the district as you are all aware, and as Ms. Lee indicated, so did Mr. Dressler. I want to mention there are also grant programs. The fact we are a CEQA lead locally as well as the collection of emissions inventory data, all of which we think makes a lot of sense to be able to work in coordination with the CARB staff as part of an implementation plan for AB 32.

With that, I will conclude my remarks. And I appreciate the opportunity to comment today. Thank you.

MR. GREENE: I'm Larry Greene, the Director and Air Pollution Control Officer in Sacramento.

Want to commend the Air Resources Board Chairman and the Board for this great document. We appreciate the work that's been done. And being the closest district here, sometimes we spend quite a lot of time with ARB staff. And we know how much effort has gone into this particular document.

We support the comments from CAPCOA, and we look forward to working very hard in our district with staff in
executing this plan and reducing greenhouse gas emissions in California.

MR. ABBS: Good afternoon. My name is Alan Abbs, the Air Pollution Control Officer for the Tehama County Air Pollution Control District.

We're one of the little guys that Barbara talked about earlier. We have a staff of five and cover 3,000 square miles. We regulate everything from small mom and pop agricultural facilities to natural gas extraction wells through power points and manufacturing plants.

I'm just here to express my support for the CAPCOA position that local air districts even down through the small rural districts like Tehama County would be ready to assume the authority that we think local air districts should have with respect to implementing the AB 32 Scoping Plan. And we support the CAPCOA comment letter. Thank you.

MR. WALLERSTEIN: Good afternoon. I'm Dr. Barry Wallerstein, the Executive Officer of the South Coast Air Quality Management District, one of those larger districts to the south.

I'm here today to offer our agency's full support for the CAPCOA position and recommendation and ask your support of that. And also to congratulate your staff on all the hard work and effort that went into the Scoping
Plan. It's a huge achievement for the State Air Board and
I believe will ultimately be for the nation and the globe.
Thank you.

BOARD MEMBER ROBERTS: Thank you, Barry.

Does that complete all the speakers from CAPCOA?

We've got Aubrey Stone followed by Dorothy
Rothrock, and then Ruben Jauregui.

Aubrey Stone here?

Dorothy Rothrock.

MS. ROTHROCK: My name is Dorothy Rothrock.
Could I have Amisha Patel go first? She's just a
few later.

BOARD MEMBER ROBERTS: Sorry. Say that again
slowly.

MS. ROTHROCK: Amisha Patel is right behind me,
and I would prefer she go first. We're going to tag team
and maybe take two minutes between us.

BOARD MEMBER ROBERTS: I don't have her on the
list.

EXECUTIVE OFFICER GOLDSTENE: She's number 16.

BOARD MEMBER ROBERTS: Go ahead.

MS. PATEL: Madam Chair, members of the Board, my
name is Amisha Patel with the California Chamber of
Commerce.

The chamber is also a co-chair of the AB 32.
Implementation Group, which is a coalition of businesses, over about 170 businesses and associations across the state.

We have submitted written comments and presented to you multiple comments throughout this whole process. I'll keep this short. We want to touch upon a couple major points.

As you stated before, the Scoping Plan is intended to be a blueprint. It was also stated that the Scoping Plan is not a legally binding document like a SIP. In fact, the Scoping Plan itself actually states that we will figure out new and better ways to cut greenhouse gas emissions as we move forward.

We should also keep in mind that a new set of factors will come into play as the federal government becomes more active in climate change policies. And the relative value of the Scoping Plan approach will be even more unclear.

Before the plan is officially adopted, we believe the Board should develop a more frequent process on reviewing the plan. Currently, the Scoping Plan does not describe an actual process for the Board to review and update the plan frequently to ensure it remains cost effective.

My colleague, Dorothy Rothrock, also a co-chair
of the AB 32 Implementation Group would like to make some further recommendations to the Board on this topic.

CHAIRPERSON NICHOLS: Thank you.

MS. ROTHROCK: Thank you. Thank you for allowing us to go out of order.

I am also the co-chair of the AB 32 Implementation Group. Also the Vice President of Government Regulations for the California Manufacturers. And on behalf of the manufacturers, we are very concerned about the impact of costs on the manufacturing sector which is already subject to very high costs in California. And we want to grow thousands of new middle class jobs for manufactures.

So following up on Amisha's comments, how should the Board make improvements going forward. This plan that you're looking at today was developed without the benefits of an economic analysis.

The analysis was complete only after the list of measures was developed after the fact as a snapshot in 2020 of what might be the result.

Our serious concerns with the analysis have been submitted in writing already. So the analysis doesn't provide you information to use going forward as the plan is implemented. For example, it does not show the comparative costs and benefits from posing direct
regulations rather than more use of the cap and trade program to achieve reductions. It also doesn't describe the impact of uncertainties and assumptions so Board can make appropriate adjustments when changes in the economy and technology do actually occur.

We recommend that you conduct this comparative sensitivity and cost analysis before you move into the rulemaking phase. Without this analysis, it's impossible to determine whether emission reductions in the Scoping Plan constitute the most cost effective emission reductions. Of course the more cost effective, the more emission reductions we can achieve.

As Amisha stated, the plan's a first step. If it needs to be improved, the Board should have before it the most updated economic information it needs to make those decisions. So we encourage you to require the staff to frequently update the economics and the review the plan as necessary.

Thank you.

CHAIRPERSON NICHOLS: Thank you very much.

Okay. I'm going to make a process call here. And I'd like everybody to listen. Look up to show me you're listening.

I've gotten in the last like ten minutes at least five names of people who claim their name was called, but
they weren't called again or they didn't hear it or they
were in the bathroom or whatever.

I've seeing a lot of people just saying cut them
off. Don't let them speak. I'm actually take a vote on
this. No. I'm not going to take a vote. That wouldn't
be right.

I don't think it's fair to them to not let them
speak. But I also don't think it's fair to the rest of
us, frankly, you know, for people to not pay attention.
So this is -- I'm going to take the following people who
have made good faith claims to me. And then from here on
out, your name is going to be read once in your group.
You're going to come up and wait there in your group and
you're going to speak in order. I'm not going to call
your name again. And if it doesn't work out, then it just
didn't work out. We are sorry. But there's just so many
people. Thank you.

But for this group who didn't know the rule or
maybe didn't know the rule or weren't listening, we're
going to take them.

So those people are Michael Dorsey, Ulla Neilsen,
Sheon Flagle and that may be it. So whoever you are, if I
just read your name, this is your chance.

MR. NEILSEN: I'm not Michael Dorsey, but I'm
Ulla Neilsen.
MR. DORSEY: I'm Michael Dorsey. Hi there. How are you? Long time. Thanks for making that exception. You know how Murphy's law works. You wait nine hours and then something happens.

So very briefly Dr. Michael Dorsey, Professor of Environmental Studies at Dartmouth. And visiting the University of Santa Cruz, I spend most of my time looking at international offsets projects on the ground primarily in Latin America, but with a colleague of researchers, a group of colleagues going on particularly in Asia and Latin America, Africa.

Just want to make six quick points in your two minutes' time. I've given you about six pages of material for the Board to review.

Basically, what we found looking at the EU ETS system and some of the other regional markets in Europe and also looking at the once that are coming on line in the US, but focusing really on EU ETS set, we've seen three really bad things happen in this market space. Essentially, they can be summarized in socialized harm and privatized benefits in three sectors. We've seen in basically increased energy prices. We've seen sub-optimal carbon abatement. We've seen windfall profits for energy generators. Those are things that this Board needs to keep in mind as it moves forward in this process.
Relatedly then, it's sort of somewhat I would say disturbing at best the comments we heard yesterday from former Prime Minister Blair giving the charge to build more regional markets and to link up California with the EU ETS system without those deep caveats. I think the Board needs to be well aware of those things.

So then lastly, there's sort of four areas that concern my colleagues and I working in a loose consortium by the name of the Durban Group. You can Google that and look that up. It's on line. We've published things. You might have seen my op-ed in the L.A. Times about a year and a half ago on this stuff.

There's sort of four main concerns that I think you all need to be aware of. The first one that you maybe have heard is that these market approaches, particularly the cap and trade approach, don't really provide the price certainty for investors that some have claimed in this room. They certainly haven't really done that in EU ETS space. There is tremendous volatility both on the spot and future markets.

The second point is that the cap and trade systems don't provide the innovation for the specific technologies that you need to check this problem.

The third point is that you will see particularly to the extent that you have offsets in your scheme the
creation of a whole host of undesirable side effects, not only in California but the places where you have the offsets.

And, lastly the complicated structures for the cap and trade system don't allow the proper public oversight that you've written into the proposed plan. Actually, by going forward in this way, you actually undermine that public offset that you claim that you want. So this is sort of a handful of points that you need to keep in mind as you go forward.

CHAIRPERSON NICHOLS: Thank you, Professor Dorsey. And we appreciate your written comments very much.

So Ulla.

MS. NEILSEN: Hi. Good afternoon. My name is Ulla Neilsen. I'm a resident of Oakland, California. And I'm here representing my one-year-old son who doesn't understand any of this stuff. So I'm trying to understand it for him.

And I'm concerned about his future. Global warming threatens not just to cost us billions of dollars, but it would threaten the existence of life on earth and prove catastrophic. And scientists at Bali have said that we only have about ten years to put working solutions into practice. So I feel like it's imperative for us to find a
solution that actually works.

And the significant and growing evidence around cap and trade is that it does not work very well. And I really urge you guys to consider not -- I'm not necessarily going to repeat the points that Michael just made, because I think he made them better than I did. But a carbon fee would be a much simpler more efficient way of putting a price on carbon. And it would provide consistent revenue for government. Also provide a consistent price signal for investors.

And I guess I just feel like -- I know that you guys have lots of interests to consider. And I know that industry has very strong ideas about what it wants and that you have to consider those things.

But I feel like it's really important that we actually fix this problem. That we cannot just do the thing that's easy, the thing that's popular. We have to do the thing that's right. So I urge you to seriously consider the evidence on cap and trade. Thank you.

CHAIRPERSON NICHOLS: Thank you. Sheone.

MS. FLEAGLE: Good afternoon. My name is Sheone Fleagle. I'm here representing the Environmental Justice Coalition for Water as well as Policy Link.

With both of these organizations, we work to ensure that low income and people of color communities
here in California and across the country are protected, that they do not disproportionately bear the costs of our environmental policies and that they have an equal access to the benefits of our policies.

While we are very excited about the opportunities embodies in AB 32, we have serious concerns about the proposed Scoping Plan. In particular, we're concerned about the cap and trade program included in the plan. We don't believe that it has been adequately assessed for either its health or economic impacts on disadvantaged communities here in California.

I'm not going to repeat everything Michael and Ulla just said. I fully support their comments.

We do support you moving forward with a regulatory piece of the plan. We think you've identified many strong good measures in there and would like to continue to see that go forward.

We have specific comments about pieces of the plan that we'll be submitting in writing. In particular on the land use, the water and the agricultural pieces, we'd like to see the land use target bumped up. We would like to see agriculture included in the plan in a more robust way. And we have ideas about how you can strengthen the water elements of the plan.

So we hope that that moves forward. We will
support you in seeing that happen. And we seriously hope you will reconsider the cap and trade portion of the plan. Thank you.

CHAIRPERSON NICHOLS: Thank you. Yes, sir.

MR. HARRIS: You already called my name.

CHAIRPERSON NICHOLS: All right. Go ahead.

MR. HARRIS: My name is Tim Harris, resident of Richmond, citizen of the world and speaking on behalf of the unborn children that will have to breathe toxic air through their mother's nostrils also on behalf of the cities of elderly or myself are from respiratory ailments including my own mother.

On behalf of the residents in Richmond who have lived next to a refinery for many years in poverty ignorance and remain oblivious to the effects of breathing air is killing them.

Also on behalf of the people who are disenfranchised an as a result have become voicesless.

Richmond is like ground zero regarding the need for clean air. The city I live in is consumed by machines that constantly bellow vapors into the air I breathe. I wonder how and why there could be an opposition to breathing clean air.

For the most part, I believe I have a right to breathe. My mother has a right to breathe. And all the
citizens of the world have the same right.

If we can put a man on the moon, a city in outer space, I'm confident we can find a way to breathe clean air. No matter what the cost might be, Chevron, Exxon Mobile, and Shell continually kills. Thank you.

CHAIRPERSON NICHOLS: Okay. Thank you.

MR. JAUREGUI: Good afternoon, Madam Chair, members of the Board.

My name is Ruben Jauregui here representing the Latin Businesses Association, the Latino Institute for Carbon Inclusion. And with me is Mr. Marco Polo, the Executive Director of the San Diego Hispanic Chamber of Commerce.

We are going to consolidate our remarks in the interest of time.

CHAIRPERSON NICHOLS: Thank you.

MR. JAUREGUI: We would like to be optimistic about the entrepreneurial possibilities of AB 32's implementation, but we're not terribly encouraged by what we see in the Scoping Plan.

The plan is heavily reliant on command and control policies and ignores or discounts more efficient flexible market-based approaches. This policy direction typically tends to stifle innovation and send investors and entrepreneurs to other locations, in this case states...
or countries with fewer creative restrictions and barriers to ideas that don't neatly line up with the vision of the plan.

We're particularly disappointed the cap and trade program has not been more clearly defined. Cap and trade can be an efficient useful tool for reducing emissions at relatively low cost, provided it is structured properly so as not to impose draconian costs that must be passed along to rate payers and consumers.

The predicted increase in electricity, natural gas, and fuel costs as well as other taxes, fees, and surcharges is likewise troublesome.

A plan for the implementation of a policy initiative as far reaching, complex, and expensive as AB 32 should be designed to be as user friendly and painless as possible.

Board Member Berg pointed out earlier this morning the need for collaborative efforts by CARB with the business sector. We believe that this would provide a more reasonable, well researched plan, would enhance the possibility for economic development, job creation, and environmental leadership envisioned by its authors as it stands. It's no more likely to inspire that. And jobs are more likely to leave the state.

MR. POLO: Thank you, Madam Chair and members of
the Board. Marco Polo Perez with Hispanic Chamber of Commerce. We have over a thousand members in our organization, most of whom are small members.

We support the goals of AB 32 and believe doing business and supporting the environment are not mutually exclusive. However, when my members like Maria Navarro who owns a restaurant in the city of San Diego and -- who owns a restaurant in Chula Vista, when they have to purchase new technology and equipment with limited or no incentives, it makes it very a impractical or appealing for these businesses to support or embrace this challenge.

We believe the success of AB 32 depends on the honest objective analysis of the cost and benefits and real time and not in the long-term average.

Thank you.

CHAIRPERSON NICHOLS: Thank you. Can I just ask you gentleman a question, if I may, because I'm really concerned about this?

Would your members be willing to be involved in a program in which they were either given or sold on the very long-term low interest rate that could be paid back through the utility bill the kinds of equipment that you're talking about?

In other words, we're not talking about mandatory -- just assuming for the moment that the plan
worked that way and there's some new piece of equipment that the restaurant needs to use, which I don't even know what it is. But just hypothetical.

MR. JAUREGUI: The initial answer to your question is yes. You're addressing an issue we are concerned about, and that is the cash flow impact, up-front costs to implement. The implementation is major concern. And we haven't heard enough about the details concerning cost analysis so we can plan and access to the capital necessary to implement.

CHAIRPERSON NICHOLS: But so in other words, if this plan as we envision it -- and again all the details have to be revealed before people can sign up to it.

MR. JAUREGUI: More transparency would be great.

CHAIRPERSON NICHOLS: But if the plan were something where whoever your local utility is were to come to you and say, you know, we'll help you put this piece of equipment on. And we'll finance it up front and you can pay us back in your electric bill, you wouldn't necessarily oppose a program like that, especially if it saved on your energy cost; right?

MR. JAUREGUI: No. If they want to save the savings with us via that route --

CHAIRPERSON NICHOLS: This is really more let's pin down the details and make sure this thing is
implemented.

It's important for us of all us to know there could be a path forward. No guarantees, because we haven't worked it out, but it could actually work for you.

MR. JAUREGUI: Very interested. Thank you.

CHAIRPERSON NICHOLS: Thank you very much.

Whoever you are, speak.

MR. TORRES: My name is Jesus Torres. I'm community organizer with CBE and a Wilmington resident. And in my community, we have four major oil refineries, the port of L.A., Long Beach, numerous auto body shops, over 40,000 diesel truck trips per day.

Our health suffers because of local pollution and cumulative impacts from these big facilities burning fossil fuels that cause both local pollution and greenhouse gases.

More than 80 percent of people here in my community are people of color. Are asthma rates among youth are twice of L.A. County figures.

Our community continues to be the poster child for environmental racism, and we need to change now. We cannot wait any longer, because there are thousands of lives at stake.

Climate change is an environmental justice issue. We have a huge stake in AB 32, because communities like
mine are bearing the brunt of all this pollution for the
wealth of California to benefit from.

We don't want cap and trade. There is a better
way to clean up pollution in our town. This will improve
our health and solve climate change. This will also
improve our local economy and create local green jobs.

I'm asking the Board to support CBE's
recommendation for commitments to real, local, cost
effective cleanups of oil refineries and power plants to
be included in the Scoping Plan. This should have been
considered in the public health analysis.

Thank you for this opportunity to share our
story. And we hope that you do the right thing. Thank
you.

CHAIRPERSON NICHOLS: Thank you.
And I'm really doing our best, folks, to deal
with everybody who has their schedules the accommodate.
So let's just continue on according to the list of people
who have signed up if we possibly can.

I understand that like many of us there are
people in the audience who like to be able to leave and
come back tomorrow if they could.

But I need to talk to the Board members here,
because I'm not going to be with you tomorrow. I can
review the comments, and I will after the fact. But I'm
not going to be present. I know we have a quorum tomorrow
to hold the hearing. We do have some other items of
business on the agenda, however, that we need to get
through.

So I need to kind of do an assessment as to
whether it's better to just press on as I had suggested
and bring pajamas of whether it's better to have a
reasonable halt time and come back in the morning.

BOARD MEMBER LOVERIDGE: What's the estimate you
have of speakers?

CHAIRPERSON NICHOLS: Well, we are now at
approximately -- I don't know because they gave me a
second list.

CHAIRPERSON NICHOLS: We have almost 100 more.

CHAIRPERSON NICHOLS: Almost 100 more people that
signed up to speak. We don't have that many people in the
auditorium now. There are some people that have spoken
that are still here.

OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: How many
people were on the list for tomorrow? Because that comes
off of the list for today.

BOARD CLERK VEJAR: There's about 14 or 15 for
tomorrow that have already left.

CHAIRPERSON NICHOLS: We have about 15 people who
left and asked to speak tomorrow. Some of these are
people whose names I called and who flaked out, if I might say so. But others are not.

OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: Those names are included in the 100, I think. So it's only 85.

CHAIRPERSON NICHOLS: We're going to keep going for a while. I'm not going to encourage anybody more to not testify tonight, if that's what the question is. I think we just need to keep going. So it is.

Listen up. Ruben Jauregui, Matthew Hargrove, Michael Zuckermann, Bob Lucas, and Charles Frazier.

Michael Zuckermann.

Do you have copies of list? Why don't you post it in the back so people can look and know where they are? Then we can -- or at least have one over here so people can check. Maybe they'll put it on the video. That would be a great idea.

MR. HARGROVE: Chairman Nichols and Board members, thank you for having me here today. I'm representing several national organizations including the International Council of Shopping Centers, National Association of Industrial and Office Properties, and the Building Owners and Managers Association of California.

And Chairman Nichols, I would be willing to throw out my written testimony here to further explore with you the idea of looking at how to finance up front energy
efficiency costs through some long-term programs.

That's one of the biggest concerns that our members have is how do you square the up-front costs that are needed with the economic analysis that shows in 2020 everything is rosy. And existing buildings which we represent are a huge part of the solution. And we want to figure out how to make that happen.

Some of the command and control policies that have been talked about, which by the way have evaporated out of the Scoping Plan from the draft plan to the current plan, which we very much appreciate, we think will have some negative impacts, things such as the time of sale energy audits. We think that could actually stagnate some investments in building.

So we would like to further explore with you how do we get the up-front capital cost to allow all these buildings across the state to invest in themselves. And along with that, we would just hope that you don't adopt any policies that discourage building new buildings, because new buildings are 50 percent more efficient in California than anywhere else in the rest of the nation. And we think that's a big part of the solution.

So thank you for everything you're doing. Thank you to your staff. We think that is a great start AND we are moving forward. We have some issues, but we want to
work with you.

           CHAIRPERSON NICHOLS: Thank you. We appreciate your involvement so far. We are all focused on the same thing, that we have to develop the ways to mobilize the capital to do these things that need to be done. Thank you.

           Ruben, are you here? No.

           Michael Zuckermann.

           MR. ZUCKERMANN: Hello everybody.

           I'm the Director of Sustainability for a nightclub in San Francisco called Temple. And I'm also here representing the Business Council on Climate Change, which was mentioned earlier, a coalition of businesses around trying to solve climate change. That's backed by the United Nations.

           We are a small business. And we've saved our business tens of thousands of dollars a year by implementing resource conservation. For example, we have an 89 percent diversion from landfill, and we save about $16 a month from that alone.

           And so we've been inspired to take some of these things that we've implemented internally by being a part of this business community and have tried -- began doing free sustainability consulting for the rest of our industry. Restaurants, bars, and nightclubs, there's...
applicable things that can be applied across the board to our entire sector.

And it's the innovation that Dr. Sperling was speaking of before, not just in technology and in clean tech, but also in business models. And the whole corporate social responsibility has been very educational to learn about. But that's been mostly about how can we do as little harm as possible where I really see an advancement to corporate social engagement which is how can we do as much good as possible.

So I just wanted to throw in there that the collaboration they also mentioned is a collaboration through businesses. And we can all work together through co-optation instead of against each other. And we can also -- that action follows crisis and legislation but also inspiration. So we can have fun while we're doing this as well and work together, it's going to be a really interesting challenge. And I look forward to it. Thank you?

CHAIRPERSON NICHOLS: Thank you. Thanks for coming.


MR. LUCAS: Thank you. My name is Bob Lucas representing the California Council for Environmental and Economic Balance.
I'd like to say thank you and acknowledge the good work of yourself, the Board, and especially the staff in this massive undertaking of incredible importance. But there's much left to be done. And I'd like to give you some concise comments on some of those items.

Under cap and trade, we commend your proposal to design a robust cap and trade program. As you proceed with your design decisions, we'd like to emphasize the importance to minimize cost, preserve opportunities for innovation, and preserve use of offsets.

We also think it's important to avoid imposing additional rules on sources under the cap.

We acknowledge issues raised by the EJ communities and urge you to address these issues separately to maximize opportunities to successfully implement both.

On economic analysis, I'd like to adopt the comments of Dorothy Rothrock a little bit earlier and add to that our belief that you should continue to explore opportunities to use the MRN model in addition to those that you now rely upon. And at a minimum, we urge you to use a range of assumed variable values instead of relying on the most optimistic estimates of both costs and savings.

We also urge you to adopt economic indicators to
track the implementation of the program. We believe this will give you an opportunity to do real-time periodic checks of the implementation of the program and its effects on the economy and see whether any changes are necessary.

And, finally, as CARB considers the individual rules necessary to implement the Scoping Plan, we urge to also consider ways in which implementation and compliance with these rules can be facilitated and streamlined so people can actually perform under them.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Charles Frazier.

MR. FRAZIER: Good evening. Charles Frazier, Legislative consultant to the California Black Chamber of Commerce, speaking on behalf of Aubrey Stone and the California Black Chamber of Commerce.

California Black Chamber of Commerce is a network of dedicated business professionals working together to improve the economic, cultural, and civic well-being of the African American community. Our mission, to maintain a voice for economic strength in the California business communities continues to be our first priority.

We are very concerned that the AB 32 Scoping Plan will impose a disproportionate financial burden on minority owned businesses.
For a very long time, we've been asking for this agency for an analysis of the cost of AB 32 implementation on a pure cash flow basis, and we haven't gotten that. We do know from the limited information in the Scoping Plan that those costs will be in the billions. In this economy, that's a real problem.

The Scoping Plan also states small businesses will need some assistance because they can't afford the costs associated with AB 32 implementation, even though they haven't told us what those costs are going to be.

A lot of the conversations with CARB staff have resulted in them suggesting that there will be programs and assistance for minority owned businesses to help keep the costs down. But someone has to pay for any assistance or subsidies that go to any community, not just ours. And these costs will have be passed along, or the folks that pay them will go out of business.

The same principle applies to the concept of assessing carbon fees on certain emitters or using an auction system for cap and trade. Whatever costs are associated with those assessments or fees will be passed along. So that what we will have game of financial musical chairs where ultimately just about everyone will be the loser. You can't keep picking one pocket to fill another without crashing at the end, which reminds me of...
what a climate change official recently said about countries deciding to scale back their global warming reduction efforts because of the poor economy. He said, "You can't pick an empty pocket."

From the Black Chamber's perspective, it's better to keep hands out of your pocket to begin with so you have the resource to pursue a reasonable cost effective program without recklessly imposing mandates and policies that have been sufficiently thought through.

CHAIRPERSON NICHOLS: Mr. Frazier, you've used up your time.

MR. FRAZIER: This isn't monopoly money we're playing with. It's real money to real people who will be in real trouble if this isn't done right.

We continue to urge the CARB Board to put a lot more into this and look for a plan that pursues the most effective means possible to achieve AB 32's goal in a fiscally responsible manner.

As always, we stand ready to help. Thank you very much.

CHAIRPERSON NICHOLS: Okay. Next group, Sarah Skikne, Lee Harrington, Beverly Alkire, Carolyn Casavan, Frank Caponi, and James Fine.

MS. SKIKNE: Hi. I'm Sarah Skikne. I'm commenting on behalf of the Climate Group. We are an
international NGO. We represent over 50 of the world's most influential corporations and governments. And our membership includes corporations in California as well as the city of Los Angeles and the state of California itself.

Our goal is to accelerate the transition to a low carbon prosperous future. And on that note, we believe that California should continue leading on climate action by adopting a robust climate policy in December. This will not only allow but actually encourage the growth of the economy as has been demonstrated by studies.

In particular, we support the use of market-based incentives, cap and trade program that encourages innovation, cost savings and energy efficiency measures that protect Californians from volatile energy prices.

If we need evidence for how businesses will benefit from climate action, we can actually look right here in the state. For example, Anderson Lythograph, a printing company, is able to make $90,000 per month by selling electricity produced at the clean co-generation plant back that their utility.

Fresh and Easy, a supermarket, was able to use the savings by design program through their utility to design stores that are 30 percent more energy efficient and therefore save them 30 percent per electricity bill.
300

1  compared to the average supermarket.
2                        British telecommunications has US headquarters in
3  El Segundo. They were able to use rebates from the
4  California solar initiatives to help fund their on-site
5  solar installation that will guarantee their electricity
6  supply at a predictable and affordable price for years to
7  come. So, so many businesses that are already doing the
8  right thing and reaping the economic benefits of climate
9  action.
10              CHAIRPERSON NICHOLS: Sorry, but your time is up.
11              MS. SKIKNE: Thank you. That's my message.
12              CHAIRPERSON NICHOLS: Lee Harrington, is he here?
13              Then Carolyn.
14        MS. CASAVAN: Hello. My name is Carolyn Casavan.
15 I'm here today speaking for VICA in the San Fernando
16 Valley, a business which represents over 300 businesses
17 and organizations. We are a member of the AB 32
18 Implementation Group and support their comments as well.
19              I want to address two points today.
20              In order to realize the economic benefits of AB
21 32, the plan needs to include measures to facilitate the
22  permitting of new facilities in California and to
23 encourage the purchase of California manufactured goods.
24 We believe this can be accomplished while protecting
25 environmental and public health interests.
The Governor's recent Executive Order acknowledges the need for permit streamlining for renewable energy projects and transmission lines. However, the need for streamlining extends to other facilities as well. New facilities are needed for biofuels refining, renewable energy equipment manufacturing, and green technology production. Streamlining is needed for existing facilities to implement greenhouse gas emission reduction measures.

My second point is the recommendation of measures to encourage the purchase of goods manufactured in California. These measures can include emission credits for VMT reduction related to the purchase of locally purchased goods and incorporation of incentives in government contracts for the purchase of locally purchased products.

The most effective source of funding for green technology is the purchasing power of the public and private sector. As Ms. Johnson noted earlier, the Los Angeles Department of Water and Power will spend five billion dollars on renewable energy projects over the next five years.

They are currently purchasing their wind turbine components from Germany, Brazil, and South Korea. Why? Because we do not manufacture these products in
California. It is not enough to develop the demand for new technologies. AB 32 will only provide economic benefits to California if we are also able to produce and manufacture green tech products in the state.

Streamlining, permitting, and encouraging local purchasing will bring new technologies on line faster, increase green tech investment, and reduce the cost of AB 32 implementation. Thank you.

CHAIRPERSON NICHOLS: Next.

MR. CAPONI: Good afternoon, Madam Chair, members of the Board. Thank you to you and the staff for toughing us out.

I have five comments I'd like to boil down from about ten pages of comments. I'll try to get to these as quickly as possible.

First, we support a very strong economic off-ramp that should be contained within the Scoping Plan and contain clear economic and market performance, market indicators that would indicate when we reach that off-ramp. We believe that is an important part of a healthy and robust Scoping Plan.

Two issues regarding water and wastewater.

First, ARB proposed five measures to the water sector for greenhouse gas reductions, but hadn't provided any cost. We want the Board to be aware that the cost...
would be over and above the cost of water and wastewater agencies need for arcane infrastructure and the infrastructure needs that will result from climate adaptation. These costs very significant. In fact, recent estimates put the yearly cost shortfall at $37 billion, and this doesn't include adaptation.

ARB also proposes a public goods charge to help achieve municipal wastewater recycling. You have to be aware that these are in addition to the charges that the public is already receiving. For example, our Board just approved a 30 percent increase in discharge rates over the next three years. And this is a result of regulatory requirements that we have to meet that are not going away and are increasing.

With regards to the solid waste side, there's been some talk today about encouraging commercial recycling, and we certainly support that.

We also support that ARB and sister agency, the Waste Board, have a strong life cycle analysis that would direct how waste management would be conducted under the Scoping Plan.

Finally, with regard to essential public services, we're very concerned that essential public services whose primary function is waste management would be included in the cap and trade program. We believe the
staff's intent is not to include these sources because
they're largely biogenic. But we think there's portions
of the plan that will capture some of these sources.

CHAIRPERSON NICHOLS: Time.

MR. CAPONI: Thank you very much.

CHAIRPERSON NICHOLS: James.

MR. FINE: Chair, members, thank you very much
for considering my testimony. I must confess I'm in ah of
your powers of concentration.

I'm here to deliver just two quick messages: To
urge to you support the Scoping Plan and to give to you
two summary brief summaries of two reports that EDF will
be releasing in the week prior to your vote on --

CHAIRPERSON NICHOLS: Sorry. I apologize, but
because I said I wasn't going to read the names, that
doesn't mean we don't need your name actually for the
record.

MR. FINE: My name is James Fine, economist for
the Environmental Defense Fund.

CHAIRPERSON NICHOLS: I know you are, but the
court reporter doesn't.

MR. FINE: So the Environmental Defense Fund is
very enthusiastic about the Scoping Plan. We see it as a
creative, comprehensive, and common sense approach for
launching California's new green economy and for securing
our environment for future generations.

Environment Defense Fund urges you to strongly support the Scoping Plan when you vote on it in December.

As President Elect Obama said last week, strong climate policy like AB 32 is really essential for solving our energy, environmental, and economic challenges that face California and the rest of the nation face.

You know, it's clear that our economic analyses, both the studies by CARB and other analyses done at the state, regional, and national level suggest that fighting global warming will deliver economic benefits and create well-paying jobs that are very much needed, specifically here in California. This kind of economic stimulus is going to be critical as we face high rates of unemployment and continuing budget shortfalls.

I mentioned that we sponsored two studies I'd like to bring to your attention. I would like to ask the staff to help deliver. These are just one pages each. One page each, two summaries.

So we asked economists Dr. Richard McCann to examine the ability of existing models to represent the cost saving features of market-based policies such as cap and trade. In short, the model's don't do that well at all. Dr. McCann articulates several ways in which well designed cap and trade policies will deliver superior and
more effective emissions reductions results than
conventional more prescriptive approaches.
I've given you a two-page summary of his study,
and Dr. McCann is behind me. He'll be offering his
testimony immediately following me.
CHAIRPERSON NICHOLS: Okay. I'm going to need to
cut you off, because this is going to be the last
testimony before we take a brief break. Our court
reporter is going to expire if we don't.
MR. FINE: The second study is by Steven Moss.
CHAIRPERSON NICHOLS: Thank you. Go ahead. Just
very briefly. Two minutes' worth.
DR. MC CANN: Yes. Good afternoon. I'm Dr.
Richard McCann with Aspen Environmental Group. And I've
been retained by EDF to review the staff analysis and look
at its ability to compare different policy approaches.
The AB 32 Scoping Plan lays out an economy wide
set of measures that will involve investments to change
fundamentally California's energy systems. Yet economists
computer models have great difficulty analyzing these deep
fundamental changes and the differences in policies for
achieving these changes.
ARB staff has used two macro economic models that
are unable to compare the consequences of using different
policy approaches. Staff's analysis also discusses many
of the same limitations that I list here but does not
bring them to the floor in its evaluation.

Board members are better served to focus on
lessons from other programs and the economic literature
that highlights inadequacies of prescriptive or command
and control measures versus incentive-based or
market-based measures, notably cap and trade measures.
Market-based measures are very difficult to elicit with
modeling comparisons. Why modeling those advantages are
so difficult include economic models do not capture well
the differences among firms, nor regulators' inability to
fully know those differences. These difference are what
lead to the incentives to trade among firms. So the
models do not represent the very advantage of market-based
measures.

As Dr. Sperling noted this morning, technological
innovation and diffusion is a complex dynamic process that
is self reinforcing and adaptive but cannot be represented
easily in these models. Economic models tend to capture a
snapshot of the technology rather than changes over time.
Adaptability and robustness of policies have not been
evaluated using these models. Typically, only one or two
feature scenarios are models. It's hard to represent the
full range and possible futures, thus displacing
adaptation with static assumptions.
Finally, this economic modeling ignores the cost of firms when regulations change. Regulatory certainty is very valuable to firms. These models do not account for the delays and compliance costs of continually revising detailed directive regulations and associated litigation.

CHAIRPERSON NICHOLS: Thank you, but your time is up.

MR. MC CANN: And thank you.

CHAIRPERSON NICHOLS: Okay. I'm going declare a break until 5:30, which is somewhere between seven and ten minutes. But I'm going by that one back there. So we'll be back.

(Thereupon a recess was taken.)

CHAIRPERSON NICHOLS: I'm thinking 9:00 is the absolute latest. All right. Have we got people out there in the audience who are planning to testify? Good, because we're here to listen.

Hank Ryan, James Duran, Andrew Barrera, Eric Maldonado, Mark Martinez, Max Ordonez. Those people whose names I just read, thank you. State your name.

MR. RYAN: Commissioner Nichols, Board, my name is Hank Ryan. I'm Executive Director of Small Business California.

We've actually provided comments that are on another subject rebutting another flyer that came from a
business organization.

I'm going to talk about something different that I think is more appropriate given what has been discussed today.

Supervisor Roberts asked about 10:30 how cities can move forward with implementing efficiency and improvements. Mary Nichols actually just spoke to someone about a program that might be at Sempra. I have to inform you that on-bill financing as Bob Epstein referred to is indeed now at Sempra. At zero percent providing loans to businesses, any business, any installation that gets an incentive, whether it be for businesses, multi-family, or most importantly for government facilities federal, state, county, and city. So that needs to be known more. It's also mandated for all businesses for investor-owned utilities by the PUC in 2009.

Here's the message I want to say. And I'm going to be blunt. And I didn't plan on saying it. But I'm going to say it anyway.

With all due expect to our Governor who has led us tremendously, especially this week, he has so show more in the game. The way he has to show more skin in the game is to go the GBI. Because if the Green Building Initiative starts to move the needle, then the cities and counties are going to start saying, okay, this is serious.
And then the businesses are going to stop throwing their hands up and get to work, because we can make it happen. But we've got to get GBI moving. And it's not moving. And that's not just about financing. They're looking at OBF helping with 70 percent of their small buildings. It's the silos and the processes that have should be figured out. Cal Broom mentioned that for San Francisco. And cities need that help to figure out how to do this. The state needs to lead first. Once that needle moves, the rest is going to become a whole lot easier.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you for your comment. Appreciate that.

MR. DURAN: Hello. I'm James Duran.

I have to tell you you've worn down three of my peers who have already left that you just named after me, Eric Maldonado, Mark Martinez, and Max Ordonez.

I'm Chair of the Legislative Action Committee for the Hispanic Chamber of Commerce of Silicon Valley and also Chair for the Legislative Action Committee for the State Hispanic Chamber of Commerce which represents the interest of over 700,000 hispanic owned businesses in California.

We've been concerned about the cost of the AB 32 policy for quite some time now. And the most recent
version of the Scoping Plan has done nothing to change
that. If anything, it's increased the frustration because
it still doesn't disclose the true cost that we as
businesses and consumers will have to pay. That means
many of the CARB staff and officials have tried to divert
attention from the cost by bringing prospective of new
green jobs from AB 32 by professional background in HR,
and I find some of these green jobs claims particularly
misleading in view of the fine print and the greater
economic picture in California.

Scoping Plan predicts that under AB 32 there will
be an increase in jobs for low income workers which is a
workforce most associated with our membership. It says
the largest employment gains comes in the retail, food
service, agriculture, and health care fields. There
doesn't seem to be much potential for any enhanced
opportunities for these workers. They'll be doing the
same jobs they are now, only they will probably be paying
more taxes and receiving less benefits as employers are
forced to grapple with the costs of surviving in the new
green economy. There doesn't seem to be much cheer there.

The plan fails to plan for the alarming lose of
jobs currently occurring in California and across the
country. Business downsizing and closures have forced
many workers to run to the unemployment rolls. In fact,
the Sacramento Bee reported last month that California had
lost jobs for seven straight months in a row. Of course,
yesterday was even worse news.

One hopes the eventual re-employment of these
folks won't be advertised as new green jobs simply because
they might be in a restaurant with a new energy efficient
refrigerator. Even Silicon Valley where I'm from, the
high tech, green tech oriented companies are laying off
workers. And after all the work it took to bring Tesla
Motors to the valley, it recently announced a suspended
production plant for its new fuel efficient car are due to
the declining economy.

Even some jobs are created in AB 32 in the state
administrative called for the Scoping Plan. There is no
way of knowing how many there will be, what skill level
they require, what salary and benefits will apply or even
be located in California. Chances are they'll be outside
the state or county.

I recently read an article about a solar panel
company that was going to create a few hundred US jobs and
this was applied as evidence of a new green job explosion.
But later on the article mentioned the same company
employs thousands of workers in Asia. Not much attention
paid to that.

Perhaps your staff is afraid that the public
isn't ready for the truth about the cost so they're avoiding disclosing the total all in one place. Likewise, the prospect of new green jobs in a depressed economy makes the plan more attractive. But if your staff is to spin the consequences, I think a closer look is warranted.

I'll close by saying we support the goals of AB 32 and believe that under the right conditions it can be good for our economy and job market.

We hope you'll be sure to take other factors under consideration, including the current economic climate before finalizing plan.

I'll also add that I left two papers that I attached to my comments today. And both of them are by Ph.Ds in economics from the Heritage Foundation in D.C. and they cooberate any of the statements I've made regarding loss of jobs and the negative impact on the economy as we make this conversion.

CHAIRPERSON NICHOLS: I hope you know the Heritage Foundation is an organization that makes its living out being climate skeptics. IF you say you're for AB 32, you might want to consider at least looking at some other economists besides the Heritage Foundation.

We want to work with you, and we are very open to trying to find ways to re-assure you that whatever it is we're moving forward with is going to be helpful rather
than hurtful.

But I just have to say that that kind of blanket comment that I know we're going to hear -- because I've seen the Heritage Foundation stuff -- is not going to do us much good when it comes to solving the problem of global climate change, if you believe it's a problem worth doing something about.

MR. DURAN: Absolutely. Last comment is I would feel much better if I saw out of the eleven million hispanic people in California, there's got to be one that can fit on your Board. I see nine with the absence of one mature Caucasian people. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Yes. Andrew Barrera. And I gave you time of at least one of your people that didn't --

MR. BARRERA: Madam Chairman and distinguished members of CARB. I guess I want to try to close my -- make any comments short. I represent TELACU, the largest community development corporation in the Country. I also represent David Lizarraga, who's the Chairman of the United States Hispanic Chamber of Commerce.

Our company, we're very much involved in affordable housing, senior housing, construction for first-time home buyers. We also have a large scholarship program hopefully that train a new group of work force
talent in the new green economy.

And we have some reservations that this Scoping Plan will have a tremendous impact on small business and new businesses and existing businesses. As you know, California is a sixth largest economy in the world. And small businesses is the number one single employer in the country. And we feel that this report is not transparent enough for us to make an educated decision in regards to what the true impacts it would have on small businesses.

And I would like to embrace, Madam Chairman, your suggestion regarding assistance for small businesses. We think that some kind of an incentive program where low interest loans paid back over a duration of time through utility bills and other types of measures may be the way to go.

We want to be part of the solution. We recognize that we want our communities to be healthy, to be happy, to be growing, and to contribute to the economy.

And so that being said, we think that maybe it's a little bit premature to move forward without a more detailed understanding of what the true impact would be on small businesses.

As you know, the Latino market, we are the domestic emerging market. And so we very much realize that we need to be part of the solution. Because just by
our pure numbers, we have a lot to contribute both good
and bad to your community in regards to energy efficiency
and pollution and all these other types of aspects.

CHAIRPERSON NICHOLS: Thank you very. Thank for
staying and thanks for your comments.

Okay. Next group Edwin Lombard, Betty Joe
Toccoli, Mary J. Griffin, Julian Canete, Eddie Price, Tom
Tanton.

I see one person. I'm going to keep calling
names until I get a group there.

Bill LaMarr, Susan King, Gina Solomon.

MS. STOFFER: Hello. Betty Joe Toccoli has asked
me to deliver her statement on behalf of the California
Small Business Association.

AB 32 is going to bring unique opportunities to
California, but it is also going to bring real challenges
and significant costs.

Small businesses by nature operate on narrow
profit margins and don't have the lengthy business cycles
where they can afford to wait for years to recoup costs or
realize the return on their investments.

That's why I think it's critical that as CARB
moves forward in developing rules, regulations, and next
steps of implementation for AB 32, CARB must remain
committed to finding the most cost-effective strategies at
every step. Cost effective solutions are out there. Innovation and strategies that will help California meet its environmental targets while still protecting small businesses and our dynamic state economy.

At the Governor's conference on small business that occurred over the last two days, AB 32 cost concerns was voted the number two highest priority issue out of all 37 by small businesses from all over the state. We have recommended ongoing dialogue and the availability of tailored information so that small businesses are aware of what's going on and so that CARB understands the implications of its proposals before they are locked into place.

Additionally, small businesses need more detailed assessments of the cost they will face at each phase of this process. If there are financial assistance programs available to mitigate costs like the ones that were mentioned earlier, those need to be a part of the discussion and evaluation as well.

And finally, small businesses experience many layers of costs already in California's business climate. So we urge CARB to interface with other public agencies to avoid unnecessary layers of regulations or duplicative costs.

Overall, small businesses support the
environmental goals of AB 32. But we urge CARB to move prudently, identified the most cost effective options, and fulfill the Governor's goal of stimulating California's economy and creating a successful model for greenhouse gas reductions that can be replicated elsewhere. Thank you.

My name is Allison Stoffer and it's on behalf of the California Small Business Association.

CHAIRPERSON NICHOLS: Okay. Next. Please state your name for the record when you start and.

MR. LA MARR: Good afternoon, Madam Chairman. My name is Bill LaMarr, and I'm the Executive Director of the California Small Businesses Alliance. We're a coalition of trade associations whose members represent nearly 20,000 small businesses throughout California.

After nearly eight hours of testimony, I sense from your comments, Chairman Nichols, and some from the other Board members that you'll agree with the majority of the speakers that more analysis is desperately needed if we're going to realize our emissions reduction objectives without inflicting an enormous economic burden on the small business sector of our economy.

In fact, I was encouraged by one of your earlier statements, Chairman Nichols, where you indicated or I think you said that the Board wouldn't go forward with a plan if you couldn't make it work. And I think that's the
reason that I came up from southern California was just to ask you to please not do that if you can't find a way to make it work.

Here in California, businesses in every sector, but especially small businesses, are scaling back wherever they can in order to preserve capital. Access to capital at least from conventional sources is almost non-existent.

And, you know, consider when the Governor and the State Treasurer have to go the Washington instead of Wall Street for funds to take the state over through some lean times. What chance does a small businesses have when they need money for their small business needs?

Our members like other speakers have mentioned support a cleaner, healthier environment, but they have to have confidence that such a plan will not put them at a competitive disadvantage or cost the employees their jobs, benefits, and the homes they live in.

There are many other costs that we know of, but there are also some costs that we don't know of. And those are the ones that will come from the rulemaking that will ensue from the plan that you ultimately adopt.

But before I leave, I would like to make one recommendation that we strongly recommend that the final plan have a mandate for a series of economic off-ramps that will enable you or the Governor to exercise your

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authority to declare a moratorium if there are compelling reasons to believe that the plan is not cost effective or able to produce the promised benefits.

We submitted earlier comment letters and we will submit another comment letter following this meeting.

CHAIRPERSON NICHOLS: Thank you for that.

Susan King and then Gina Solomon.

MS. KING: Good evening, Chairman Nichols and members of the Board.

I'm Susan King. And I'm an active registered nurse for 37 years. I presently work at Methodist hospital here in Sacramento in the recovery room and am a proud member of the California Nurses Association.

As a nurse, protecting vulnerable communities from air pollution is a top priority. The State's efforts to address global warming must contain strong public health protections from the following individuals. This would include infants, children, the elderly, individuals with existing heart and lung illnesses, as well as low income communities.

These groups routinely face limited access to health care, multiple sources of pollution and higher rates of lung and heart disease. On behalf of the 85,000 members of CNA, I'd like to articulate like the many speakers who supported strengthening the Scoping Plan, but
I will forgo.

What I'd like to add is if you don't think hospitals are overcrowded now in our emergency rooms and the hospital beds, wait until global warming further impacts us all by poor implementation of AB 32.

Lastly, the California Air Resources Board must carefully evaluate the health impacts of all measures and strategies included in the State plan. The best way to accomplish this is to establish a formal role for the State and local health agencies to be meet AB 32 requirements.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Gina Solomon.

MS. SOLOMON: Good evening, Chairman Nichols, members of the Board. My name is Gina Solomon, senior scientists at the Natural Resources Defense Council and also an Associate Clinical Professor of medicine at UCSF where I'm the Associate Director for UCSF Pediatric Environmental Health Specialty Unit.

And my comments today are focused on the industrial sector and the health assessment where I believe that there's some significant missed opportunities and significant emissions reductions that are left on the table.
The concerns of our environmental justice colleagues that were expressed quite a bit earlier today are concerns that I think should be taken quite seriously. Because the people who will be paying the price of any air quality -- currently of air quality problems and any potential air quality decrements that could occur would be the children living in the most vulnerable communities in the state.

Fortunately, I think there are three things that you can do that will go quite a long ways towards enhancing the Scoping Plan and decreasing the risk of the concerns that were mentioned around health effects related to air quality.

The first is to beef up regulatory measures regarding the industrial sector. There were two early action measures on cement that were adopted by the Board but seemed not to have made it into the Scoping Plan. There were additional measures in draft, such as efficiency process improvements for refineries, carbon intensity standards for cement, and other measures that were found to be cost effective and feasible and yet for some reason are not in the plan. These measures would make a huge difference in terms of verifiable and guaranteed emission reductions.

In addition, you could substantially strengthen
the audit measure. For example, by lowering the threshold
to a quarter million metric ton from a half and also
creating hard targets.

And finally, I think there's significant
improvements needed for the public health assessment. For
example, there needs to be a range of scenarios considered
in the public health analysis. Some significant work
needs to be done on the local community analysis. And in
addition, I think it would be really helpful to bring more
public health expertise to the table to look at that
document.

I've been hearing people say, keep it simple.
Don't put a lot of additional regulatory measures into the
Scoping Plan. Make it really straight forward. But I
understand that, and I don't agree.

I think that for other scenarios other than the
industrial sectors there are regulatory measures in
addition to market mechanisms. That's not the case in the
industrial sector, except for some fugitive emissions.
And I think a package of regulatory measures will
guarantee both greenhouse gas reductions and co-benefits
in precisely the communities that are most at risk, which
will help to allay some of the concerns expressed. And in
fact, the list that I just offered would offer about 19
million metric tons of reduction.
So please don't walk away from the effort now of adopting a full package of cost effective regulatory measures for the industrial sector. Because I think putting in some additional work on this now could really save us from some more complicated and difficult work down the road. Thank you very much.

CHAIRPERSON NICHOLS: Thank you. Okay.

BOARD MEMBER BALMES: Madam Chair, could I ask one question. It's more to the staff as opposed to Dr. Solomon.

But so Dr. Solomon mentioned two actions with regard to the cement sector. There were apparently approved by the Board before I was on it last fall that are no longer part of the Scoping Plan. I was just wondering what happened, given they were approved by the Board. I think it was energy efficiency and usage.

DEPUTY EXECUTIVE OFFICER SCHEIBLE: Yes. When we took the early action list to the Board, the Board did several things.

One, it identified nine measures as what we call the discrete early action and put them in the rulemaking process. Those are all reflected in the plan.

And then there's several dozen additional measures that were identified as things we were continuing to study. And as we got through -- put into the Scoping...
Plan process would come out as specific measures or dropped or covered some other way.

So in the cement sector, there were a couple. One was the increased use of blended cement, which means you're mixing various materials and making the concrete using less cement. And then an efficiency measure at the actual cement kiln.

And our recommendation is that we cover cement in the cap and trade program, but that we recognize we're going to have to look at that specifically and how do we deal with the issue of blended cement and how do we do that under a cap and trade program.

BOARD MEMBER BALMES: Wasn't there also a user fee considered?

DEPUTY EXECUTIVE OFFICER SCHEIBLE: I don't remember whether there was a user fee.

OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: No.

CHAIRPERSON NICHOLS: Okay. Thank you for your comments.

We have our next on the list Bonnie Holmes-Gen, Martha Arguello, Dr. Trisha Roth, Brandon Kitagowa, Linda Weiner, Justin Malan, Tim Carmichael, Azibuike Akaba, and Lamar Edwards. Great.

MS. HOLMES-GEN: Good afternoon, Chairman Nichols and Board members. I'm Bonnie Homes-Gen, Senior Policy
Director with the American Lung Association of California.

And we want to applaud the work that you've done today in developing this truly comprehensive and groundbreaking plan to reduce greenhouse gases. And we want to say firmly we do believe that this plan is critical to our fight for clean and healthy air in California and to addressing all the public health emergencies that we've heard some compelling testimony about today. We wouldn't be supporting this plan if we didn't believe that it's truly important to that fight.

And I want to tell you that the public health community is here with you in this effort. I have a letter that I'm submitting today from 15 state and local public health organizations that I believe you have now before you and representing this letter today to call for you to adopt the plan with strengthening changes.

And some of these organizations will be represented in testimony. Some folks unfortunately had to leave, including representatives of the Public Health Institute, the Health Officers Association of California, and Sacramento County Public Health. I want you to know they were here all day.

And while we support the plan, as you know from many of our communications with you, we are asking for strengthening changes. I'm going to mention two things.
I want to underscore the concern about the land use issue from a public health perspective. And we think the numbers are very important in the case and the numbers in the plan do need to go up. That target needs to go up and at least be doubled.

I also want to emphasize the important of adding the formal provisions we’ve been talking about for public health review of AB 32 strategies. And very much appreciate Dr. Balmes’ comments earlier today. And we appreciate the work staff has done so far to look at some of the hard impacts, but this is only a start. And broader review is necessary.

So we’re specifically calling on you to direct the staff to come back within three months with recommendations for establishing a formal process to include state and local public health agencies, academics, and organizations and the development review of all proposed greenhouse gas reduction measures, including market mechanisms and to ensure that there was a broader analysis of the broad range of health benefits and concerns related to all these measures. So that the staff would partner with other agencies and experts to look at the broader range of chronic disease and other health outcomes.

And in closing, I want to comment we do believe
that this public health analysis is especially important as the staff and the Board moves forward to look at market mechanisms. And we believe the Board needs to move very cautiously in this area. And that's one reason why the public health involvement is so essential. And I thank you for the time.

CHAIRPERSON NICHOLS: Thank you.

Martha.

MS. ARGUELLO: Good evening, Board members.

I'm Martha Arguello, the Executive Director of the Physicians for Social Responsibility. And I'm a member of the EJAC Committee.

My comments I want to speak directly to the health analysis in the Scoping Plan. I'm particularly deeply concerned with the study on localized impacts. So when we look at the section that talks about the localized impacts and a target community like Wilmington, there seems to be a margin of error for where the margins are and many of the benefits wouldn't say in Wilmington.

The other part of the Scoping Plan where I think while I applaud what they have done -- what they haven't done is this is a very ambitious plan and it assumes ten percent reduction. We're not sure we get those through all the measures. We're not sure what's going to happen on the goods movement and all the other measures. So we
shouldn't assume we are going to get all of those emissions reduction. And the health analysis and the health benefits that are stated assume all those emissions reductions.

So I think it's a very overly optimistic estimations of the health benefits we might actually get. And if I read the letter of the law correctly, we actually need to measure what would happen in a worst case scenario. Let's say what the environmental justice community and others have been saying that cap and trade programs don't work to reduce emissions. What would happen in communities like Martinez and Wilmington where there might be an increase in refineries where we might be siting some power plants? What would be the health impacts then?

I think adequate health analysis needs to look at and be honest with the public. This is what might happen if we don't meet those goals.

CHAIRPERSON NICHOLS: I don't normally interrupt people, but I want to clarify something. Because I want to be sure. I think this morning the presentation said that the health benefits numbers excluded cap and trade one way or the other. In other words, they didn't analyze -- cap and trade was held neutral in that assessment. Is that --
Program Planning and Management Branch Chief

Chang: We did three. We did looked at three different scenarios. We looked at a statewide analysis and a South Coast analysis and then we did illustrations for a localized area. We looked at the Wilmington area. In the South Coast area, we did not include cap and trade benefits.

Chairperson Nichols: I'm sorry. I apologize.

Ms. Arguello: No. It was kind of hard to figure out by reading the Scoping Plan if the benefits were outside of the cap and trade.

So my point is that if you did a cap and trade and it actually drove up emissions like in the reclaim program, we need to have impact assessments what that looked like as well. Thank you.

Chairperson Nichols: Thank you.

Dr. Roth: Good evening. My name is Tricia Roth. I'm a pediatrician. I have a bumblebee on my card. Bumblebees we used to think we didn't know how they could fly because wings are too small for their bodies. But then somebody figured out it was the rotary movement. So I want you to get my card.

So we don't really know how we're going to accomplish these things. But in terms of an article, it's going to be becoming out in January in Pediatrics which is
our major journal about third-hand smoke.

My back background is working on substance abuse.

As I worked on smoking and secondhand smoke, which is
what's left after the smoke disappears is the particulate
matter that settles in the gas. And children are most
sensitive. They're outdoors more and they're close to the
ground. And they touch all sorts of little things. So we
need to protect them.

As a pediatrician, I've watched children struggle
to breathe. And it's my job to help you protect them.

And we need to --

EXECUTIVE OFFICER GOLDSTENE: I just want to let
people know that at 6:00 in this building, because we are
LEED certified, the lights go off. And so we are working
on getting them back on.

CHAIRPERSON NICHOLS: They are capable of being
turned back on.

EXECUTIVE OFFICER GOLDSTENE: We will find out.
Of course, they are. We're working on it right now.

DR. ROTH: There were hearings today on Prop. 65
on particulate matter as reproductive toxins. So that's
another area that we need to consider.

The other issue is obesity and how obesity and
asthma related. Because if you can't run and you can't
exercise, your need to exercise is part of what we do to
keep our weight down. As you probably know, there's an asthma epidemic and now there's also an obesity epidemic.

So I would like you to remember that in southern California the Office of Emergency Health Services is usually warning the L.A. Unified School District to restrict kids' outdoor activities which is contributing to the obesity problem.

So I've submitted other information. But I would like you to consider looking at Jonathan Winicough's article on third-hand smoke so it helps you understand the way particulate matter and gases affect children in other ways and help us craft public policy. Thanks.

CHAIRPERSON NICHOLS: Thank you.

MR. KITAGAWA: Good evening. My name is Brandon Kitagawa, and I'm a Policy Associate with Regional Asthma Management and Prevention. We're an initiative of the Public Health Institute. We coordinate a statewide network of asthma coalitions made up of health care professionals, schools, environmental health and justice organizations, asthmatic children and their parents called Community Action to Fight Asthma.

While much of what I'm going to cover today has already been mentioned, I feel a tremendous responsibility to relay their voice to you today.

So the fact that regions in California have some
of the worst air quality in the country means that our
doctors, clinics, and school nurses are already treating
an ever-increasing number of children with asthma.

Today, in California, one in six children have
asthma. Without efforts to stem the effects of global
warming, we expect to see more emergency room visits,
hospitalizations, and lost school and work days due to
asthma.

This is why members of our asthma coalitions feel
it is vital that the State take strong measures to fight
global warming. Our members support the specific
recommendations that were submitted by the Health Network
for Clean Air. So I'll focus my comments today on those
that have the greatest impact on asthma.

First, land use and transportation planning
measures have a strong connection to improved overall air
quality and should be further emphasized in the plan.
Increased efforts to reduce vehicle miles traveled through
investment in public transportation and transit oriented
development may best maximize long-term emissions
reductions and improved air quality.

Second, while on average one in six children in
California suffer from asthma, in some neighborhoods this
is as much as one in four. And many of those communities
are represented here today by the central valley,
Richmond, southeast Los Angeles. But it's also communities like west Oakland, East Palo Alto, Bay View Hunter's Point in San Francisco, Long Beach, Commerce. The list can go on.

So State efforts must activity protect communities already burdened by multiple sources of pollution, including ports, goods movement and --

CHAIRPERSON NICHOLS: Your time is up.

Linda.

MS. WEINER: My name is Linda Weiner with the American Lung Association.

I want to thank the CARB staff for their very long hours of work. And I'd like to make some recommendations today to strengthen the higher level of protection for public health and local communities.

And the reason I want to focus on this is that the American Lung Association, we get the calls from people who can't breathe. When there's wild fires or particle pollution hanging in the air, hot stagnant days, and high levels of smog, we get the calls. And we know that with global warming there will be increased hotter days and more wild fires.

And, of course, we're particularly concerned about vulnerable individuals and communities. And of course, this is even more an urgent situations in
communities of colors with multiple sources of pollution
because the data shows that heart disease, asthma, lung
disease are much higher in those communities. Not only is
the cost high in terms of human suffering, but also in
terms of economic costs.

I'm sure you're aware of the recent study by
California State Fullerton showing an economic loss of $28
billion a year from the pollution, illness, and death in
L.A. basin and central valley.

We join with other public health organization
today in recommending that CARB establish a process to
identify and analyze any potential negative air quality or
health impacts of AB 32 regulations or measures in
vulnerable communities. And we ask that CARB direct staff
to ensure that any market-based compliant mechanisms are
designed to achieve maximum emission reductions and public
health benefits.

And finally, we asked CARB initiate a public
process to recommend how resources generated through AB 32
can be directed to assist in adaptation and emission
reduction measures in the most vulnerable communities.

At the risk of sounding cliche, the bottom line
is when you can't breathe, nothing else matters. And we
know that global warming will make that worse.

So in closing, I would say we respectfully and
urgently ask that you strengthen the public health protections in the AB 32 implementation plan.

Thank you.

CHAIRPERSON NICHOLS: Thank you very much.

MR. MALAN: Madam Chair, Board members, staff, Justin Malan with the Local Environmental Health Directors.

WE feel like we're late to the game here. Many of the environmental health folks haven't been engaged up to now. But we want to offer our enthusiastic support for your awesome job here.

Wants to offer our support as colleagues and agents of the state.

We have submitted some formal comments. I want to echo to words and the encouragement of the other folks from the public health community to strengthen the role of public health and maybe help find some funding for the beleaguered Department of Public Health because they struggle to bring their resources up, being General Fund supported.

I do want to stress the need to identify and to tell the public what the co-benefits are. I think we're a little bit shallow on that. The co-benefits are immediate. They're happening to the community right now. And I think it helps sell the message.
And, finally, just to echo what's been said before about taking care of those already impacted communities. And we would agree. Would support the increase of the land use goal from five to eleven or fourteen million metric tons.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

MR. AKABA: Good evening. My name is Isaac Azibuike Akaba, and I'm working with one of the community groups in West Oakland, the Environmental Indicators Project in West Oakland.

Communities that live near the port of Oakland and surrounded by different -- three different freeways. So they're impacted by that 41 percent of the transportation pollution greenhouse gases that people are talking about.

Couple of things I wanted to talk about is quick briefly -- although I do have a couple of minutes because some other people deferred and gave me their credits.

CHAIRPERSON NICHOLS: DOESN'T work that way. We don't run a trading system here. But we're very suspicious of trading.

MR. AKABA: Someone sold me some bad credits? So in relying on the language of AB 32, I was saying prior to the inclusion of any market-based
compliance mechanism in the regulations, the State Board shall do all of the following: Which is consider the potential for direct, indirect, and cumulative emission impacts from these mechanisms, including localized impacts on communities that are already adversely impacted by air pollution. And we think that should be the screening for any type of market mechanism that's developed.

And that should be the criteria for as blanketed.

And then it says design any market-based compliance mechanism to prevent any increase in the emission of toxic air contaminants and criteria pollutants. And this is very important for us, because they already -- some people are living in non-attainment zones. And some of the things that haven't been brought out today is talking about the penalties for non-compliance no matter what's being implemented. It is there need to be very stiff penalties for violations for whatever system that you are creating. That's not apparent in the Scoping Plan.

And then also the point about the offsets. We really think that the benefits of the best available control technology benefits the direct localized communities. And we think that offsets actually outsource the benefits, and therefore we're very concerned that that shouldn't happen.
CHAIRPERSON NICHOLS: I have let you go over.

But I think you're done.

MR. AKABA: Thank you very much.

CHAIRPERSON NICHOLS: Okay. I'm just going to continue reading names until I get a bunch of people standing up here. Cathy Reheis-Boyd, Adrian Perez, Jesse Marquez, Greg Karras, Jane Williams, Anna Lee, Adrian Blocke, Jim Sandoval, Audrey Chang, Robert Whyman, Andrew Michael, Daniel Mills, Elizabeth Merry, Eileen Dutton, Ken Johnson, Hugh Ewing, Adam Stern, Tim Frank, Susan Strong, Martin Fuentes, Judy Moores.

That's enough for the moment. Okay. Very good. Start with you then.

MS. REHEIS-BOYD: I guess it is good afternoon or early evening. Chairman Nichols, members of the Board.

My name is Cathy Reheis-Boyd. I'm Executive Vice President of the Western States Petroleum Association.

It's been nearly two years since we had the first Scoping Plan meeting. And obviously there's been lots of work and people are running pretty ragged. I think I fit in that category myself. But certainly this transforming and daunting.

And Chair Nichols noted, the leadership that CARB has had on this issue -- and we certainly wanted to compliment the Air Resources Board and the staff for all
the hard work that's been done.

I think the staff would agree we've been very constructively engaged in the process. We've hosted six different collaboratives. I think Bob Epstein mentioned on offsets. And Chairman Nichols, you even had the opportunity to sit through one of those. We hope they were helpful. It's where we dive deeper into complex issues and try to figure out what to do about them. So we'll continue those as we go forward.

I think the one thing I heard that I'm very encouraged on is the plan is a blueprint. We have a lot of work to do that none of us have the corner on wisdom going forward. So we are looking forward to continuing our dialogue.

Good to hear the staff doesn't think that the plan dictates any solutions that were flexible to look for better options if we had them. And I think that's very supportive.

One thing I did want to note is as you're looking at your plan resolution, it would be helpful if you would consider acknowledging the importance of adequate reliable fuels as we go forward. And I think that will give not only us but the consumers some comfort that we can actually get there and sustain the long term goal of 2050 which is something we're all trying to strive for.
I think if you can acknowledge that and commit to continue to work with the Energy Commission and the CPUC on making sure we can meet our energy demands as we transform into whatever it is we're going to be in the future.

I'm not going to note -- the economic analysis we certainly support the comment of the AB 32 Implementing Group.

And then three things going forward that we would be very most interested in working with staff on. One of those is a review process where we look at progress against plan. And we make sure that we check in and make sure we're doing what we think we should and that we make any mid course corrections if we need to. And I think that's just prudent. And hopefully the staff will be interested in working with us on that.

The two others are definite schedule and time line for regulations and guidance document so we can have a workable program.

And the other is regulatory certainty. We're going to need a lot of help in things like streamlining the regulatory hurdles we have before us, accessing things like the grid, looking at permitting issues, and certainly there's CEQA we all have to address.

So thank you very much, and I'll look forward to
working with you in the future.

CHAIRPERSON NICHOLS: Thank you.

I think I'm going to work on my time.

MR. WHYMAN: Good evening. It's Bob Whyman of Latham and Watkins on behalf of the California Climate Coalition.

Thank you very much for staying late tonight so we can get this testimony in. I appreciate it.

We have written comments which we refer you to. But I'd like to focus my comments this evening on how to accelerate technology.

We really want this program to work. To work, you're going to need -- we're going to need large scale technology investment. There's some missing components to ensure that that happens. I'll mention just three.

One is we really do need to clear the way for the entitlements that will be needed, the permits that will be needed for some of these projects, whether it's transmission lines in order to get to renewable portfolio objectives we sought, whether it's transportation fuels projects for ethanol or other low carbon biofuels, all of these will need to go through the entitlements process. If we don't make major reforms to that process, we will have the best of intentions, but no success.

Secondly, we need a whole regulatory framework to
support some of the investments that are required, particularly for our long-term goals. Carbon capture and sequestration is something we ultimately need, even though here in the state we don't necessarily need it for coal fired generation. But we may need it and want it for other purposes.

We need to find property rights, liability provisions. We need a mechanism as you've heard earlier to reward energy efficiency investments by those outside of the PUC process. All of this will require a regulatory infrastructure that should go forward with as much speed and priority as the AB 32 Scoping Plan.

Third, while the price signal will be terrific when it comes, it may not be soon enough or robust enough to accelerate technology investment today, especially when we face scarcity in access to capital. If we want large access to capital today and large investment today, we need mechanisms to reward people to enable and to monetize a carbon benefits of their investments today.

As the staff knows in the extensive proposal we made in May, we have a proposal for innovative technologies true game changers to allow them to get carbon credit today for large scale investments that are we know are in the strategic interest of the state. We encourage you to look at our proposals.
We look forward to partnering with other stakeholders in the state to do exactly that. These three steps alone are only a few, but they would change our ability to attract investment today.

CHAIRPERSON NICHOLS: Thank you for your patience and for your comments.

MS. DUTTON: Good evening, Madam Chair and members of the Board. My name is Eileen Dutton. I'm a research scientist working for GAFL, the building materials company. We're the largest supplier of roofing products. But I'm here today as a representative of ARMA, Asphalt Roofing Manufacturers Association.

First, let me thank you for the opportunity to present our comments. We've had written comments submitted that will more fully explain our position.

ARMA represents the deep and low sloping asphalt roofing community. Most notably, asphalt shingles cover four out of five homes in the United States. And last year, over 50 million square feet of shingles were applied in the state of California alone.

ARMA believes the work that the California Air Resources Board is doing to meet the requirements of AB 32 is monumental and applauds the efforts of the staff in developing the draft Scoping Plan.

However, we have concerns over how the voluntary
early action items, such as the cool community program, fit into the overall AB 32 scoping document and whether these voluntary programs are voluntary or intended to become mandatory through local regulatory agencies.

Indeed, the final early action items defines early items as measures that may be regulatory or non-regulatory in nature. We believe these may be voluntary in the same manner as CARB's suggested control measures for volatile organic compound emissions. They may become a blueprint for mandatory regulatory actions by local agencies.

The cool communities program is largely based on a paper by Dr. Ahshem Abari, Lawrence Berkeley Labs, that while peer reviewed has not been reviewed by other Department of Energy agencies or members of the cool communities working group. It was reviewed two-and-a-half years ago and conclusions from the peer review have not been vetted with the key stakeholders.

In addition, the cool community program has not done adequate research on the consumer cost benefit of installing a cool roof nor incorporates the consumer cost data provided to California Energy Commission in the development of Title 24 --

CHAIRPERSON NICHOLS: Your time is up.

MS. DUTTON: Okay. Thank you. Our comments are
as I said written. Thank you.

CHAIRPERSON NICHOLS: Thank you.

MR. EWING: Madam Chair, Board members, my name is Hugh Ewing. And I represent the Ebbets Pass Forest Watch.

And I'm going to go in a little different direction than others have. We do support AB 32. The efforts that have been put into it are obviously monumental. And we appreciate the direction that the Board has taken with the vast majority of the initiatives with AB 32.

Few concerns that we have though that involve the forestry section.

Number one, specifically, five million metric tons CO2 sequestration, to our knowledge, there are no metrics out there that we have found that specifically support that number.

So I'm not saying it's not true. I'm saying it could be that number or something even larger, which I'm sure many people would appreciate. So I think coming up with a verifiable number that can create a base from which everybody is working is an extremely important part of any process. That's number one.

Number two, conversion. Conversion of forest land right now are not as well controlled as they might
be. And CalFIRE specifically has mentioned the fact that they are unable to be a part of that process to the extent necessary to reduce the amount of conversion that goes on in the state of California.

And number three, forest practices. Forest practices are intrinsically tied to how much carbon sequestration goes on within the forest. So without getting into the dirty details of the various practices, the science is starting to come around. And you guys I'm sure have looked at a lot of it already. But the fact is that forestry practices and how people harvest from the private lands will make a large difference on sequestration.

So just those three areas we would strongly suggest that you pay -- well, I think you're paying attention now. But you look into further.

CHAIRPERSON NICHOLS: Thanks for your comments.

MS. STRONG: Madam Chair, CARB members, I'm Susan Strong, fellow Cornellian,

CHAIRPERSON NICHOLS: That will get you at least --

MS. STRONG: And my nose is growing brown here.

And for 18 years, I've been the Executive Director for the Extruded Polystyrene Foam Association.

And I've worked with you, Ms. Nichols, as you know on the
ozone depletion issue for a lot of those years.

I'm here today not only representing my organization, but also three other foam plastic industry organizations, including the Center for Polyurethane Industry of the American Chemistry Council, the Polyiso Insulation Manufacturers Association, and also the Spray Polyurethane Foam Association. For those that have ever worked with those groups, saying I'm here representing all of those entities is something by itself.

So what I'd like to add is we've made written comments. I'm not here to repeat those. But what I would like to do is just summarize by saying that the use of foam plastic insulation in building saves greenhouse gas emissions. And I'm talking about that even though some, including our own, are blown with greenhouse gases.

So I would like to give you a couple of facts though that goes to your mission that you must achieve real, quantifiable, and cost efficient reductions.

First, buildings consume 40 percent of our nation's energy. Insulation reduces this demand, particularly in the building envelope, and will therefore energy load regardless of the equipment that's inside the building.

I harkened by this woman this afternoon that said she had trouble controlling her building. I guarantee you
foam plastic insulation is not on the outside of the building or it wouldn't be happening.

DOE sites 60 million homes today are under insulated. This translates into higher greenhouse gas emissions. And if these 60 million homes met DOE energy standards today, that would save 103 billion barrels of oil or 51 super tankers of such. And it would also translate into 41 million metric tons of carbon dioxide emission that could be saved.

CHAIRPERSON NICHOLS: Thank you. You're out of time.

MS. STRONG: Thank you very much. And we stand on our written comments which go into other points.

CHAIRPERSON NICHOLS: Okay.

Believe it or not, we are down to a page and a half of commenters left. And there aren't that many people left in the room. So the end is in sight.

MR. SANDOVAL: Good evening, Madam Chair, honorable Board members. Jim Sandoval with CH2. I'm representing the Bay Area Clean Water Agencies, otherwise known as BACWA.

BACWA commends the ARB for specifying anthropogenic emissions only in the cap and trade in your recent errata.

Regarding the public goods charge, BACWA
understands the public benefit of this charge. However, public utility bills often include charges for water, sewer, and solid waste services and a combined invoice to consumers.

Based on our experience, utility bills have an unpredictable amount of capacity for rate and fee increases before the public challenges them. Please be aware that adding the public goods charge reduces the capacity and could burden the resources available for essential capital and operational improvements.

Regarding cross media, like the ARB, we are concerned about the cross media impacts that create conflicts among air, water, and land-based permits and regulations. For example, local air quality regs in some districts create restrictions for public utilities that make sustainable end uses of organic materials such as composting and renewable energy very difficult to implement.

BACWA commends the ARB for encouraging the use of organic materials to produce compost to benefit soils and produce biofuels and energy. Please add specific language in the Scoping Plan that specifies the feed stocks included in the organic materials definition, particularly wastewater treatment, biosolids, and food waste.

Regarding offset projects, BACWA asks that you
allow groups of public utilities to bundle offset projects
so greenhouse gas reduction opportunities will abound for
all communities small and large.

Regarding cap and trade, BACWA commends ARB for
developing a strategy to reduce emissions. We recognize
the opportunity for non-capped utility providers to
generate offset credits and yield environmental benefits
and incentives. However, we are concerned that competing
in a cap and trade market may subject public utilities to
the uncertainty of supply and demand of credits in
fulfilling their mandate to provide infrastructure or
essential public services in a timely manner.

CHAIRPERSON NICHOLS: Mr. Sandoval, your time has expired.

MR. SANDOVAL: Can I ask a question? The written
testimony -- we're putting together a letter for the
December 10th deadline. Will those comments be integrated
by the 12th or how will that work?

CHAIRPERSON NICHOLS: Well, if there's new
material that's presented that we haven't already seen
before, we will certainly take a look at it. And we'll
respond to it if it requires a response. At least we'll
consider it. Thank you.

Next group: Judy Moores, Rebecca Sutton, Anibal
Gurrero, Michael Green, Raphaëlle Richardé, Michael
Quigley, John Mataka, Cynthia Babich, Stan Wieg, Kris
Tjernell, Jamie Hall, Norm Plotkin, Robert Blumenstock,
Rod Ries, John Boesel, Zack Kaldveer, Allen Desault,
Kirsten Schwind, Tom Frantz, Tracey Chavira, Damian Jones,
Jim Hawley, Rory Cox, Jennifer Hadra, Brian Nowicki,
William Rostor, Andy Katz.

That's it. There are some people out there -- I
know. I see you, but I don't see your name. Maybe I
missed something here.

Well, is there anybody left in the audience who
signed up to testify and who hasn't been heard from?
Patty, I know you. Tony, I know you.

All right. This is it. This is the last bunch
then. And you better tell us your names, because you're
not on my list in some cases. Anyway, we are here and we
are happy to hear from you.

MS. SUTTON: Hi. My name is Rebecca Sutton, and
I'm a senior scientist with the Environmental Working
Group. We're a research and advocacy nonprofit and do a
lot of investigations on agriculture.

So I'm here to talk about deficiencies in the
plan on agriculture, because right now doesn't really
include that sector very much.

So outline very quickly five different broad
points.
First, we really like to see the Board staff do a comprehensive evaluation of agricultural measures that we can put in place right now that we have developed and can use right now before 2012 to start making some changes to reduce our emissions, because we really just can't wait too long with this ambitious plans we've got in front of us.

Second, we'd like to see the Board providing more transparency in their decision making regarding these different measures. I had a really hard time getting a hold of information that I've asked the staff for, including simple things like the basis for the cost estimate of methane digesters at dairies. And then for broader issues like why water conservation and water pump efficiency wasn't included in the agricultural plan. Like to see some written documentation on that so we can follow the Board's decision making process.

Third, if we are going to go forward with cap and trade, which includes agricultural offsets, we need to make sure those offsets are real, new, feasible, verifiable, and include a lot of co-benefits. So as you're developing protocols, we also urge you to make sure that they avoid all ambiguity. When you're doing the rulemaking and have to follow it up with changes that results in regulatory burden and instability on the carbon
Fourth point, we're excited about the nitrous oxide research program, but we need to see more research that characterizes all the different emissions coming out of a bunch of different agriculture systems in the state, including organic agriculture.

Finally, we'd really like to see a commitment from the Board and staff for an annual or biennial update on agriculture's role in global warming and a review of the measures that are currently in place or under consideration.

CHAIRPERSON NICHOLS: Thank you. Your time is up

MS. SUTTON: Thanks.

Madam Chair and members of the Board, it is a pleasure to speak with you tonight regarding the transforming the goods movement sector in California to a low carbon economy.

MS. SENECAL: My name is Patty Senecal representing the International Warehouse Logistics Association and a member of the Western States Goods Movements Alliance.

IWLA is an international association of third-party logistics providers and value-added warehouses with 500 member companies providing cost effective third-party logistics for manufacturing and retailing.
And we are committed to protecting the free flow of products across international borders.

Our members conduct business in Canada and the United States. The Western Goods Movement Alliance is a supply chain coalition of companies that move goods in and out of west coast ports, rails, and distribution centers.

Our mission is to support the successful transition of the goods movement sector to a low carbon economy. We advocate for technologically feasible, verifiable, and cost effective initiatives that prevent leakage in the competitive goods movement sector.

The draft Scoping Plan lays out the path for goods movements that proposes to fundamentally change vehicles, fuels, and commercial building standards and a system wide efficiency through a series of regulations taking place in the next two years.

With eight cost factors: Such as, reformulated diesel fuel to the low carbon fuel.

Increase the renewables portfolio standards from 20 to 33 percent causing utility costs to increase for warehouses and distribution centers.

Requiring distribution centers to retrofit their trucks.

Purchase smart wave vehicles, and police the compliance of this regulation.
Develop new heavy-duty engines standards that limit CO2.

Pursuing energy efficiency goals toward zero net energy that requires retrofit of existing building.

Please allow the distribution centers to generate carbon credit through voluntary renewable retrofits using solar and wind. Create goods movement measures for a system wide efficiency with substantial tonnage attributable to the goals in the plan.

Place declining cap on goods movement that could only be reached by technology changes in engines and fuels and reduce VMT.

We understand the need for the diversity of fuel mix represented in the renewable portfolio standards. This will cause increases in our utility cost. But with an appropriate lead time, our members can adjust with energy efficiency measures to optimize the cost increase.

We support the adoption a low carbon fuel standard when the technology is commercially viable and is adopted by all the western states.

CHAIRPERSON NICHOLS: Thank you. Your two minutes of fame have come and gone.

MS. SENECAL: Appreciate the opportunity.

CHAIRPERSON NICHOLS: Thanks for waiting so long.

We appreciate it and for your support.
MR. KATZ: Thank you, Chair Nichols and Board members and staff. My name is Andy Katz. I represent Breath California.

We signed on to the Health Network for Clean Air letter, and I'll be addressing some of the points from that letter.

Thank you for your dedication to hearing from the public today. There are several concerns from the public health community, although many of us support the Scoping Plan, as we do. And hope that you will adopt it with some strengthening changes.

There needs to be a formal role for public health in AB 32 implementation. I was just thinking since I was -- when I found out I was the last card pulled today and there was this joke about, no, we are not allowed to trade between cards, what if people were given cards? What if people could trade around their cards and trade around their time? And then me at the back of the line.

And I think the analogy here is the communities who breathe the worst air, who live near refineries in Richmond, many of the industrial sources, they're the last card.

And if people are given credits, people are -- if you don't move to 100 percent auction, if you don't have a trading system or an offset system that isn't closely
monitored, doesn't have a formal role for public health, there are consequences that are not being anticipated. So I want to encourage ARB to make sure there is a formal role for public health and that the cumulative impacts of all these regulations are carefully evaluated, carefully projected in terms of what are the economic consequences, and how those projected economic scenarios, multiple kinds of scenarios would lead to different outcomes depending on how potential cap and trade -- hopefully cap and auction or carbon fee system would be implemented. How will that actually look on the ground when firms look to purchase and sell credit.

I want to encourage the Board to strengthen the land use element. That five million metric ton number is a good improvement, but it's based on as the authors of this study said, it's based on old estimates. It's based on old models. And the newer models that show 11 to 14 million metric tons possible, those include pricing strategies that have since been evaluated in the stronger way. Those include access models. The more communities grow, the less people need to travel. Even when you're driving, you're driving less. Because as we grow, we grow closer together.

There are some strong policy justification and strong -- I have a masters in city planning myself. And I
can see from the study how 11 to 14 million metric tons really is justifiable based on what's already going on.

There's a study that shows that seven --

CHAIRPERSON NICHOLS: Thanks, but your time is up.

MR. KATZ: I saw the light. Thank you.

CHAIRPERSON NICHOLS: Okay. You saw the light.

Great.

MR. FISHER: Thank you, Madam Chair and Board members. I'm Tony Fisher representing NUMMI the GM/Toyota automobile plant located in Fremont, California.

NUMMI along with other manufactures whose operations can be relocated and are at a competitive disadvantage with similar plants outside of California request the Air Resources Board allocate free of charge greenhouse gas allowances to cover such facilities.

Such free allocations would only be distributed if, one, such manufacturers were installing reasonable, cost effective, achievable technology to limit greenhouse gases; and two, such allowances were prohibited from being re-sold into the market.

This allocation of free allowances would be consistent with the grandfathering that was done for existing California operations emitting the health-based criteria pollutants.
Also, such a free allocation would be appropriate for existing manufacturers like NUMMI which are not able to pass along such allocation costs in their products to consumers because of competitive market situations.

And, finally, it would be justified because it inhibits leakage of jobs production and higher emission intensities of greenhouse gases to places outside of California.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

I have a couple of names I'm going to read to make sure none of these people are here and thinking I should have called them. Robert Meagher, Vania Ahmadi, Will Seavey, David Roland-Holst, none of you are here.

Is there anybody else who needs to speak tonight before we close this part of the hearing off?

All right. Hearing none, if there are any members of the Board who based on today want to make any observations about questions they're going to be raising over the next day or two, I think it would be an appropriate time to do it. If not, we can postpone this until tomorrow and you can have the discussion when you have heard from the 15 or so I believe people who did ask to speak tomorrow. It's up to you.

BOARD MEMBER BERG: The only thing I would
appreciate is some guideline on how we're going to look at
issues or define issues that will be discussed as a part
of the regulatory process versus policy type issues. And
if we could get some leadership from you, that would
really help the conversation for tomorrow.

CHAIRPERSON NICHOLS: Okay. Let me think about
for just a minute or about how to do it. Maybe I'll
collect other comments from other folks.

Yes.

BOARD MEMBER LOVERIDGE: Mary, just your own
quick personal reflection listening to Obama's statement
what the national government is going to do and how it
might connect with what we're doing here, I would be
interested for your quick assessment.

CHAIRPERSON NICHOLS: Okay. Anything else?

Well, first of all, let me answer the one first.
I think it's pretty straight forward. In his four-minute
videotaped address that he sent out for the Governor's
Climate Summit, the President Elect indicated he was
looking to the state, California of course, but also the
northeastern states that have had an auction and a cap on
their utilities and the efforts of other states that are
trying to develop regional cap and trade programs. He
made a very specific commitment to a cap and trade program
at the national level.
He also talked about the importance of energy efficiency and renewable technology standards. In essence, he described the California plan which is a mixed plan of measures and cap and trade and indicated that he will be pushing for action in Congress right away as soon as he gets into office. And people stood up and cheered, needless to say. We were all pretty excited. So that's great.

I do think that his agenda is going to be informed by what we are doing here. And even more so I think as Congress looks to its own legislative role. Obviously, the President Elect will be working with the new head of the House Energy and Commerce Committee, our own Henry Waxman with Senator Boxer and others to develop a bill that the states are going to be playing an active role. I mean, I think we will be heard in that process in terms of what kind of a role we envision for ourselves and our own program.

And there's a variety of views on this. I think it's great to know that, you know, we're not going to be dealing with people who just want to go in and preempt the states, which was the attitude of some in the past. But obviously in developing a national system, there's going to have to be an active partnership. And there was some things the federal government can do better than we can at
the end of the day. If there's going to be a national cap and trade system, we certainly want there to be one currency. We want one full faith and credit if there are allowances across state lines and so forth. That's going to take some time to develop I think.

So my best guess is that Congress will act swiftly but there will be details left to be worked out over the coming months and years and that what we do here is going to continue to play an important role in informing everybody's thinking about what can actually be implemented.

So it causes me to just want to give this our very best shot now. But then recognize that we'll have to be watching closely what's going on in Washington as we start to dig through the details of the program ourselves as well.

I'm a little bit taken aback I think by some of the comments that we've heard today from people who just plain don't believe or don't trust that we wouldn't adopt a program that would have a negative impact on public health and air quality efforts.

And at the same time, I also recognize that this climate program is something new and it's big and obviously it impacts everybody and potentially represents big changes in the way we do business. And so people want
to make sure that it's going to do everything it possibly
could to benefit every community in every part of the
state and small business and minority communities and
environmental justice communities and so forth and so on.

And I guess I'm a little bit worried about trying
to do too much in the one Scoping Plan. I'm not sure that
one plan can accomplish it all.

But certainly a couple of the things that we've
heard today as policies about giving local government more
of a role, being more specific about some of what we'd
like to see. I, too, feel embarrassed about the fact that
agriculture's role in this is so limited. Although I
understand that there is a desire not to push for
mandatory measures on the part of the agricultural
community. At the same time, when you look at what we are
asking of other people, it does seem really -- kind of
sticks out like a sore thumb I would say as an area that
we're not really doing much with.

What that leads me to think is that in the
resolution and in some of the language in the Scoping Plan
there is a need for the Board to speak a little more
clearly than it has up until now. And so I'm hoping that
we can make some amendments. It may well be a sentence
here or there. But clearly people are looking very, very
closely at every word and every line in this plan. And so
we want to make sure that we have really given as much
policy guidance as we can, but at a policy level.

Yes.

BOARD MEMBER ROBERTS: I don't want to get into
asking staff questions tonight, because I don't know that
my brain can handle the answers.

But there are some things that were brought up
today that I'd like to have staff get into some discussion
tomorrow.

CHAIRPERSON NICHOLS: And remember, Board members
are always free -- yes, there is stuff that needs to be
formally in the record, but this is your staff.

BOARD MEMBER ROBERTS: Some of this is public
testimony that we'd be responding to.

The issue of raising the land use category from
five to ten to fifteen million metric tons I'm not sure
what the implications of that are. And I guess I'm --
every time we talk about the land use, land use is like
the super tanker. You can start to turn it now, but it's
going to be years before you're going to get the benefits.
So you can have all the wishfulness you want, but land use
happens very slowly. But I'd like to hear some
discussions relative -- what the implications of that
possible change are.

I think that the local governments, especially
the local air districts have to be key player in this. I think they have to be the centers that supplied the technical support to those cities.

I will tell you, we have 18 cities in San Diego County. And every one of them is going in a different direction. And I think some of it is counterproductive. And I think we have to sort of rationalize the process a little bit. And staff may talk about that.

I'm extremely concerned about transportation. No matter what plan you look at, this is one of the big gorillas in the room. And yet we're talking about policies.

At the same time, Supervisor Hill, that every public transit in the state has a crisis going on right now. And it's not a short-term thing. We're talking about public transit playing a major role. The last time I looked, I thought that was the core of smart growth. What good does it do for us to pass theoretical plans if you can't at the -- end of the day, you're not going to be able to implement it. And it seems to me we have to address that issue so maybe we can get somebody's attention.

CHAIRPERSON NICHOLS: I think time is also a can key issue here. You comment reminds of the fact there's some things that have to happen right away. There are
other things that are going to phase in over time.

Even if we ordered a transit system to appear and had the money to make it happen, it still wouldn't be on line in six months or a year.

BOARD MEMBER ROBERTS: No. But your transit systems -- see, that's not true. The transit systems right today are cutting service.

CHAIRPERSON NICHOLS: Yes. We want them to go in the other direction.

BOARD MEMBER ROBERTS: How can we expand that service. How can we increase that ridership. And we are forcing the situation.

And I shouldn't say we, because we don't have a whole lot to do with that. But it seems to me it's counterproductive both in the short term and the long term. And somehow we have to get somebody's attention on that.

I think building design was significant. There's three or four major pieces here. Building design, the transportation, power generation and usage, it seems like those should be the core of our program. And we have spent a lot of time today on a lot of other things that probably have some significance but pail in comparison.

I just want to make sure we're solid on the big issues, and the smaller stuff can sort itself out. So
maybe staff can help guide us through some of this in the
morning.

BOARD MEMBER SPERLING: It raises the process
question, which I think is where Sandy was going. When
are we going -- we're kind of burnt out tonight. But so
when are we going to have these conversations? Is it
tomorrow? Is it at the December meeting? I mean it
seems --

CHAIRPERSON NICHOLS: I would like to see us have
some discussion tomorrow at least the back and forth with
the staff so that people are not going down blind alleys.
If there's answer to the questions that are relatively
clear cut, you wouldn't want to waste your time between
now and the December Board meeting.

But I will assume we will have a few hours at the
December meeting to offer and make some specific proposals
and the staff will have heard a lot of the comments here
today. And even though they've had a lot of input and
there was a draft and all that, that there still are
things that clearly need to be refined or expressed better
than they have been so far. So I would imagine they would
be coming in with a set of proposals too.

Yes.

BOARD MEMBER D'ADAMO: I'm just wondering in
terms of our preparation. Because getting to maybe some
of the areas where we may not all be in agreement. I
guess tomorrow we'll go down the line probably get a
pretty good sense right away where there's agreement. And
then there will probably be some areas of disagreement
that each one of us would probably, I'm assuming, express
our desire as to how staff would proceed.

But then if staff doesn't proceed in a manner
consistent with where each of as individuals would like to
see it go, I guess we need some way to find out where
staff is. So if we choose to go further at the December
meeting with a recommendation, I don't want to throw
spaghetti on the wall.

CHAIRPERSON NICHOLS: There's not a whole lot of
time between now and the December Board meeting. But I
would imagine that we could ask at least for some kind of
preliminary draft of what the staff proposed changes are
going to be.

EXECUTIVE OFFICER GOLDSTENE: I think after the
discussion tomorrow we'll make the adjustments that the
Board seems to be in agreement on and try to update the
proposed plan and get it back out to you so you can see
where we're going. There will be some other issues I know
relative to what the resolution may say where there may
not be a change in the plan itself, but may be some
directives or series of directive from you to us.
CHAIRPERSON NICHOLS: How you want to see staff proceed as they begin to implement the plan, which is really we get a day's rest between adoption and the beginning implementation. Does that --

BOARD MEMBER HILL: If I could just follow up on Supervisor Roberts' idea of using the local air districts. And in other words, a resolution from CAPCOA, to look at that and talk about it tomorrow, I think that will be helpful to see if that could be --

EXECUTIVE OFFICER GOLDSTENE: We should talk about that tomorrow. We know the air pollution control officers throughout the state are going to have an important role in the implementation of the plan. We need to talk that through.

I know they're interested in having resolution language that somehow makes some kinds of commitments. I'm not sure. We should talk about this tomorrow to see we're ready this way or as we begin --

CHAIRPERSON NICHOLS: One of the key things in their resolution, if I may jump in, was how to finance their activities in this area. That, you know, we would sort of bless the idea of charging fees for these activities.

And, you know, we have a fee ability, a fee authority under AB 32 which comes to the Air Resources
Board. And frankly given the concerns of business about even having state by state regulations differ, I think there's a lot of concern about differences in approach between local districts.

And so this might be one area where the state would want to in effect hold a little of this authority but understand the implementing arm is going to have to be at the local level and resources need to flow in order to make that happen. Because I know --

BOARD MEMBER HILL: I think that's what the districts are saying. And I think they want the opportunity to be able to work the staff in the first quarter of next year to really develop that in some form moving forward with it.

CHAIRPERSON NICHOLS: Good.

EXECUTIVE OFFICER GOLDSTENE: Madam Chair, may I say a few things about logistics tomorrow? We start at 8:30. And when we conclude our hearing more testimony on this and then you conclude your deliberation, we still have two more items to hear, which will take about three hours. One is the small off-road engine amendment and the other is the large spark-ignition engine. So I just wanted to remind everybody that we still have more work ahead.

CHAIRPERSON NICHOLS: Full two-day meeting.
BOARD MEMBER TELLES: I have one more comment.
As your newest Board member --

CHAIRPERSON NICHOLS: You can't get away with that for too long.

BOARD MEMBER TELLES: I think I'm a unique Board member --

BOARD MEMBER HILL: From the San Joaquin Valley.

BOARD MEMBER TELLES: That's one point of uniqueness. And our valley had the most representative here today. I want everybody to recognize that.

And in a way, that's my constituency. Even though I'm not an elected official and I don't represent anybody or anything other than perhaps my patients and some of those folks you saw out there.

And I feel that I've kind of -- all my life I've been trained to analyze things. And I think I'm pretty good at that.

And I've spent a lot of time reading. I don't want to speak heresy or anything amongst all of you folks. But I've spent a lot of time reading about cap and trade and listening to the testimony and all that. And I'm not convinced that that's the way to go. And because of the concerns about the environmental justice communities and also the concerns that Dr. Dorsey mentioned that, you know, maybe it doesn't work. There's other ways to put
So what I want you guys to do is help me understand that so I can help you. Because right now, it just doesn't make a lot of sense to me. And I kind of -- I think my perspective is kind of the average citizen out there is more informed with someone reviewing this that represents the citizenship of California when they look at this, the cap and trade thing doesn't make sense.

I have patients come to my office, they don't know anything about this, but they say don't do cap and trade. What is cap and trade? But that's my only comment. It's a comment of uncertainty about one of the major issues.

CHAIRPERSON NICHOLS: I think you are unique in your willingness to confess openly concern that many people have. So in that sense, I'm very glad that you said what you did.

I think everybody needs a reminder if you will some time at the Board meeting to be reminded why exactly the staff came to the conclusion that this was the right approach. And it's a long history. It goes back to the time that AB 32 was passed. And I think many of us have been through a trajectory on this and gone back and forth a time or two ourselves about whether this was what we wanted to do.
So I don't think it would be -- I think it would actually be a good thing if before we vote on this in December the staff did do some additional work on this. Because we can tell, it's perfectly obvious, that the general public doesn't know what cap and trade is, to begin with. It sounds like it's mostly about trade and not about cap. And even when you do talk about cap and trade and people do understand at least the concept, there still are so many details about how it works and why people came to the conclusion that that was a better path than the other alternatives. That it's worth making another attempt to talk through it I think at the Board level. Okay.

Anything else we can do tonight other than break.

Okay. Good night, everybody.

(Thereupon the California Air Resources Board adjourned at 7:04 p.m.)
CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of November, 2008.

TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277