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For the Public Record

April 23, 2013

To: California Air Resources Board, Department of Finance, and Office of the Governor

Re: Comments on the Draft Cap-and-Trade Auction Proceeds Investment Plan

Thank you for accepting these comments on the Draft Cap-and-Trade Auction Proceeds Investment Plan. I am submitting these comments as a private citizen, not on behalf of any organization. Since 2006 my comments have consistently encouraged the California Air Resources Board (ARB) to return most of the auction proceeds to the public following the Cap & Dividend model.¹ In previous comments I have described the benefits of dividends, including that everyone has an equal claim to be able to use the atmosphere, and revenue raised from the enclosure of the Commons belongs to every Californian, not a specific subset. I still believe that the best use of Cap-and-Trade auction proceeds is returning them to the public through a dividend. However, if the State is not willing to include direct payments to each Californian in this first Investment Plan, it can still lay the ground work for the concept of per capita equity by including a **Transportation Dividend** and a **Household Dividend**. I have used tracked changes to mark additional language as follows:

- 1) Add a **Transportation Dividend** to Page B-6 Low-Carbon Freight Transport and Zero-Emission Passenger Transportation

Passenger vehicles: Provide a **Transportation Dividend to all Californians. The dividend may be in the form of first-come, first-served** rebates or vouchers to assist with the purchase of zero-emission and near-zero-emission passenger cars and transit buses, **or used to purchase transit passes, ridesharing services, cycling equipment, and other qualified sustainable transportation products.**

Discussion: Since all drivers will be paying higher prices at the pump, a voucher concept for zero-emission vehicles would likely subsidize higher-income drivers only and neglect low- and middle-income drivers and transit users.

¹ An archive related to this work is at <http://www.carbonshare.org/californiaAB32.html#advoc>

Suggestion: Make the uses of the voucher broader, and call it a Transportation Dividend. Uses include sustainable transportation products and services. Send it to all Californians. Make it expire before the next year. If it is not used, it defaults back to the state for other transportation investment. Put the voucher on a debit card.

- 2) Add a **Household Dividend** to Page B-7 Energy Efficiency and Residential Weatherization

Energy efficiency financing: Provide a Household Dividend that may be used for energy-efficiency investments around the home, including qualified Energy Star products and first-come, first-served financing assistance for energy efficiency projects through PACE (Property Assessed Clean Energy) and other mechanisms

Discussion: All residents will be paying higher energy prices, but only homeowners can qualify for PACE financing. Without a Household Dividend that also reaches renters, this would result in renters subsidizing wealthier homeowners.

Suggestion: Make the uses of the voucher broader, and call it a Household Dividend. Allow it to purchase qualified Energy Star products that renters can also purchase easily as well as PACE and on-bill financing. Send it to all Californians. Make it expire before the next year. If it is not used, it defaults back to the state for other investment including PACE. Put the voucher on the same debit card as the Transportation Dividend mentioned above.

- 3) Include biochar alongside potential waste diversion approaches for biomass

Page B-15 Waste Diversion

Provide competitive grants to local agencies and businesses to expand and improve waste diversion and recycling (e.g., composting, biochar, anaerobic digestion).

Provide loans or first-come, first-served production incentive payments to businesses that divert organic waste from landfills to produce compost, biochar, or biogas.

Discussion: Biochar is a potential carbon sequestration technique that complements composting and biogas generation.

Thank you for your consideration.

Sincerely,

Mike Sandler