



February 14, 2014

Cynthia Marvin  
Chief  
Stationary Sources Division  
California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812

Dear Ms. Marvin:

The Glass Packaging Institute (GPI) wishes to offer the following comments in response to the January 31st issued Discussion Draft on *Potential Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms*.

As we have detailed in numerous earlier communications with CARB including, (*3/8/2013 GPI CARB Submitted Comments and GPI Letters to CARB submitted 8/30/12 and 5/20/11*), glass container manufacturers have an established record as an Energy-Intensive-Trade-Exposed industry (EITE). California glass container plants in particular compete with lesser-regulated glass plant facilities in outside states, as well as internationally.

We were very pleased that the Draft acknowledges this reality. Specifically on page 141, the glass container manufacturing industry's *NAICS Code 327213*, Assistance Factor remains at 100% throughout the duration of the program. This will provide benefit to California glass container manufacturing operations, as we continue to compete both domestically and abroad.

This assistance is necessary, as the glass container industry competes with lesser-regulated competition outside of the state. The very real threat of "leakage", i.e., the possibility of glass container manufacturing jobs leaving California in order to remain economically viable is a distinct threat. With roughly 10% of the country's glass container manufacturing plants operating in California, ensuring that any and all regulations impacting the glass container industry consider leakage is key to future in-state production.

The glass container industry established "benchmark" within the Cap and Trade Program is also an important element for future program stability. Per previous communications including (*GPI Letters to CARB submitted 7/19/13, 4/19/13, 9/18/12, 10/13/11*), we reviewed voluntary "early actions", taken by the glass container industry, including

increasing use of recycled glass at our California plants, and subsequently, reducing our energy use and related greenhouse gas emissions.

In acknowledging the Early Action issue, GPI provided compelling data in support of its position that the true measure of its members' Early Action can best be measured by looking at recycled glass usage from 2002 through 2007.

Page 155 of the Draft proposes that glass container manufacturing has its Energy Efficiency Benchmark (EEB) increased from 0.264 to 0.270. While this benchmark does not include the earliest data on recycled glass usage that we provided, we do believe this is a move in the right direction by CARB, and an acknowledgement of glass container industry efforts within the state to date.

California glass container plants' recycling and recycled glass use, when compared to other states (and countries) is significant. Proper recognition will help protect the California industry from competitive advantages that glass plants in other countries and states enjoy. The California glass container manufacturers are already among the most efficient facilities in the world, largely attributable to technology advancements and the high use of recycled glass.

Thank you for the opportunity to comment on this important Draft Document. GPI would, of course, be happy to respond to any questions you may have.

Sincerely,



Lynn M. Bragg  
President

Cc: Mary Nichols, Chair, California Air Resources Board