



California Council for Environmental and Economic Balance

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April 28, 2014

Michael Tollstrup
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via email:

RE: Scoping Plan Update

Dear Mr. Tollstrup:

The California Council for Environmental and Economic Balance (CCEEB) is a non-partisan, non-profit coalition of business, labor, and public leaders that advances strategies for a strong economy and a healthy environment. CCEEB appreciates the work the California Air Resources Board (ARB) has completed since adoption of the Scoping Plan (or “Plan”) in 2008. However, we have concerns about the Update to the Plan (or “Plan Update”), particularly the expansion of scope beyond the six greenhouse gases (GHGs) listed in Assembly Bill 32 (Chapter 488, Nuñez, Statutes 2006), as well as the extended timeframe past 2020 and up to 2050. Instead, CCEEB recommends that the update be focused solely on the 2020 GHG goal. Inclusion of peripheral goals and discussions of post-2020 policies could be done as a supplemental white paper. What follows are more detailed comments on specific areas of concern.

Maximum Technologically Feasible and Cost-Effective Reductions

A key tenet of AB 32 is that GHG reduction measures must be both technologically feasible and cost effective. The draft Plan Update fails to meet these statutory requirements because it does not examine the technological feasibility or cost effectiveness of proposed measures.¹ Without this analysis, and given the extremely long timeframe under discussion, the draft seems to imprudently pick post-2020 technology winners and losers, which in turn could unfairly and unintentionally stunt development and deployment of competing technologies.

¹ For example, on page 87 the draft claims that post-2025 efficiency gains from new light-duty vehicles “can be achieved cost-effectively [sic]” and that equivalent reductions from heavy-duty vehicles is “feasible and cost-effective [sic].” However, the draft cites no analysis or study to support these claims.

CCEEB believes the market created by cap-and-trade and other policies is a better arbitrator of which technologies should advance. While the Plan Update may not be intended as a regulatory document like the 2008 Scoping Plan, it still creates regulatory and market uncertainty that will affect the research, development, and deployment decisions of innovators and businesses. As such, we recommend that post-2020 measures be removed from the Plan Update and instead placed in a separate white paper.

Performance-Based Metrics

The Plan Update lacks performance metrics for evaluating progress made to date from individual AB 32 measures. Ideally, and in addition to the status of implementation for each measure, ARB should provide estimates of (1) GHG reductions already achieved, (2) further reductions expected through 2020, and (3) cost per ton of reductions. This information is important since California is still largely alone in the nation in regulating GHGs. ARB should focus on achieving the “biggest bang for the buck” and carefully document the effectiveness of public and private investments under AB 32.

SLCPs, Local Impacts and Fully Utilizing Complementary Regulatory Frameworks

CCEEB agrees that California must continue to make significant progress towards reducing criteria pollutants, such as particulate matter (PM), and toxic air contaminants. However, the state’s long-standing framework of stringent and complementary air quality laws and programs should remain the primary tool used to regulate local and regional air pollutants, rather than trying to graft co-pollutant measures or requirements onto AB 32. Indeed, ARB has indicated that steep reductions in localized pollutants have and will continue to take place due to California’s aggressive clean air, non-AB 32 policies.

Short-lived climate pollutants (SLCPs) include methane, black carbon (i.e. soot), tropospheric ozone, and some hydrofluorocarbons (HFCs). Only two of these—methane and HFCs—are GHGs regulated under AB 32. Black carbon, which is a minor component of PM, is regulated under toxic air contaminant rules and regulations, not AB 32. As such, it would not be appropriate to address black carbon in an update to the Scoping Plan. We note that the regulation of PM under both federal and state laws has already reduced black carbon by 85 percent from 1990 levels,² and ARB expects to achieve 95 percent control by 2020.³ So even if black carbon had been an AB 32 GHG pollutant, the 1990 levels would nearly be achieved by now, with further reductions expected from ongoing implementation of PM rules.

More importantly, the efficacy of tackling black carbon through climate change programs is questionable. For example, the Pacific Northwest National Laboratory recently found that the climate benefit from reductions in short-lived forcing agents is smaller than previously estimated and does not add substantially to benefits garnered from a comprehensive climate policy.⁴ This may be due in part to the main sources of black carbon, which are primarily wood burning and forest fires. These “sources” would be challenging to regulate under AB 32 and are not well aligned with sources under the cap.

² Recent ARB lecture shows that large decadal trends in black carbon concentrations are largely in response to policies enacted to decrease PM emissions from diesel combustion:

<http://www.arb.ca.gov/research/lectures/speakers/ramanathan/ramanathan.pdf>

³ ARB, Climate Change Scoping Plan: Discussion Draft for Public Review and Comment: October 2013, page 14.

⁴ <http://www.pnas.org/content/early/2013/08/09/1308470110>

CCEEB recommends that the Plan Update be limited to the six GHGs laid out in AB 32 and that discussion of SLCPs and black carbon be included in a separate post-2020 policies white paper.

Proposal to develop new methane control measures on already regulated operations

In Table 6, *Summary of Recommended Actions by Sector, page 103*; ARB included a recommendation to develop a control measure for methane and CO₂ emissions from oil and gas production, processing and storage tanks.

Although ARB believes there is a need to develop a new regulation to control methane and CO₂ emissions associated with the oil and gas industry, it is important to note that over the past 30+ years, Air Districts with oil and gas operations, have developed and implemented extensive rules and regulations to control hydrocarbon (HC) and volatile organic compound (VOC) emissions. These controls range from vapor recovery to extensive Inspection and Maintenance (I&M) programs for many of the aforementioned oil and gas equipment; including storage tanks, valves, flanges and seals.

Before moving forward with developing a new regulation; CCEEB recommends that ARB should work with the industry to determine whether any fugitive methane and CO₂ emissions are of such magnitude that justifies the need for developing a new regulation. Additionally; ARB should conduct a cost effective impact analysis that would show whether the cost for controlling fugitive methane emissions support the regulatory need.

Quantifying Health Impacts and Use of CalEnviroScreen,

ARB should take primary responsibility for assessing health impacts stemming from AB 32 implementation and lead coordination of the work of its sister agencies in this area. This approach should help avoid duplication of effort and ensure both consistency and accuracy in analysis. In the current draft, it is unclear what work is being done by ARB staff as compared to the California Department of Public Health, the Office of Environmental Health Hazard Assessment, and local air districts, or how these potentially different and distinct efforts will be brought together and made understandable to stakeholders and decision makers. This is particularly important in instances where tradeoffs can be expected, e.g., a combined heat and power project at a facility might increase local air emissions, or infill and transit oriented development that reduces vehicle miles traveled, but brings more residents in proximity to freeways and roadways.

With regards to use of CalEnviroScreen and its component data, CCEEB urges caution and notes that the screening results should not be used to assess or identify specific risks in a community, especially at the project level. As stated by the Office of Environmental Health Hazard Assessment and Cal/EPA:

“The tool’s output provides a relative ranking of communities based on a selected group of available datasets, through the use of a summary score. The CalEnviroScreen score is not an expression of health risk, and does not provide quantitative information on increases in specific sites or projects. Further, as a

comparative screening tool, the results do not provide a basis for determining when differences between scores are significant in relation to public health and the environment. Accordingly, the tool is not intended to be used in a health or ecological risk assessment for a specific area or site.”

In addition to these general limitations, CalEnviroScreen contains no data on sources of GHG emissions. As such, it alone would not be an appropriate tool for evaluating AB 32 measures or localized impacts stemming from AB 32 programs or policies. For this type of impact analysis, CCEEB recommends that ARB continue to work with the California Air Pollution Control Officers Association and the local air districts to develop the Adaptive Management Plan for the Cap-and-Trade Regulation.

Finally, while we agree that it is important to evaluate health impacts from climate change (as opposed to AB 32 implementation) CCEEB believes that this must be done within a global context. Even though California is on track to reach AB 32 goals and reduce GHG emissions to 1990-levels by 2020, our actions alone will not prevent harm from climate change. As stated in AB 32 “national and international actions are necessary to fully address the issue of global warming.”⁵ We recommend that ARB first assess what types of climate change impacts are most likely to occur or are most threatening should they occur, then assess where these impacts would be most acute, and only then consider which communities within these areas are most vulnerable. Relying on CalEnviroScreen results as a first screen could inadvertently miss certain types of impacts not included in the model (e.g., drinking water contamination) or whole communities that potentially face grave climate change risks but aren’t currently deemed “burdened” by CalEnviroScreen (e.g., rural communities most at risk to increased forest fires or coastal communities most at risk from sea level rise).

Post-2020 White Paper

Prior to undertaking a plan for post-2020, CCEEB suggests the Update must include, in a white paper, commercial feasibility, scalability, and economic impacts analysis to account for the results of ARB’s recommendations. Any meaningful approach to considering post-2020 pathways must at a minimum adhere to the following principles:

1. California’s post-2020 GHG and short lived emissions programs must be conditional on substantial action by other jurisdictions. A conditional policy can promote action by others and will reduce the likelihood that California will incur large economic impacts without any real environmental benefit.
2. Legislation must only authorize the most cost-effective state policies. Given today’s economic reality, pursuing less than cost effective policies would only serve to further isolate California from potential partners. Other jurisdictions will not choose to follow excessively costly programs which will fail over the long term. For example, establishing sector based targets result in higher costs for all compared to a well-designed cap and trade or other market mechanism. Market-based approaches such as cap and trade programs are more efficient and less costly than direct measures because they allow flexible compliance.

⁵ Section 38501 (d).

3. Linkages with other large jurisdictions are critical to establish a cost effective approach. California is one of the most energy efficient states in the country. The marginal cost associated with cap and trade is much lower than that of direct regulations such as the low carbon fuel standard (LCFS).⁶
4. California must display true leadership by establishing incentives for innovation. Market incentives for innovation in low carbon technologies are critical to meet potential post 2020 goals. Programs which pick preferred existing technologies discourage research, development and innovation on new technologies.
5. Cap-and-trade programs must include measures to address trade exposure. In a patchwork of differing programs, more stringent programs and unnecessary auctions create competitive disadvantage resulting in leakage of investment, growth and ultimately jobs from California.
6. Long term cost containment programs must be developed with a hard price cap and other mechanisms that are assured to contain costs.

Thank you for your attention to these comments. Please contact Robert Lucas at 916-444-7337 if you have any questions.

Sincerely,



Robert W. Lucas
Climate Change Project Manager



Gerald D. Secundy
President

cc: The Honorable Jerry Brown, Governor, State of California
Nancy McFadden, Executive Secretary to Governor Brown
Cliff Rechtschaffen, Senior Advisor to Governor Brown
Matthew Rodriguez, Secretary, California Environmental Protection Agency
California Air Resources Board Members – c/o Charlyn Frazier, Board Liaison
Richard Corey, Executive Officer, ARB
Edie Chang, Deputy Executive Officer, ARB
The Gualco Group, Inc.

⁶ *Understanding the Impact of AB 32*, Boston Consulting Group, June 2013