

**California Citrus Mutual
California Cotton Ginners Association
California Cotton Growers Association
Milk Producers Council
Nisei Farmers League
Western Agricultural Processors Association**

August 5, 2013

Submitted Electronically

Ms. Mary Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Re: Update to the ARB Scoping Plan

Dear Ms. Nichols,

On behalf of the organizations listed above, we appreciate the opportunity to provide our comments on the California Air Resources Board's Update to the Scoping Plan. We recognize the agency's mandate to revise the document pursuant to AB 32 and we believe the ARB should closely align the update with the stated requirements in AB 32.

2050 Targets

Of most concern to our organizations is the appearance of incorporating 2050 targets pursuant to Executive Order S-3-05 into the Scoping Plan and also being a major focus in the update. We believe that Executive Order S-3-05's 2050 target which was signed by Governor Schwarzenegger in 2005 is in direct conflict with AB 32 statute as signed into law in 2006. We believe that AB 32 supersedes S-3-05 and all references to emission reductions to achieve emission reduction targets that have not been mandated through legislation shall be removed. We will now cite AB 32 text to support our comments. Section 38551 (a) states:

"The statewide greenhouse gas emissions limit shall remain in effect unless otherwise amended or repealed."

AB 32 further addresses the limit post 2020 in (b) of the same section by stating:

***“It is the intent of the Legislature that the statewide greenhouse gas emissions limit continue in existence and be used to maintain and continue reductions in emissions beyond 2020.*”**

Chapter 3 (n) defines the “Statewide greenhouse gas emissions limit” or “statewide emissions limit” as:

“...the maximum allowable level of greenhouse gas emissions in 2020, as determined by the state board pursuant to Part 3”

We believe that the only authority granted to ARB in AB 32 is to achieve and maintain the 2020 emissions through regulations and that the targets set in Executive Order S-3-05 are not enforceable. All references for emission reduction measures or other activities inconsistent with the 2020 target should be removed from the Scoping Plan Update. We view the Scoping Plan as a regulatory document required by AB 32 and the update should conform to the regulatory requirements stated in AB 32. The appropriate places for such recommendations are through a separate report to the Governor and the Legislature and not in a regulatory document such as the Scoping Plan.

Recommendations for Further Action

When AB 32 was passed into law it was conceived that California would be the leader and that other states and nations would follow our lead. Actually, since AB 32 was enacted we have seen other states withdraw their participation in greenhouse gas reduction plans. Climate science may or may not justify the necessity for targets below California’s 2020 target, but the reality is that California cannot solve the issue by itself. Going past 2020 targets which will lead to even higher costs to California businesses and consumers and will only further widen the competitive disadvantage we face by doing business in California. As an example, in the cotton ginning industry fuel costs amount to \$3.60/bale compared to \$0.65/bale in the Midsouth, \$1.05/bale in the Southwest, and \$1.89 in the Southeast. The same discrepancy occurs in relation to electricity prices where we pay an average of \$5.19/bale compared to \$3.59/bale in the Midsouth, \$3.57 in the Southwest, and \$3.62 in the Southeast.

In order to effectively promote our California policies and encourage other states and nations to follow our lead, we need to show that California business can remain competitive and our economy can grow. Our efforts in updating this Scoping Plan should be focused on how we can achieve the 2020 targets with the least amount of impact to California businesses and consumers. It is only after showing that our policies are reasonable and cost-effective that others will show the desire to follow. California needs to recognize that we have already taken steps for GHG reductions and our efforts should be focused on promoting others to do the same.

Conclusion

We believe that the setting of future GHG reduction targets are premature and create a high level of regulatory uncertainty for our agricultural businesses making investments today to meet the 2020 standards. Setting of further reduction targets, especially those as far reaching as S-3-05, sends a message that the investments we are making today will be insufficient and increases the likelihood of leakage and discourages business from locating in California. We appreciate the opportunity to provide our initial feedback on the Scoping Plan Update and are always appreciative of staff's willingness to discuss these issues with us. If you have any questions or wish to have further dialogue on our comments, please contact Casey Creamer at (559) 252-0684.

Sincerely,

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