



Johns Manville

A Berkshire Hathaway Company

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January 11, 2010

Kevin Kennedy
Office of Climate Change
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments of Johns Manville on AB-32 Proposed Draft Regulation

Dear Mr. Kennedy:

Johns Manville (JM), a Berkshire Hathaway company, is a leading manufacturer and marketer of premium-quality products for building insulation, mechanical insulation, commercial roofing, and roof insulation, as well as fibers and nonwovens for commercial, industrial, and residential applications. JM serves markets that include aerospace, automotive and transportation, air handling, appliance, HVAC, pipe and equipment, filtration, waterproofing, building, flooring, interiors, and wind energy. In business since 1858, our Denver-based company has annual sales in excess of \$2 billion and holds leadership positions in all of the key markets that it serves. JM operates 40 manufacturing facilities in North America, Europe and China.

JM operates a plant in Willows, California and we manufacture the first and only complete line of certified Formaldehyde-freeTM fiber glass building insulation. Because our process uses pressurized air in lieu of a natural gas flame jet to attenuate our fibers, our CO₂ emissions are significantly lower than our competitors in California. JM is the only fiber glass insulation manufacturer to achieve the status of [**Climate Action Leader**](#) in California.

JM appreciates the opportunity to submit comments on the proposed draft AB-32 regulation. Because of the deliberately preliminary nature of the proposed draft regulation, JM's comments are also preliminary and JM reserves the right to submit additional or different comments as additional information is made available and as additional and more concrete proposals are made available for public comment.

CARB Should Strongly Encourage Energy Efficiency In Implementation Of AB-32

CARB's implementation of AB-32 should strongly encourage the implementation of energy efficiency in all sectors, including the existing housing sector. Retrofitting existing homes to make them more energy efficient is perhaps the least expensive way to achieve significant reductions in GHG emissions in the short run. Such retrofits also have the following important co-benefits:

- increase in the health, safety and comfort of the home occupants;
- decrease in the operating expense of the home as heating and cooling costs decline;
- decrease in criteria and toxic pollutants and corresponding decrease in potential health effects from power generation;
- increase in value of the home; and,
- increase in employment as the energy generated via energy efficiency is more labor intensive than either renewable energy or conventional power generation.

Increase In Residential Energy Efficiency Should Not Come At The Expense Of A Decrease In Indoor Air Quality

As homes are made tighter for greater energy efficiency, they can be more prone to indoor air pollution problems from all the building materials that emit VOCs, including formaldehyde. A [recent CARB/CEC study](#) confirmed that ventilation rates in new homes are typically quite low and people generally do not open windows or doors for fresh air ventilation. This makes it even more important to specify and install energy efficiency building materials, including fiber glass insulation, that are certified as formaldehyde-free by an independent, California-based third party organization.

All California Agencies Should Coordinate Action To Encourage Energy Efficiency

While CARB has the lead in implementing AB-32, CARB should continue to closely coordinate with both the California Energy Commission and the California Public Utilities Commission on energy efficiency issues. These issues include, without limitation, how best to implement the [Executive Order on the Renewable Energy Standard](#).

For example, the agencies should work together to ensure that energy efficiency projects count towards compliance with both the existing RPS as well as the upcoming RES. Such a provision would be consistent with the Combined Efficiency and Renewable Electricity Standard in Section 101 of the **American Clean Energy and Security Act of 2009** (H. R. 2454).

The agencies should also coordinate on how best to attract long-term private capital to energy efficiency projects in the state so that further enhancements to energy efficiency and corresponding greenhouse gas emissions reductions can be sustained well beyond the current federal Recovery Act and upcoming jobs bill, both of which are or will be limited in time and homeowner income.

Applicability

Proposed section 95,820(a)(1) and (10) purport to include as “Covered Entities” all stationary combustion sources and all glass production facilities in the State. The regulations need to make clear that only those glass production facilities and combustion sources that emit greater than 25,000 tons of CO₂e per year are actually directly regulated and have an allowance surrender requirement under the AB-32 cap-and-trade program. Since JM’s Willows, California plant employs a process that consistently limits greenhouse gas emissions well below the proposed threshold, we anticipate that we will not be directly regulated and will have no surrender obligation.

Energy Efficiency Offsets

CARB should preferentially recognize as offsets those energy efficiency projects that otherwise meet the requirements of proposed Section 96,220. Energy efficiency can frequently achieve CO₂ emissions reductions faster and cheaper than many renewable energy projects. And energy efficiency typically has side benefits where renewable energy has side impacts. Energy efficiency can simultaneously hit on many policy issues and affords an opportunity to, e.g., employ in-state workers to make certified Formaldehyde-freeTM insulation that is installed by in-state workers for the benefit of state homeowners.

Energy efficiency retrofits to existing homes (in California and elsewhere) should qualify as offsets. As described above, such retrofits have important health, safety, comfort and indoor air quality co-benefits, especially when low-carbon, certified formaldehyde-free insulating materials are used.

Distribution of Allowance Value

A significant portion of allowance value should be used to mitigate the effects of increased heating and cooling costs related to AB-32 implementation. Such cost increases are best addressed by increasing existing home energy efficiency rather than direct subsidies to pay for increased costs.

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Thank you for the opportunity to submit these comments. If you have any questions, please do not hesitate to contact me.

Sincerely,

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Bruce D. Ray