



June 20, 2012

Mary Nichols, Board Chairman
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: Public Input on Investment of Cap-and-Trade Auction Proceeds, May 24, 2012

Dear Ms. Nichols:

The Sonoma County Water Agency submits the following written comments in response to the Public Consultation on Investment of Cap-and-Trade Auction Proceeds held on May 24, 2012.

Sonoma County Water Agency is a wholesale water supplier for 600,000 people in Sonoma and Marin Counties. The Agency also has responsibility for flood protection and wastewater treatment and is actively engaged in programs protect and restore threatened and endangered fisheries in the Russian River region. As a major power user we are actively pursuing programs to reduce energy use and to procure all energy supplies from clean, renewable sources.

How can California effectively invest the auction funds to meet the goals of Assembly Bill 32 (AB 32) including support of long-term, transformative efforts to improve public health and develop a clean energy economy?

Implementation of AB 32 has been focused on regulatory measures and market based mechanisms to reduce emission of greenhouse gases in California. We believe that future work on implementation should also include programs that engage local governments in the effort to achieve AB 32 targets through innovative programs that local governments are uniquely positioned to develop.

The Sonoma County Water Agency, a major electric power user, has acted to voluntarily reduce its verified greenhouse gas emissions. Other local agencies across California have opportunities to achieve additional emissions reductions if programs were in place to guide and offset a portion of the cost of these activities.

We urge the Air Resources Board to include in its investment plan a grant program for integrated local government climate programs that achieve verified greenhouse gas emissions

reductions. Such programs could include all cities, counties, special districts, schools, tribes and non-governmental organizations, could achieve multiple benefits for local communities, would engage disadvantaged communities, and, could support existing sustainable communities or alternative planning strategies.

Programs of this type would be of strategic importance in moving the state toward achievement of AB 32 goals for the following reasons:

1. Integrated, local government programs would be required to achieve large, verifiable reductions in greenhouse gas emissions that would otherwise not occur.
2. Local governments can engage the public and local non-profit organizations and disadvantaged communities in implementation of greenhouse gas programs.
3. Local governments have land use responsibilities essential to many climate protection measures and have the capacity to implement residential and commercial energy efficiency and renewable power programs within their jurisdictions.
4. Local government programs like property assessed clean energy programs have a documented record of leveraging other funding sources and creating local jobs and stimulating local economies.
5. Local governments have record of successful development of multi-benefit projects that can achieve climate protection goals and improve quality of life in other areas such as open space preservation, urban greening, improved transportation and water supply reliability.

Energy

Local governments have the potential to increase distributed clean energy generation and energy efficiency. Projects that reduce energy used to pump and treat water and wastewater can also further energy-related goals.

Transportation

The state has significant needs related to road repair and transit, especially as we attempt to implement elements of SB 375. At the local or regional level, implementing SB 375 is one of the most important elements of the state's climate policy. Getting the best land use planning and road and transit infrastructure in place will require a significant and sustained level of funding.

We would suggest that the funds from the auction revenues, especially those derived from motor fuels, should be directed toward addressing the many challenges of implementing SB 375, including improving our road and transit corridors in our existing developed areas.

Conservation

State Conservancies and the Wildlife Conservation Board provide critical funding throughout the state to local governments to fund and implement projects that protect and enhance our natural resources. These same projects, sometimes modified slightly, can also significantly sequester or otherwise reduce emissions.

From the Sierras and the Tahoe Basin, to our 1500 mile coastline, to our mountains and rivers in the Los Angeles and San Diego regions, the State Conservancies and the Wildlife Conservation Board work with local governments and community groups to protect and enhance our natural resources. We think it would be important to engage these entities and enable them to fund local governments to develop and implement projects consistent with AB 32 that also help protect our critical resources. This includes open space protection, investments in our working forests, river parkway development, wetland protection and development, and a number of other nature-based investments that lead to significant GHG benefits.

What criteria should be prioritized in the development of an investment plan for auction funds and why?

We believe that one of the most important criteria for AB 32 auction revenue investment is ensuring that investment supports the goals of AB 32. However, use of auction revenue can have other co-benefits for Californians and we urge the Air Resources Board to recognize secondary criteria for the investment plan as follows:

1. Public Engagement. Programs that achieve emissions reductions and also involve and engage the public in local climate protection initiatives help build public support for and understanding of AB 32 and ensure that Californians are seeing the direct benefits of the program in their community.
2. Multiple Benefits. Projects that reduce emissions and achieve other improvements in quality of life for Californians should be prioritized. Many emissions reduction projects can also preserve open space, reduce energy costs, further energy independence, create local jobs, increase urban greening, address climate change impacts, improve water supply reliability, and help address many other challenges facing local communities that under increasing financial strain.

3. Transportation. Investments in transportation-related improvements especially those mandated under SB 375 can reduce emissions and provide other multiple benefits across a region.

4. Conservation. Climate change impacts pose a grave and costly threat to natural areas throughout the state. Programs such as those administered by the State Conservancies and the Wildlife Conservation Board help address these impacts, enhance natural resources and crucial ecosystem services, and reduce emissions providing significant long term climate benefits. These programs can help local entities to cost-effectively address climate change impacts and build resiliency to future impacts and should be prioritized for investment under the program criteria.

We urge the Air Resources Board to structure investment criteria to support local government initiatives and programs for climate protection in the form of an integrated local government climate innovation program that would foster local and regional greenhouse gas reduction projects, engage the public and create productive partnerships, provide the ability to coordinate and aggregate initiatives throughout a region, provide multiple benefits, and address the unique needs of communities throughout California.

Sincerely,

A handwritten signature in black ink, appearing to read "Grant Davis". The signature is fluid and cursive, with a large initial "G" and "D".

Grant Davis
General Manager,
Sonoma County Water Agency