AKI K. NAKAO, Director
1401 LAKESIDE DRIVE, OAKLAND, CALIFORNIA 94612
510 208 9700 FAX 510 208 9711
www.acgov.org/gsa/

Department of Environmental Review and Assessment
Joyce Horizumi, Director

827 7th Street, Suite 220 • Sacramento, California 95814
phone (916) 874-7914 • fax (916) 874-8343
www.saccounty.net

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To: California Air Resources Board
From: Alameda County and Sacramento County
Subject: Comments on the Draft Scoping Plan

Alameda County and Sacramento County would like to recognize the State of California for taking leadership in the fight against global climate change and thank the agencies and stakeholders that have been involved in drafting the Scoping Plan for AB 32 implementation.

As signatories to the national Cool Counties Climate Stabilization Declaration and members of ICLEI Cities for Climate Protection, Alameda and Sacramento Counties have inventoried our greenhouse gas (GHG) emissions and are coordinating climate plans with the cities within our counties. Given this experience, we would like to share several recommendations to make it easier for the State to achieve its 2020 and 2050 greenhouse gas reduction targets.

We feel that the Scoping Plan would be strengthened if the full range and potential of local strategies with long-term GHG reductions benefits were addressed and counted towards meeting the goals of AB 32.

Most importantly, we would like the Plan to more completely address the role of local governments and how the State will help counties and cities implement and fund various aspects of the Plan. We are eager to do our part to reduce local greenhouse gas emissions, recognizing that climate change is an opportunity to strengthen communities and provide our citizens a better quality of life through better-designed urban environments.

We look forward to the next version of the Plan. Please feel free to contact us for further information.

Sincerely,

Carolyn Bloede
Sustainability Program Manager
General Services Agency
Alameda County
510-208-9521

Antonia Barry
Assistant Director
Dept. of Environmental Review and Assessment
Sacramento County
916-874-6990

Comments on the Draft Scoping Plan

1. Incorporate longer-range planning and action to achieve climate stabilization

Although the short-term mandate set by AB 32 focuses on 2020, forward-thinking action is required now to put in place a framework for reaching the ecologically-imperative 2050 target set in Executive Order S-3-05. Today's decisions will determine whether we are on the right road to achieve our 2050 goals. However, the draft Scoping Plan relies heavily on existing technologies and strategies. None of the key elements, as listed on page ES-2, address the fundamental changes needed to meet the more aggressive 2050 target. Long-term structural changes need to be established that fundamentally shift land use planning, energy generation and usage, and product design, distribution, and disposal. These programs would not only reduce climate change but also provide better health, safety, and economic security for Californians by creating stronger communities, transportation options for all, and quality products.

2. Comprehensively address the role of local governments

Although recognized in general, the role of local action is not given the same weight as the items specifically enumerated in the Scoping Plan. This emissions reduction planning process provides an unprecedented opportunity for collaboration between state and local government. Local governments have a large potential to impact the decisions made by their citizens and many are already engaged in progressive GHG reduction measures. Although this vital role is referenced, the Plan does not acknowledge the leadership role taken by counties and cities, nor does it provide guidance / measures that specifically address local governments' role in reducing emissions.

a. <u>Spell out local government role in relevant measures</u>

Local governments will have a significant role to play in implementing many of the measures specified in the Plan (i.e., energy efficiency and generation, water and waste measures, green building codes, and community design). It would therefore be appropriate to specifically call out the role that city and county governments will play in implementing the measures identified in the Scoping Plan and how existing local programs can be integrated into the targets set forth in the Plan.

Specifically the Scoping Plan should specifically address local government's role in:

- The Energy Efficiency section (page 21), which suggests that much of the effort to achieve energy efficient building and appliance standards will rest with electric and natural gas utilities. However, a great deal of coordination with local government will be necessary to achieve the goals.
- The Water section, which indicates that the State will implement a directive to develop a plan to reduce per capita water use by 20 percent by 2020 (page 28). Since counties are often water purveyors, we would like more details on our role and an opportunity to share our understandings.

- The Collaboration section (page 74), which gives scant acknowledgement to local government and omits the many local and regional groups working to address climate change (e.g., Cool Counties, Cool Cities, NACo, CSAC, etc.). The work being undertaken by these organizations and other is critical to the success of AB32. Coordination with these organizations could easily bridge the gap between the State and local government.

b. Set up a local government workgroup

A mechanism needs to be developed for involving local governments in the rulemaking and implementation process that follows the adoption of the Scoping Plan. Local governments are unique entities in that we will be impacted by multiple sectors, will be highly involved in implementing the Plan, and have our own administrative and regulatory authority. We are finding it very difficult with limited staff to follow all the workgroups which are relevant to local governments. This local government workgroup could provide a single point of interaction for:

- Updates on progress being made across the Scoping Plan's sectors,
- Information about upcoming events;
- Discussions on how local governments will be affected by State GHG reduction activities and how we can partner to assist in implementation;
- Bringing the interests and concerns of the local governments to the attention of the appropriate parties;
- Developing synergistic policies and programs at the state and local levels.

This group should not be reactive to the State's efforts, but should be considered a partner in developing the State's policies, plans, and programs.

3. Increase local accountability but provide support and flexibility for implementation

Counties are looking for leadership from the State to move forward with even more far-reaching programs to address global warming. The Air Resources Board should go beyond encouraging local governments to adopt climate action plans (p. 31) and require that such a plan be developed and adopted by every local government.[1]

a. Require local action planning

Mandating that local governments develop and implement local action plans designed to reach specific emission reduction targets would ensure that all jurisdictions take an active role in helping to reach the goals set forth in AB 32. Without such requirements, voluntary action will continue to be disproportionately taken by the "early actor" jurisdictions, and the gap between local governments that are actively addressing climate protection and those that chose not to will continue to widen. Action taken throughout the

[1] Much like AB 939 required every local government develop plans to achieve 50% waste diversion.

state is the only way to ensure that progress is made towards meeting the State's goals and that all jurisdictions share in the responsibility for emission reductions.

Local action plans will enable jurisdictions to plot their own course towards reductions, and could include a municipal facilities target while mandating a community-wide target. Actions sufficient to meet the target would be selected from areas such as energy, waste reduction and recycling, water and wastewater, and transportation and community design.

b. Allow flexibility in meeting targets

Instead of prescribing a specific planning method or set of actions, the State should create a performance-based framework that provides local governments the flexibility and resources necessary to achieve regional targets. Key components of this framework should include:

- Regionally appropriate reduction targets that provide the set a firm goal for emission reductions;
- Development of regionally specific, locally developed, action plans that outline the unique steps each jurisdiction will undertake to best meet its target;
- Provision of tools to systematically assess progress towards meeting regional targets and incentives for local governments that meet emission reduction benchmarks.

c. Remove barriers to action

The state can assist the local governments in implementing their plans through a policy framework that promotes desirable actions and outcomes. This framework should:

- Remove structural barriers to promoting emission reductions (i.e., require utilities to provide grid access and fair rates for distributed renewable power generation);
- Authorize local governments to exceed the State's green building and conservation standards;
- Provide local governments with innovative policy tools and assistance (i.e. indirect source rule, congestion pricing).

4. Ensure revenue allocation to support local government action

The lack of a specific role and emissions reductions target assigned to the local government sector could translate into a lack of resources when funding is allocated for implementation. Generally, line items that are quantified tend to receive funding.

Financial assistance should be made available to local governments to help offset the costs of implementing the programs contained in the draft Scoping Plan. In our experience, developing local GHG inventories and action plans require additional staff resources (and/or consultants). Additional costs will be incurred for implementing the measures included in the Scoping Plan

(i.e., updating codes and general plans as required by undertaking a "well-designed land-use planning and infrastructure projects" (page 45)).

Counties that have not begun a GHG reduction process, or have gone as far as they can with limited resources, may see this as "another unfunded State mandate." To achieve the greatest local government support for implementation of the Scoping Plan, providing a sustainable funding mechanism is imperative.

5. Address root causes as well as technology-based solutions

The actions included in the draft Scoping Plan tend to favor "end of the pipe" technology-based solutions. Actions need to be specifically called out in the main body of the Plan that address the root causes of the GHG emissions. Such actions will build off existing programs, provide co-benefits, and create structural changes that remove the need to produce emissions in the first place.

a. Transportation: Reduce vehicle miles traveled

Transportation produces 38% of California's emissions, and as stated in the Appendix (p. C-40), growth in VMT could easily offset technological improvements in vehicles and fuels. Few of the listed measures focus on broader issues of mobility and avoiding the need for vehicle travel in the first place. The Scoping Plan includes reductions of 59.2 MMT from "cleaning" vehicles and only 3 MMT (land use and high-speed rail) from reducing the need for vehicles. The Scoping Plan should add a new section that specifically requires and quantifies reductions from supporting:

- Local, regional, and intercity public transportation;
- Employer or regionally-based commute trip reduction programs (with targets) including telecommuting and compressed work schedules;
- Increased transit share for non-motorized transportation through infrastructure development, public outreach, and incentives;
- Prioritizing funding for walk, bike, transit and other alternative transportation modes.

Investment in transit goes hand in hand with land use densification and improved corridors for pedestrians and cyclists. In addition, the true cost of driving needs to be captured.

b. Land Use and Planning: Create more reductions

The land use sections of the plan should contain significantly greater emissions reductions and specific mechanisms for achieving those reductions. The Scoping Plan expects to achieve only 2 MMT from land use, while the Climate Action Team's 2006 Report to the Governor and Legislature called for 18 MMT from smart land use and intelligent transportation. As noted in the Appendices (page C-40), empirical research and

modeling have demonstrated that land use is the linchpin of sustainability. Much greater reductions than 2 MMT can be achieved through proper land use planning.

Examples of specific measures include but are by no means limited to enacting legislation, providing funding, developing tools to authorize and/or require local governments to:

- Develop and implement Smart Growth plans and zoning practices, and require a certain percentage of a jurisdiction's new development/redevelopment to include Smart Growth building/design;
- Provide technical and administrative support to county and city governments to revise planning standards that currently promote urban sprawl such as minimum parking requirements, minimum road carrying capacity requirements, and prohibitions against multistory developments;
- Institute an in incentive program that reward local governments that ensure low-carbon development.

The State should also take steps to reward local governments that ensure low-carbon development.

c. Waste: Focus on Zero Waste

The Recycling and Waste section focuses on methane capture. Vast GHG emissions reductions can be obtained from preventing waste generation, reusing, and recycling waste. Therefore, the main body of the Scoping Plan should include a Zero Waste goal and comprehensive strategies for waste prevention.[2] These strategies should include:

- Supporting measures to keep organics out of landfills and eliminating diversion credit for the use of organics as Alternative Daily Cover;
- Focusing on reduction in consumption and reuse/sharing;
- Promoting repair and refurbishing of existing products and buildings;
- Creating framework for producer responsibility to encourage design for reuse and recycling. Local governments are no longer able to bear the cost burden of disposing of poorly-designed products such as disposable items, excessive packaging, nonrepairable items, and universal wastes;[3]
- Protecting land for recycling-based businesses;
- Increasing recycling rates through mandates and outreach to all sectors;
- Building on AB 939 and requiring increased waste diversion;
- Removing barriers to large-scale composting and provide incentives for the siting and constructing of compost facilities;

[2] This would be in line with the ETAAC's recommendations and the follow lead already set by the CA Integrated Waste Management Board's 2001 Strategic Plan and subsequent program development.
[3] Until such time as these programs are in place, ease the burden on local governments by allowing mass collection of CFLs for delivery to Class 1 landfills rather than requiring individual wrapping of each bulb.

- Developing emission reduction/offset protocols for manufacturing with secondary materials, avoiding methane at landfills, reducing GHG emissions from agriculture, and upstream GHG reductions of recycling;
- Excluding waste-to-energy and landfill gas to energy from new landfills from California's Renewable Energy Standards;
- Ending subsidies for virgin resource extraction;
- Promoting construction and demolition debris recycling and reuse.

The Air Resources Board should also move quickly to develop a suite of protocols for quantifying the emission reductions from waste reduction, recycling, composting, agricultural compost application, and other alternative disposal programs – or formally accept the accounting methodologies in an existing model (such as WARM) until such time as better methodologies can be developed.

d. Water: Prevent design for waste

As a significant portion of the state's energy consumption is related to water use, the Scoping Plan should more fully address this sector and outline more of the specific actions that will be recommend. Additional emphasis should be placed on actions that impact emissions reduction, water use, and adapting to changing hydrologic regimes. Specific measures for inclusion should include:

- Restricting Potable Water Use: Current and anticipated shortages require more extensive limitations on water-intensive elective uses, (i.e., sidewalk washing, not using native and drought tolerant landscaping, etc.).
- Increasing Availability of Recycled Water: The Green Building Standards Code makes potable water reduction an optional item. Purple pipe (recycled water) infrastructure should be built into current and new developments for future use.

e. Green Building: Make existing buildings more efficient

The existing building stock comprises a much greater source of greenhouse emissions than future development. Therefore, the Scoping Plan should increase its support for green building practices that aggressively address energy efficiency in existing residential and commercial facilities. Specifically,

- Include standards in the Code for building operations, as most emissions come from existing buildings;
- Offer programs for business and residents to install solar panels or other renewable energy systems at very low or no cost, and pay for them over time;
- Provide energy audits of every residence in California and support for homeowners and landlords to make upgrades (such as reduced-interest loans to make renovations cost-effective);
- Undertake measures to require improved energy efficiency in leased facilities. (Landlords usually pass 100% of a building's energy cost through to the tenants they have little incentive to make efficiency upgrades. Measures could include mandatory separate metering for all individual tenants of a facility, upgrades when buildings change ownership, and tax and other efficiency incentives.)

- Mandate that green building practices/materials be used in local development projects;
- Continue to regularly update the Code to keep up with technological advancements.

f. Agriculture: Prevent waste and promote local food

Increased water efficiency and reduced use of petroleum based pesticides and fertilizers can be tackled by the agricultural sector with technical assistance to transition to organic and sustainable practices.

Reducing the distance our food travels to reach our plate will significantly reduce emissions. Measures could include: supporting strategies to increase access to land for food production; requiring public and publicly supported institutions to buy a percentage of their food from local sources; requiring and providing technical assistance and funding to cities and counties to include food system planning into their climate action and land use planning processes; and supporting the development of regionally oriented food processing and distribution facilities.

6. Use all possible tools and economic incentives for public engagement and education

The public outreach and education segment of the Plan should be more robust and linked to specific actions. Currently, many of the elements of the Scoping Plan could be implemented without the public's awareness or active participation. This approach reduces the potential impact of mobilizing an actively engaged citizenry as part of the solution. For example:

- Create financial incentives for consumer choices: Fees and incentives should be adopted to make energy-efficient products and practices cost competitive (i.e., incandescent bulbs and incentives for CFL's).
- Present clear messages about which actions truly make a difference. Many citizens are eager to act but are overwhelmed. The State can provide simple accurate information on the impacts of household choices.
- Implement tax incentives and a favorable policy climate for private sector businesses to accelerate our transition to a sustainable economy.
- Leverage all interactions with public. Every point of contact between State government and the public should be examined for ways to communicate the climate message (i.e., offering voters the option to opt-out of elections mailers or including questions on fuel-smart driving on the driver's license exam).
- Ensure that the Scoping Plan is comprehensible to the non-technical reader: Terms such as "Valley of Death" (page 46) are not commonly understood.

7. Promote correct programs and policies despite accounting uncertainty

The urgency of the issue requires all feasible actions be taken, even when the magnitude of those reductions cannot be entirely quantified or the location of the reductions is not certain. We cannot

prioritize accounting at the expense of missing opportunities to take straightforward actions to reduce emissions.

a. Recognize climate change as a global problem

While recognizing the mandate of AB 32 is to reduce California's greenhouse gas emissions, it is discouraging to see potentially powerful emissions reduction options discounted due to where the emissions reductions occur. In discussing commercial recycling measures, page C-126 of the appendices notes that "it is not clear if emissions would be reduced in California, or in another location." Greenhouse gases have an impact on the climate regardless of where they are produced.[4]

b. Don't let accounting drive recommendations

It appears that waste and recycling measures were not included because of emissions accounting concerns. Many emissions assessment tools are available to estimate the magnitude of the emissions reductions such as waste reduction and recycling, even if the exact level of reductions cannot yet be calculated with complete accuracy.

Ultimately the State should consider using lifecycle accounting mechanisms that take into consideration all upstream and downstream emissions impacts of actions taken within the state regardless of where those emissions occur.

c. Reward local actions that don't qualify as offsets

A portion of the funding generated through fees and other mechanisms should be used to support actions that reduce emissions that do not strictly meet the criteria needed to be considered as "offsets." Many programs aimed at behavior modification can have a significant impact on emissions levels but the magnitude of the impact can only be estimated.

Similarly, cities, counties, and regions should be given incentives to conserve forests and working landscapes that support carbon reductions by providing local food and reducing wildfire hazard, as well as helping native plants and animals adapt to a changing climate. Wetland and grassland habitats, urban forest canopies, and agricultural soil sequestration can also provide carbon storage and sequestration benefits, and should be included in the Scoping Plan if forests are included.

8. Allocate emission and reduction credits fairly

a. Award credit for voluntary actions

[4] However, if the State chooses to adhere to a strict geographic boundary for accounting for emissions reductions, the issue of biofuels should be revisited, as biodiesel and other fuels do produce GHGs within California. Although they are biogenic emissions, the farms that sequester carbon may be located outside of the state.

Local governments (and all voluntary reducers) need to be able to take credit for the actions we undertake to reduce our emissions. According to the framework of the Scoping Plan almost all local government action is voluntary. Local governments need to be assured that our actions (solar panel installation, efficiency upgrades, etc.) are being counted toward emissions reductions, not just demand reductions. For example, if a local government installs solar panels and this is not counted toward emissions reductions, a utility company could then produce the same amount of energy and emissions under their permit/carbon allocation to sell elsewhere. This would discourage voluntary action as our local reductions would not lead to overall emissions reductions.

b. Recognize early action

Throughout the Plan steps should be taken to recognize early action. Governments and other entities that have already undertaken significant emission reduction efforts could find themselves at a disadvantage when it comes to resources or the allocation of emission reduction credits, as the easy action items have already been undertaken in their communities.

Registration in the CCAR should not be the only method of recognition for action if funding is not available for measurement and verification.

c. Charge for GHG credits allocated under a cap and trade system

When allocating emission credits for use under the cap-and-trade system, the State should examine whether to assess a fee or auction the GHG credits. Charging for the right to pollute will internalize the true costs of the goods and services offered in the marketplace and help send a more accurate signal regarding the cost of consumption patterns. It will also help create equity between current state businesses and new businesses that enter the state after the system launches.

In determining the number and cost of the allocations, the State should look to the experience of other countries (to avoid the pitfalls encountered in other regions such as Europe) and address how a state/regional cap-and-trade system will interact with any future federal system.

d. Ensure equitable credit allocations

Steps should be taken to ensure equity in carbon allocations. GHG credits should be available to small businesses as well as large. They should also be distributed in such a way to ensure geographic equity, neither concentrating emissions in hot spots (vulnerable communities), nor making them unavailable in other regions.

9. Greenhouse gas accounting by fuel type

The Scoping Plan should break out GHG emissions and reductions by the fuel type that leads to those emissions (i.e., electricity vs. natural gas vs. coal). This will help account for future

changes in emissions from each energy source. For example, instituting a renewable portfolio standard will reduce emissions from electricity use and could increase the relative effectiveness of measures that focus on reducing the emissions from natural gas and other fuels.

10. Leverage the role of the State in purchasing from climate-aware vendors

Qualifications and bid preferences for firms that show they operate in a sustainable fashion will help achieve the goals of AB32. The Scoping Plan should consider a program that provides a consistent process for vendors and contractors that are included in the supply chain for both the State and local government. Such a program will enhance GHG reductions by leveraging government power and rewarding vendors and contractors that operate sustainably. The State should take ownership and leadership of this process and provide local governments with an operational tool that we can use in our own purchasing decisions.