

**Recommendation of the
Economic and Technology Advancement and Advisory Committee (ETAAC)
February 14, 2008**

**To: Chair Mary Nichols and
Members of the California Air Resources Board (CARB)
From: Members of the ETAAC Committee**

We are very pleased to present to you our policy and technology recommendations for reducing greenhouse gas emissions in California. Our report includes 54 specific recommendations for greenhouse gas reduction strategies in the areas of finance; transportation; industrial commercial and residential end users; electricity and natural gas; agriculture; forestry; and water policy. As requested by CARB, we also examined the Market Advisory Committee's Report from the perspective of how particular market mechanisms can stimulate early action, promote innovation and establish clear price signals.

Climate change threatens California's environment and economy. We must move California from its current level of 14 tons of carbon-dioxide equivalent per person down to 10 tons/person by 2020. As requested by CARB, we also looked towards an 80 percent reduction by 2050, which would require a level of 1.5 tons/person by 2050. To achieve these significant reductions will require more efficient use of energy, the virtual elimination of all GHG emissions from the state's energy infrastructure and a substantially different mix of transportation systems and fuels. A key part of the committee's task is to expand the scope of technical and economic solutions available for consideration.

There are also opportunities for California's economy, environment and citizens. Developing cleaner energy and transportation systems will give California a chance to improve the security of fuel supplies, address stubborn air pollution concerns, and develop more livable communities. In many cases, these solutions provide important co-benefits by addressing difficult and long-standing problems, including the achievement of Environmental Justice objectives.

We hope this report provides a wide and diverse range of alternatives that will inform policymakers in their efforts to meet both the economic and environmental goals of AB 32. Our specific policy recommendations are all based on the following policy strategies and technology opportunities that are outlined in Chapter 1 of our report:

Major Strategies:

- Accelerate GHG Emission Reductions
- Balance a Portfolio of Economic and Technology Policies
- Create Innovative Public Funding to Complement Private Investment
- Foster International and Domestic Partnerships
- Leadership Across State Agencies

Major Opportunities

- Accelerate Efficiency Measures
- Remove Carbon From Energy Sources
- Rethink Transportation to Lower Demand and Carbon Emissions
- Reduce GHG Emissions from Industry, Agriculture, Forestry and Water
- Capture Cleantech Employment, Economic, Health and Environmental Justice Co-Benefits

After CARB convened ETAAC in January 2007, we conducted 9 public meetings across the state. Over 200 members of the public provided comments in writing or in person. Our committee was composed of people from a wide cross-section of California’s business, academic, government and non-profit communities. As expected, members hold differing opinions and unique perspectives on the topics covered in the report. However, members are united in the effort to develop recommendations that will help meet the emission targets of AB 32 and also yield the co-benefits of cleaner air, health benefits, new industries and job growth here in California. It is our hope that the knowledge and products created in response to AB 32 can strengthen both the California economy and the state’s international leadership on environmental issues.

This final ETAAC report reflects consensus views when consensus was reached, and reflects a range of differing points-of-views when there was general support that fell short of a consensus. Each recommendation may not necessarily reflect the views of every ETAAC member.

Thank you for the opportunity to serve the State of California.

Respectfully submitted,

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