



**Comments of the Natural Resources Defense Council regarding  
the Economic and Technology Advancement Advisory Committee (ETAAC)  
Letter Responding to the Draft Scoping Plan  
of the California Air Resources Board**

August 15, 2008

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On behalf of the Natural Resources Defense Council (NRDC), thank you for the opportunity to offer comments in anticipation of the letter that ETAAC will submit to the California Air Resources Board (CARB) responding to its Draft Scoping Plan. We appreciate all of your hard work in helping to inform CARB's process to implement AB 32. Further, we appreciate your efforts to ensure that the state's implementation of AB 32 meets the laws multiple goals, including spurring innovation and fostering the development of new technologies.

ETAAC is an important voice in the implementation of AB 32, and we urge the committee to recommend strongly the following measures that are included in the ETAAC Report:

- Vehicle miles traveled (VMT) demand reduction recommendations
- Recycling and composting recommendations
- 33% Renewable Portfolio Standard
- Measures to expand and accelerate water efficiency programs, including a public goods surcharge on water

NRDC would also welcome a Green Fuels Labeling Standard, as long as it includes important environmental and sustainability safeguards. In addition, NRDC reiterates its strong objection to the inclusion of forest thinning as an emissions reduction strategy, failure to include any demand-management measures for wood consumption, and any green labeling initiative in connection with federal lands.

NRDC also strongly agrees with those ETAAC members who "are concerned that a broad offset program will lessen the incentive for innovation within capped sectors," and we urge ETAAC to emphasize this concern in advocating for limited cap and trade compliance offsets.

Finally, during the ETAAC meeting on July 31, 2008, many ETAAC members commented that it would be useful if the data relied on by CARB were publicly available. NRDC could not agree more. We urge ETAAC to request that CARB make the AB 32 and Scoping Plan process more transparent by publicizing its data and assumptions.

## **Section 3. Transportation**

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### ***3.III. Shifting Demand for Mobility and Goods Movement***

NRDC commends ETAAC's approach to the Transportation sector, focusing on the three priorities of cleaner fuels, more efficient vehicles and reducing travel demand. We especially urge ETAAC to emphasize the importance of measures that reduce vehicle miles traveled, considering the Draft Scoping Plan's limited emphasis on these important measures.

NRDC strongly supports all four of the demand reduction recommendations contained in the ETAAC report. It is especially welcome to see the ETAAC comment on the positive economic development impacts of more efficient land use policies. The detailed treatment of employer-based commuter trip reductions strategies is quite valuable and is more complete than the options considered in the Draft Scoping Plan. The ETAAC's support for Pay As You Drive Insurance is also very welcome. PAYD a high priority for NRDC's approach to the Transportation Sector.

### ***3.V.I. Create Market for Green Fuels***

NRDC would welcome a Green Fuels Labeling Standard, as long as it includes important environmental and sustainability safeguards. As the ETAAC report notes, "International, Federal and State standards for sustainable low carbon bio-fuels are currently being developed." (ETAAC Report p. 5-30 to 5-31.) The Roundtable on Sustainable Biofuels, for example, is developing such standards. Strong sustainability standards are necessary in order to protect against potential environmental harm that could result from biomass extraction, safeguarding California's air, water and critical habitat. In order to ensure that a Green Fuels Labeling Standard is effective and credible, it must require independent verification of compliance.

## **Section 4. Industrial, Commercial & Residential Energy Use**

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### ***4.IV. Waste Reduction, Recycling, and Resource Management***

The goal listed in the Draft Scoping Plan pertaining to waste/recycling is right on target: "Increase waste diversion, composting, and commercial recycling, and move toward zero-waste." (Draft Scoping Plan p. 34.) However, the only policy measure recommended by CARB is to control methane emissions from landfills, which does nothing to advance the stated goal.

NRDC appreciates ETAAC's hard work developing recommendations for increased recycling and composting, and we would like to see CARB's recommendations strengthened per recommendations made in the ETAAC Report. Specifically, we would like to see the Proposed Scoping Plan recommend the following policy measures:

- Adopt a requirement that commercial facilities generating over four cubic yards of waste per week (including multifamily recycling) must recycle;
- Impose disposal limits on readily recyclable materials for businesses;

- Phase out diversion credits for green waste used as alternate daily cover for landfills (ADC);
- Provide additional support for composting (which will also help to reduce emissions related to agriculture).

## **Section 5. Electricity and Natural Gas Sector**

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NRDC agrees with ETAAC that, through energy solutions such as energy efficiency and renewable energy, the electricity and natural gas industries “offer golden opportunities for the State to build upon its track record of bringing promising energy solutions to market.” (ETAAC Report p. 5-1.)

ETAAC can play a particularly important role in continuing to support increasing California’s renewable portfolio standard (RPS) to 33 percent by 2020. NRDC strongly supports the Draft Scoping Plan’s recommendation to pursue this policy. (Draft Scoping Plan p. 24.) This more aggressive RPS will be a central component of achieving the state’s GHG emission reduction goals and will provide other benefits for the state. We support codifying this more aggressive RPS into statute, and we support the state’s efforts to remove the barriers to achieving increased penetration of renewables.

## **Section 7. Forestry**

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We appreciate the substantial process that has been made in revising the forest chapter of the ETAAC report over the past eight months. However the report continues to rely on two flawed assumptions which significantly diminish the ability of the forest sector to make a full contribution to emissions reductions in the state of California.

### ***Forest Thinning as Emissions Reduction Strategy***

The forest chapter continues to promote thinning as a proven strategy for reducing wildfires and their associated emissions. As discussed repeatedly in NRDC’s prior comments, the assertion that forest thinning, as practiced over the past decades, reduces net GHG emissions is not supported by evidence. We also continue to be concerned that questions raised by stakeholders regarding the efficacy of forest thinning are once again classified in the report as “beyond the scope of this ETAAC analysis.” (ETAAC Report p. 7-4 and 7-5.)

We object strongly to the inclusion of thinning as an emissions reduction strategy and believe that it has the potential to undermine the other sound, science-based strategies that can make the forest sector a meaningful part of AB 32 implementation.

### ***Forest Product Imports and Demand Management***

The chapter remains focused almost solely on emissions from in-state forestlands and fails to include any demand-management measures for wood consumption. This omission leads

to an incomplete accounting of forest sector emissions and could lead to increased import of wood products at the expense of California's economy and efforts to address climate change.

We strongly encourage ETAAC to recognize the two areas of concern outlined above in order to achieve the maximum, real benefit possible from the forestry sector. In addition to these overarching concerns, NRDC would like to re-iterate its opposition to any green labeling initiative in connection with federal lands. As we have pointed out in previous comments the Forest Service's disappointing history of legal compliance in recent years makes it an inappropriate participant in any green labeling effort.

NRDC submitted detailed comments on the above issues in December 2007 and January 2008, and we would be happy to meet with ETAAC to discuss these areas of concern further.

## **Section 8. Water**

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Consistent with ETAAC's findings about the importance of water efficiency, the draft Scoping Plan acknowledges the need for water efficiency and other measures to reduce the energy intensity of water use in California. However, the Scoping Plan largely relies on existing programs, and recommends merely that the state "continue" water efficiency programs. The Scoping Plan does not recommend additional policies that would implement a water resources loading order that prioritizes water efficiency and recycling, as recommended by ETAAC.

The Scoping Plan correctly notes that many of the water strategies included in the Scoping Plan are already being pursued because of their water quality and water supply reliability benefits. Once energy and greenhouse gas emission benefits are included, greater levels of water efficiency, recycling, and stormwater capture may be cost effective than if those measures were evaluated solely on the basis of water supply benefits. Existing water efficiency programs and policies are not adequate to achieve the necessary levels of water savings. ETAAC should encourage a broader assessment of these benefits and urge that the Scoping Plan identify measures to expand and accelerate water efficiency programs, and "to develop enforceable policies modeled on the State's proven and effective programs in the electricity and natural gas sectors"(ETAAC final report, p. 8-5) rather than assume the adequacy of existing efforts.

We strongly support the Scoping Plan call for a public goods surcharge on water, consistent with the ETAAC recommendation. This approach has been a critical element of California's remarkable success with energy efficiency programs. Funding for water efficiency has lagged woefully behind.

A dedicated funding source for water efficiency would greatly facilitate the state's efforts to achieve a 20 percent per capita reduction in urban water use, as called for by the governor. We believe that a per unit fee, rather than a per connection fee, would better serve the dual purpose of directly reducing GHG emissions through demand reduction, while also providing a funding source for efficiency programs. However, we recognize that this approach presents a

greater administrative challenge than a flat per connection fee, and would support a per connection fee as a suitable way to initiate the program.

## **9. ETAAC Review of Market Advisory Committee Report**

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NRDC strongly agrees with those ETAAC members who “are concerned that a broad offset program will lessen the incentive for innovation within capped sectors.” (ETAAC Report, p. 5-25.) We urge the committee to encourage CARB to limit cap and trade compliance offsets in order to encourage technological advances in capped sectors. (See ETAAC Report, p. 9-6.)

The Draft Scoping Plan mentions that the downside to offsets is that they “reduce the amount of reductions occurring within the state” (Draft Scoping Plan, p. 44; C-19), but it does not mention the possible damper that offsets can put on innovation. We urge the committee to remind CARB that “[q]uantity limits on offsets” can incentivize innovation and can encourage “action and creative thinking” in the capped sectors. (ETAAC Report, p. 9-6.)

## **Conclusion**

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Thank you for the opportunity to provide comments as ETAAC prepares its comments to CARB on the Draft Scoping Plan.