

December 9, 2008

Mary Nichols
Chair, California Air Resource Board
Sacramento, California
Via email

Subject: AB32 Advisory Committees' Initial List of Areas of Agreement

Dear Chairwoman Nichols:

We are writing in response to your request during the November 20th/21st Board meeting that the Environmental Justice Advisory Committee (EJAC) and the Economic and Technology Advancement Advisory Committee (ETAAC) work together to provide you with areas of agreement. Both of these two committees created by AB 32 share a strong commitment to the goals of AB32. These goals include achieving the maximum technologically feasible and cost-effective greenhouse gas reductions; maximizing air pollution co-benefits for California including EJ communities; and also promoting innovation and economic benefits for California.

Due to the short amount of time available prior to the AB32 scoping plan adoption hearing on December 11th, this letter focuses on an initial short list of joint principles and recommendations based on prior work by the two committees. As we have not had time to jointly consider the full range of recommendations regarding the AB32 scoping plan, we may provide additional recommendations and address additional topics in the future.

Both AB32 advisory committees agree that the broad efforts necessary to address Climate Change require a variety of approaches including performance standards, a price on carbon, and targeted incentives. Attached is an initial list of areas of agreement in sectors including transportation, power, industry, recycling, and water. The attached initial list also includes financing and incentive measures that would support the goals of AB32. Some of the AB32 advisory committees' areas of agreement are included in the proposed scoping plan, which we appreciate and recommend carrying forward into the final scoping plan. We advise that CARB include our other areas of agreement in the final scoping plan as well to achieve the maximum feasible GHG reductions and the other goals of AB32. We appreciate the tremendous efforts by the Board members and CARB staff.

Sincerely,



Dr. Alan Lloyd
Chair, ETAAC



Jane Williams
Co-Chair, EJAC



Dr. Bob Epstein
Vice Chair, ETAAC



Angela Johnson-Meszaros
Co-Chair, EJAC

EJAC Areas of Agreement with ETAAC Report

Both EJAC and ETAAC share a strong commitment to the goals of AB 32 including achieving the maximum technologically feasible and cost-effective GHG reductions, air pollution co-benefits for California including EJ communities, promoting innovation, and economic benefits for California. Both committees believe that the broad efforts necessary to address Climate Change require a variety of approaches including

1. Performance standards
2. A price on carbon
3. Targeted incentives

The following items from the February 2008 ETAAC report are supported by EJAC. They are referenced here from the original table of contents of the report. Where items are part of the Proposed Scoping Plan, we note that fact with footnotes.

The February 2008 ETAAC report reflects consensus views when consensus was reached among ETAAC, and reflects a range of differing points-of-views when there was general support that fell short of a consensus. Each ETAAC recommendation may not necessarily reflect the views of every ETAAC member.

2. FINANCIAL SECTOR

- III. Additional Organizational and Policy Recommendations
 - F. **Municipal Assessment Districts (*)** p. 2-20
 - G. **On-Bill Financing for Small Business Energy Efficiency Projects (*)ⁱ** p. 2-22

3. TRANSPORTATION SECTOR

- III. Shifting Demand for Mobility and Goods Movement
 - A. **Planning: Smart Growth and Transit Villages (*)** p. 3-12
 - B. **Pay as You Drive Insurance (**)ⁱⁱ** p. 3-15
- IV. Improving Vehicle GHG Performance
 - E. **New Vehicle Technology Improvements (see footnote)ⁱⁱⁱ** p. 3-23
 - H. **Air Quality Incentive Programs and Standards** p. 3-28

4. INDUSTRIAL, COMMERCIAL & RESIDENTIAL ENERGY USE

- II. Industrial Technologies and Policies
 - C. **Improve Policies for Combined Heat and Power Plants (*)** p. 4-4
 - D. **Distributed Renewable Energy Generation: Solar PV (**)** p. 4-6
- III. End User Energy Efficiency
 - G. **Combustion Devices: Energy Efficiency** p. 4-11
 - H. **Industry-Government Partnerships to Reduce Industrial Energy Intensity** p. 4-11
 - I. **Revolving Fund for Technology Demonstration Projects** p. 4-12

- IV. Waste Reduction, Recycling and Resource Management
 - K. **Increase Commercial-Sector Recycling^{iv}** p. 4-15

5. ELECTRICITY AND NATURAL GAS SECTOR

- II. Utility-Level Programs to Accelerate Energy Efficiency
 - A. **Energy Efficiency Program Coordination** p. 5-4
- IV. Enabling Technologies for Zero Emission Electricity and Vehicles
 - G. **Plug-in Electric Drive Vehicles as Storage Devices** p. 5-18
 - H. **Smart Grid as Enabling Technology for Renewables And Clean Vehicles** p. 5-19

8. WATER SECTOR

- II. Recommendations
 - A. **Establishing a Loading Order for Water (**)^v** p. 8-4

9. ETAAC REVIEW OF MARKET ADVISORY COMMITTEE REPORT

- I. Introduction
 - C. **Allowance Allocation Method** p. 9-3
EJAC endorses the arguments presented against free distribution by “right”, i.e. grandfathering.
 - D. **Use of Auction Revenues** p. 9-4
EJAC endorses investment in GHG reductions and direct air quality improvements in EJ and other communities. “Co-benefits from emission reduction projects, such as improvements in regional air quality in disadvantaged communities, are important state objectives under AB 32 and should be considered when evaluating overall GHG emission reduction strategies.”^{vi}

* Denotes it is part of Proposed Scoping Plan

** Denotes it is mentioned in Proposed Scoping Plan

ⁱ see p.42 for general description of innovative financing and “on-bill” financing shows up on page C-109 with regards to financing means under strategies for existing buildings with a similar entry on page C-148, and there is a mention of the Berkeley program.

ⁱⁱ California Department of Insurance has regulations in process.

ⁱⁱⁱ Passenger vehicles are in the Proposed Scoping Plan but not heavy duty.

^{iv} Discussed at Nov 20 Board meeting

^v Water efficiency programs are part of Proposed Scoping Plan which covers part of this recommendation

^{vi} ETAAC report, page 9-5