



February 19, 2008

California Air Resources Board
1001 I Street
Sacramento, CA 95812-2815

Via Electronic Mail

Ladies and Gentlemen:

**Comments on Draft Policy Statement on Voluntary Early Actions
to Reduce Greenhouse Gas Emissions**

The Southern California Alliance of Publicly Owned Treatment Works – or SCAP as we are commonly referred to – represents 84 public agencies that provide both water and wastewater treatment to nearly 18 million people in parts of Los Angeles, Orange, San Diego, Santa Barbara, Riverside, San Bernardino and Ventura counties. We treat and safely reuse or dispose of over 1 billion gallons of wastewater each day and deliver over 1.7 billion gallons of drinking water per day.

The SCAP Board and member agencies fully support efforts to generate early and voluntary reductions of greenhouse gases (GHGs) as an effective means of meeting AB32 goals. Many SCAP members have already embarked on new GHG reduction programs. CARB’s draft policy statement does not support continuing with these early, proactive efforts, however.

CARB’s draft policy focuses on “some companies” concern that they could be penalized, for example, for reductions made before program elements of AB32 are finalized. If reductions achieved through voluntary efforts are not recognized, proponents could be made to further reduce GHG emissions beyond what would have been required in the absence of the voluntary emission reductions. These concerns are even greater for the large array of local governments that comprise SCAP and who are entrusted with the judicious spending of the public’s dollar. Embarking on early, voluntary spending programs to reduce GHGs that do not carry adequate assurances that they will be recognized in the future is fiscally irresponsible.

SCAP recognizes that voluntary reductions should follow protocols that ensure GHG emission reductions are real, permanent, quantifiable and enforceable. However, even if our early actions meet this standard, our membership is very concerned that the assurances provided in the policy statement do not go far enough in protecting the voluntary early reductions generated by local governments or by industry, resulting in our having to re-spend public funds to achieve targeted emissions reductions. Words in the policy statement, such as “*to the extent possible,*” and “*no guarantees,*” and “*to the extent*

feasible,” do not provide the incentives and jump starting that we need to continue with any early voluntary reduction of GHG emissions.

CARB is in the sole position to guarantee the viability of early action credits as long as they meet the criteria stated in the last bullet item of the Policy Statement. CARB must offer this “protection” across all regional and federal programs also by vigorously defending and promoting this principle. This is a completely appropriate role for the agency empowered with the development and enforcement of GHG emissions reductions in California. CARB routinely follows up on many of its traditional regulations (ATCMs, Reformulated Gasoline, etc.) with enforcement actions. Assuring that early actions remain fully creditable is simply an extension of that enforcement prerogative.

An additional concern that SCAP has with the Policy Statement is its silence on assurances that reductions generated under voluntary early action programs would constitute fungible credits under a “cap and trade” program. CARB must take it upon itself to assure that the credits so generated are saleable in a recognized offset market. Credit sales provide funding to reduce public project costs and will ultimately allow for more and continued innovative thinking to be developed.

A third issue SCAP member agencies are concerned about is how any emissions quantification protocols to demonstrate real, permanent, etc. for an early action project will interface with California Climate Action Registry (CCAR) output. Many SCAP members as well as many other local governments not members of SCAP have joined CCAR with the intent of sharing in developing GHG emission reduction protocols. CARB’s draft Policy Statement should address how reduction protocols developed under voluntary early action programs will be accepted by CCAR. The absence of this assurance further discourages project proponents from moving forward early on because of the possibility of having to repeat the quantification/verification process with another entity.

In conclusion, SCAP supports CARB’s effort to encourage voluntary early reduction of GHG emissions but CARB must step up to the plate and GUARANTEE the fungibility of the credits so generated, statewide, regionally and nationally. CARB is the only agency with the authority and manpower to accomplish this extremely important task. We have re-casted the caveats that we think should guide the development of the Scoping Plan, as follows:

1. Reductions achieved through voluntary actions must be fully protected by CARB both regionally and nationally.
2. Reductions must be fully credited towards any future regulatory actions that derive from AB32 activities as long as the emissions reductions are real, permanent, quantifiable, verifiable and enforceable.
3. Offsets so developed under a voluntary reduction process must be fully fungible in a “cap and trade” market.
4. Offset reduction protocols developed under a voluntary reduction process must be fully compatible and recognized by CCAR.

SCAP appreciates your consideration of these comments and welcomes the opportunity to discuss these further with CARB.

Sincerely,

A handwritten signature in black ink that reads "John Pastore". The signature is written in a cursive style with a large, looped initial "J".

John Pastore
Executive Director