**Agricultural Council of California
California Cattlemen’s Association
California Citrus Mutual
California Cotton Ginners and Growers Associations
California Dairy Campaign
California Grape & Tree Fruit League
California League of Food Processors
Nisei Farmers League
Western Agricultural Processors Association
Western Growers
Western United Dairyman**

September 10, 2010

Mr. Chuck Seidler

California Air Resources Board

1001 I Street

Sacramento, CA 95812

**RE: Comments on CEQA Scoping Meeting**Dear Mr. Seidler:
On behalf of the members of the above mentioned agricultural organizations, we appreciate the opportunity to submit comments on the Cap-and-Trade CEQA Scoping Meeting that was held on August 23rd. Our comments will be limited in scope because of the limited information provided for the workshop.

We agree with comments made during the workshop by staff that it is difficult to cover all the possible scenarios under a Cap-and-Trade program to do a CEQA analysis.  In order for a proper CEQA analysis to be completed, we believe that it needs to be based on a draft document that has been released to the public.  The fact that there is not a draft document currently available for review, limits ARB’s ability to properly conduct a CEQA analysis and makes it impossible for the affected stakeholders to properly comment and provide input.  Specifically, the extent to which regulated entities are able to utilize external offset to meet their respective reduction targets is a major concern. Without that information, only available within the regulation not yet released, we are not able to effectively comment. We request that ARB publish a draft document and then hold a public workshop for input on the CEQA analysis prior to adoption of the final rule.

ARB staff also indicated during the workshop that the percentage of available offsets for compliance purposes will affect on the CEQA analysis. We agree with this and would like to also state that the lack of a clear definition of additionality will have a similar effect. The current method for determining additionality is subjective and will place offset projects in jeopardy, thus affecting the quantity of offsets available for compliance.

Slide 8 in ARB’s presentation outlines the possible compliance options for the regulated community. Staff indicated in the meeting that four possible compliance options will be analyzed; (1) Efficiency (2) Conservation (3) Fuel Switching and (4) Changes in Processing. We believe that relocation of facilities also needs be analyzed as a compliance option. Food processing facilities subject to the rule will not be able to pass the compliance costs to the consumer. It is very likely that the facilities will either relocate out of the state or shutdown the operation. In the event of a shutdown, the demand for the end product will be unchanged and production will be increased in other areas. This will cause an economic loss in California and will not reduce greenhouse gas emissions. This can lead to an increase of GHG emissions because California processing facilities are some of the most efficient in the world. The CEQA analysis needs to fully address the high potential for leakage among processing facilities.

In closing, the groups listed above appreciate that opportunity to comment and look forward to increased dialogue with staff on the development of the Cap-and-Trade CEQA document. If you have any questions on our comments please contact Casey Creamer at (559) 252-0684.

Sincerely,

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