



Air Transport Association

December 15, 2010

Via Electronic Submittal

Mary D. Nichols
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Proposed Regulation to Implement the California Cap-and-Trade Program

Dear Ms. Nichols:

The Air Transport Association of America, Inc. (“ATA”)¹ is pleased to have this opportunity to comment on the Proposed Regulation to Implement the California Cap-and-Trade Program (the “Proposed Regulation”) issued by the California Air Resources Board (“ARB”) on October 28, 2010. ATA is the principal trade and service organization of the U.S. airline industry, and ATA’s airline members and their affiliates transport more than 90 percent of all U.S. airline passenger and cargo traffic. In this capacity, ATA regularly comments on federal and state regulatory developments that may affect the airline industry. ATA prepared and submitted detailed comments to ARB on the Preliminary Draft Regulation (“PDR”) in January 2010 and welcomes this opportunity to provide comment on the Proposed Regulation.²

ATA Recommends a Change to the Definition of “Kerosene” to Address a Typographical Error

Consistent with our comments on the PDR, we are fully supportive of ARB’s proposal to exclude jet fuel from the definition of kerosene. To fully effectuate this, ATA recommends that the word “include” be inserted into the last sentence of the definition of “Kerosene,” § 95802(a)(104), in order to address an apparent typographical omission. With this insertion, the sentence should read, “Kerosene does not *include* kerosene-type jet fuel.”

¹ The members of ATA are: ABX Air, Inc., Air Tran Airways, Alaska Airlines, Inc., American Airlines, Inc., ASTAR Air Cargo, Inc., Atlas Air, Inc., Continental Airlines, Inc., Delta Air Lines, Inc., Evergreen International Airlines, Inc., Federal Express Corporation, Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Airlines, Inc., UPS Airlines, US Airways, Inc.; associate members are: Air Canada, Air Jamaica Ltd., Mexicana.

² This comment letter does not address the impacts of the Proposed Regulation on large aircraft maintenance facilities in the State of California that may be subject to compliance as stationary sources. We understand that at least one of our members will be submitting comments on this topic.

**ATA Supports Improvements to the Proposed Regulation that Take Into Account
Comments Raised by ATA and Others**

ATA raised several key concerns regarding the Preliminary Draft Regulation and ATA appreciates that aspects of those concerns have been favorably addressed in the Proposed Regulation. First, ATA appreciates that the regulation more clearly excludes aircraft fuel from coverage under the regulation and no longer includes a placeholder for the inclusion of additional fuels in the future. Consistent with ATA's earlier comments, the exclusion of aircraft fuel is necessary and appropriate in light of federal preemption of State regulation in this area. But ARB should not be concerned about the limits of its authority in this area. As detailed below, our airlines' outstanding greenhouse gas efficiency and savings record and commitments going forward demonstrate that State regulation is not needed or warranted in this area.

Second, ATA supports ARB's decision to maintain a phase-in approach for the incorporation of transportation fuels during the second compliance period in 2015 as opposed to requiring compliance for all sources beginning in 2012. As noted in ATA's comments on the PDR, the phase-in approach allows for the smoother implementation of a complex regulation, while also allowing additional time for harmonization with regulations in other jurisdictions, especially given the interstate nature of transportation fuel consumption and associated emissions.

Third, ATA supports the consistent treatment of biomass-derived fuels under the regulation with a reporting requirement, but no compliance obligation. This approach makes sense from both the perspective of encouraging development of alternative fuels and the perspective of addressing biomass-derived fuel emissions consistently across all sources.

Finally, ATA supports ARB's decision to increase the availability of compliance offsets under the regulation. Additional compliance offsets will provide compliance alternatives for regulated entities while ensuring real environmental benefits through offset projects.

Aviation's Strong Record and Continued Commitment to Address Climate Change

ATA would also like to take the opportunity to emphasize the strong record of the aviation industry and the continued commitment to address climate change. ATA and its airlines take our role in controlling greenhouse gas (GHG) emissions very seriously. Overall, aviation is a small contributor to national GHG emissions, but is nevertheless committed to further addressing GHG emissions. Indeed, the sector's record with respect to GHG emissions is remarkable and unmatched by other industry sectors. Most notably, commercial airlines have a strong record of improving fuel efficiency – and thus reducing GHG emissions – while continually driving economic growth. At the national level, commercial aviation accounts for about 2% of GHG emissions,³ but drives 5.2% of gross

³ The United States Environmental Protection Agency's (EPA's) inventory reports commercial aviation's contribution to the total GHG emissions in 2006 was 2.04 percent. EPA, *Inventory of Greenhouse Gas Emissions and Sinks: 1990 -2006* (April 15, 2008) (hereinafter *EPA GHG Inventory 1990-2006*) at pages ES-4 and 21 ("in 2006, total U.S. greenhouse gas emissions were 7,054.2" teragrams of carbon dioxide equivalent (Tg CO₂ Eq)) and Table 2-15 at pp. 2-22 & 2-23 ("Commercial Aircraft – Domestic" account for 143.6 Tg. CO₂ Eq.)

domestic product.⁴ In California, as of 2006, aviation emissions accounted for only 0.7% of all GHG emissions and those emissions were already 26% below 1990 levels.⁵ During the period (1990-2006),⁶ commercial aviation substantially increased its contribution to the California economy. For intra-California operations, revenue passenger miles grew 21% since 1990, while cargo (measured in revenue ton miles) increased 426%.⁷ In other words, even as the amount of service commercial aviation has provided in California has increased substantially, our GHG emissions have decreased in absolute terms.⁸ Commercial aviation looks forward to continuing to deliver economic benefits along with emissions reductions through investment in technology, operations and the deployment of environmentally alternative fuels. Continued progress, however, is contingent upon government policies and programs that complement and support the efforts of the commercial aviation industry.

Conclusion

ATA and our airline members are and will remain focused on improving fuel efficiency and reducing emissions, as well as on continuing our strong record of environmental improvement more generally. ATA recognizes the beneficial changes to the Proposed Regulation in light of detailed stakeholder comments on the PDR. In particular, ATA appreciates the further clarity regarding the exclusion of aircraft fuel from the Proposed Regulation. We thank you for the opportunity to provide comment on the Proposed Regulation.

Sincerely,



Kevin Welsh
Environmental Affairs Regulatory Manager
Air Transport Association of America, Inc.

⁴ FAA [Air Traffic Organization](#), “The Economic Impact of Civil Aviation on the U.S. Economy” (October 2008) (based on 2006 activity).

⁵ All California emissions data are from the California Air Resources Board (ARB).

⁶ Comparisons of 1990 data are to 2006 because that is the most recent year included in the latest ARB GHG Inventory.

⁷ All economic activity data is from Air Transport Association of America, Inc., Economics Department, derived from the U.S. Department of transportation T-100 Database.

⁸ When interstate and international emissions are included, compared to 1990, GHG emissions in 2006 from commercial aviation have declined 12 percent in absolute terms, while passenger miles and cargo ton-miles have increased 75 percent and 127 percent, respectively. (ARB excluded interstate and international aviation emissions from the Inventory). It is also worth noting that commercial aviation’s relative share of all California GHG emissions has declined since 1990.