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December 9, 2010

Mary Nichols, Chair
California Air Resources Board
1001 I St.
Sacramento, CA 95814

Re: Proposed California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

Dear Chair Nichols:

The Regional Council of Rural Counties (RCRC) is pleased to comment on the proposed California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, also known as the Cap-and-Trade Program, on behalf of our 30 member counties. RCRC appreciates the efforts of ARB staff to develop a program that is not only workable in California, but that will coordinate with other programs to allow the capped sectors as much compliance flexibility as possible.

RCRC applauds ARB for including offsets in the proposed program, particularly as they apply to the forestry and agricultural sectors. California has a unique opportunity to take advantage of the ability of land and livestock owners to go above and beyond business-as-usual and contribute to the overall success of the program. We believe that incentives are the best way to achieve such additional emissions reductions and carbon sequestration, and are optimistic that the sectors included in the offsets portion of the program will be eager to participate.

RCRC also supports the proposed free allocation of allowances to the industrial sector. As recently outlined in a letter to you by the Southern California Leadership Council, Dun & Bradstreet estimates¹ show that approximately 2500 companies have left the state since January 2007, taking with them nearly 70,000 jobs. History shows that when companies in unregulated sectors face heavy regulation, many of them simply relocate to other states or even other countries in order to escape the burdensome costs of compliance. We believe the free allocation proposal is a good faith effort by ARB to prevent more businesses from moving their operations out of state so that Californians can retain these jobs.

¹ Southern California Leadership Council letter dated October 25, 2010:

http://laedc.org/sclc/documents/Global_102510_CARB.pdf

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In light of our support of these proposed program components, RCRC strongly recommends that ARB proceed thoughtfully with the implementation of this program. Rural county governments have largely felt excluded from the process because of ARB's focus on urban and suburban needs. Participating in ARB workshops is challenging for rural citizens due to distance and the lack of availability of broadband in rural communities. If the cap-and-trade program will truly benefit California citizens in the long run, we urge you to initiate an outreach program in rural areas to provide education and the kinds of thoughtful discussion opportunities that have thus far been lacking in the AB 32 implementation process.

As a whole, rural communities are struggling more than urban communities. As of September 2010, the average unemployment rate in RCRC's 30 member counties was 14.6%, 2.2% higher than the state rate². We have seen countless jobs leave rural communities, and while ARB touts the growth of the green job market, we have yet to see these jobs readily available in rural counties. Citizens in rural areas are concerned that cap-and-trade will exacerbate unemployment while raising costs for energy, housing, and other goods and services.

AB 32 also comes on the heels of ARB's implementation of the Diesel Risk Reduction Plan (DRRP), with which rural business owners are still struggling to comply. In fact, the DRRP regulations have been so onerous due to the current recession that your staff is currently working to move deadlines and ease compliance requirements so that private business owners can continue to operate without fear of being cited for noncompliance. Many business owners see the cap-and-trade program as just another regulatory scheme that will cost them money and possibly force them out of state, or worse, out of business entirely.

RCRC looks forward to engaging with ARB staff as the agency works toward implementing the cap-and-trade program, and thanks the Board for considering our comments. Please do not hesitate to contact me with any questions or if you would like to discuss our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Staci Heaton", with a stylized flourish at the end.

Staci Heaton
Regulatory Affairs Advocate

CC: Members of the California Air Resources Board
Linda Adams, Secretary of Environmental Protection
RCRC Board of Directors

² California Employment Development Department, Labor Market Information Division.