

Ms. Rajinder Sahota  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

July 8, 2016

Submitted electronically via: [www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm](http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm)

**RE: 2030 Target Scoping Plan Update Concept Paper – Cap and Trade**

Dear Ms. Sahota,

Thank you for this opportunity to provide feedback on the 2030 Target Scoping Plan Update Concept Paper. We appreciate ARB's commitment to stakeholder participation especially through this type of early, informal engagement that provides stakeholders an opportunity to inform ARB's thinking from an early stage in the decision-making process.

We believe ARB has outlined a reasonable set of alternatives to analyze and consider as the CEQA and other development procedures continue for this scoping plan update. We also look forward to hearing any recommendations or suggestions other stakeholders have for refining these alternatives.

That said, we would like to echo ARB staff's support for Option 1 which represents an enhancement of existing policies including a cap-and-trade program with a declining cap beyond 2020. The suite of existing policies including Cap and Trade is working. Emissions are declining and California's economy is thriving. In addition, California will achieve co-benefits as GHG reductions can also lead to reductions in local and toxic air pollutants that directly impact Californians health. Although Cap and Trade necessarily allows flexibility in where reductions occur, we should use revenue from Cap and Trade to ensure that disadvantaged communities and low-income Californians are assured benefits. Furthermore, California should pursue all available avenues for directly improving air quality where needed.

Carbon pricing facilitated by Cap and Trade is most effective as a long-term signal that incentivizes emissions reductions, technology adoption, and innovation by internalizing the cost of emissions for polluters. Even switching to another form of carbon pricing like a carbon tax mid-stream would be disruptive and would not as effectively capture the benefits of a continuous market signal. Many regulated businesses must make investment decision on multi-year time horizons and policy certainty and consistency is essential to encouraging and rewarding responsible climate action. Cap and Trade provides flexibility for those regulated so that the lowest-cost emissions reductions can be achieved first and regulators are not forced to dictate emission reduction strategies for sectors where the best path to reductions is uncertain. The long-term economic signal created by the cap-and-trade market also provides an opportunity to incentivize reductions from difficult to regulate sectors like natural and working lands through the offsets program.

Extending Cap and Trade in California sets the state up to continue as one of the foremost global leaders on climate action. Carbon pricing is gaining momentum globally and California's program has been a model for global action. Continuing Cap and Trade will send an important message to other global actors that ambitious climate action is workable. The cap-and-trade framework also provides more direct opportunities for cooperation through international linkages like the one California already has with Quebec and is considering with Ontario.

Finally and perhaps most importantly, Cap and Trade is the only policy option articulated that places an absolute limit on carbon pollution that will ensure California achieves the 2030 target.

For all of these reasons, we thank ARB for their leadership and urge the board to move forward with a Scoping Plan Update that includes a cap-and-trade program.

Sincerely,

A handwritten signature in dark ink, reading "Erica Morehouse". The script is fluid and cursive, with the first name "Erica" and last name "Morehouse" clearly distinguishable.

Erica Morehouse  
Senior Attorney, Global Climate