**SVLG and CGC Comments on ARB Scoping Plan Update April 2017**

Silicon Valley Leadership Group (“Leadership Group”) and Coalition for Green Capital (“Coalition”) thank the California Air Resources Board (ARB) for its leadership in helping the state achieve its greenhouse gas (GHG) reduction goals. We confine our comments in this proceeding to the following four points:

1) The Leadership Group and Coalition strongly support the Proposed Plan and its continuance of the cap-and-trade program with additional reductions from the refinery sector. This approach represents the best mixture of achieving emissions reductions at least cost with acknowledgement of and response to the concerns of the communities impacted by refinery emissions.

2) The Leadership Group and Coalition for Green Capital recommend that ARB engage with the public more and in more varied ways than is currently the approach.

3) The Leadership Group and Coalition recommend that California state government move to create a “Clean Energy Clearinghouse” to advance financing efforts needed to achieve clean energy and ultimately greenhouse gas goals for the State. While we recommend this clearinghouse sit in the Governor’s Office of Business and Economic Development (known as “Go-Biz”), we bring this to the Air Resources Board’s attention as the ARB Scoping Plan is an opportunity to align environmental policy across governmental agencies.

4) The Leadership Group and Coalition encourage the Scoping Plan to take better into account the role of integrating technologies to meet the state’s renewable energy and energy efficiency goals.

We will elaborate on each point below.

1) Support for Cap and Trade

The Silicon Valley Leadership Group (“Leadership Group”) was founded in 1978 by David Packard of Hewlett-Packard and represents more than 400 of Silicon Valley's most respected employers on issues, programs and campaigns that affect the economic health and quality of life in Silicon Valley, including energy, transportation, education, housing, health care, tax policies, economic vitality and the environment. Leadership Group members collectively provide nearly one of every three private sector jobs in Silicon Valley and have more than $3 trillion in annual revenue.

As a representative of hundreds of thousands of jobs in California, the Leadership Group is strongly supportive of extending one of California’s most effective climate initiatives – the Cap-and-Trade program.

At a time of tremendous uncertainty for businesses, due to the significant federal policy changes being proposed by the Trump Administration, California needs to give a signal to the business community that it will stay the course on one of the most effective and efficient climate initiatives. The Cap-and-Trade program does so, driving community investments and economic activity such as clean energy investment throughout our state.

The Leadership Group supports the proposed scenario’s extension of Cap and Trade because it:

* Provides market certainty – and regulatory continuity – that is critical for businesses.
* Reduces greenhouse gases at the least cost.
* Results in certain, quantifiable GHG emission reductions.
* Creates an opportunity to maximize investments in carbon reduction programs that create jobs and economic growth.
* Complements California’s important direct emissions reduction rules and laws.
* Allows us to build on successes and link to markets in other jurisdictions.
* Offers a flexible program that can be strengthened to generate greater emissions reductions over time if needed.
* Provides revenues, when distributed appropriately, to bring clean energy investments to disadvantaged communities. These investments are prudent as these communities are often disproportionately impacted by air pollution; our member businesses employ and serve customers in these communities.

The Leadership Group and Coalition also support the suite of complementary policies that California employs to reduce global warming pollution. Of note, because they are somewhat controversial, are the regulations leading to direct emissions reductions at refineries and the Low Carbon Fuel Standard. Our two organizations support each.

We support the state’s Low Carbon Fuel Standard (LCFS). The LCFS is a critical tool to reduce global warming pollution from the transportation sector, which produces 36% of the state’s greenhouse gas emissions – the largest of any sector. The program requires the oil industry to cut the carbon-intensity of the fuels it sells. This flexible performance-based standard, which does not pick technology winners, rewards companies that introduce cleaner, lower carbon fuels.

Direct emissions reductions via regulation is the approach for the petroleum industry laid out in AB 197 (E. Garcia), a bill in the 2016 legislature that the Leadership Group supported. Equity concerns argue for the prioritization of direct emissions reductions at these locations, as their surrounding neighborhoods often bear the human cost of this pollution, and climate change impacts, disproportionately.

The Leadership Group has been in dialogue with a number of groups and are open to several ideas currently being discussed, including further tightening or restricting offsets based on certain criteria, and to having greater transparency, clearer and stricter reporting and increased accountability regarding not meeting concomitant pollution reduction goals at stationary sources.

2) Outreach and engagement

Silicon Valley Leadership Group further recommends that ARB consider how it reaches out to and engages with the public regarding its work and the effort to reduce the state’s global warming pollution. We believe it is important to communicate more directly with the public to help ensure they are aware of what the state is doing to reduce harmful pollution, understand ARB’s role in this process and highlight the impacts and benefits across the state. This effort should employ the latest innovative public communications strategies to “meet the public where they are.” Communication should occur through different channels and target different audiences, and must include a robust social media campaign as well as more and varied public events throughout the state.

3) Clean Energy Clearinghouse

There is a need for a centralized position within California state government to help coordinate, internally and externally, to maximize the deployment and efficiency of public funds supporting clean energy market growth. The “Clean Energy Clearinghouse”, which we propose should sit within Go-Biz, would coordinate across internal capital providers within government, make information more clear and accessible for market participants, and then engage with upstream and downstream parties to draw in private sector capital and businesses. The Clearinghouse would also ensure that capital was flowing into low-income communities across California, which often struggle to gain access to capital in order to enjoy the benefits of clean energy.

One of the core functions of the Clearinghouse office will be to coordinate government funding for clean energy deployment across the multiple agencies and offices (which includes the California Energy Commission, the Treasurer’s Office, and the California Infrastructure and Economic Development Bank) tasked with distributing funds. The Clearinghouse’s role will be to create and curate a central hub of information to increase transparency and accessibility and efficient use of all funds across offices.

This coordination will serve three purposes. One is to ensure that the stakeholders that the programs are meant to serve will be easily known and understood. Two, this would create better internal coordination, as the Clearinghouse could enable better program design and efficiency across government programs. Three, this could ensure that government programs are effectively supporting low income communities in California. This is not an emphasis in these programs now.

The second core function of the Clearinghouse is to serve as a point of engagement with those looking to deploy, distribute or purchase clean energy technology. This “downstream” facing activity will be critical to help those searching for ways to adopt or deploy clean energy, but need help navigating the complex map of existing programs.

The final core function is to act as a point of engagement for large capital providers and those eager to invest in California’s clean energy market. Whether project developers, institutional infrastructure funds, or other large sources of capital, the Clearinghouse would be positioned to help guide their interest in California’s market.

This Clearinghouse could be modeled after programs in other states. The District of Columbia’s Department of Energy and Environment is currently in the process of creating a “Green Economy Unit”, which will play the same role the Clearinghouse would, ensuring the disparate programs and agencies of the government that are all designed to support clean energy growth are all collectively aligned.

Another model is the Vermont Clean Energy Finance Collaborative, which the Vermont Department of Service formed to centrally coordinate direct government lending, efficiency rebates, utility lending programs, and NGO-sponsored lending programs.

Financing is a key element to achieve the programs set forth in the Proposed Plan, including the doubling of energy efficiency goals in SB 350 and the advancement of Clean Technology and Fuels. The Leadership Group and Coalition recommend ARB endorse this approach as part of its Scoping Plan Update.

4) Role of Integrating Technologies

The Scoping Plan does not into account the role of integrating technologies to meet a 50% Renewable Portfolio Standard or a 50% increase in energy efficiency, two core policies embodied in SB 350 in 2015 and relied on to achieve to goals of the Proposed Plan. The State has been cultivating the development and deployment of a range of clean technologies for the purpose of mitigating greenhouse gas emissions and for securing a reliable electricity system. These technologies have been supported through investor-owned utility program development and are in the early stages of wholesale market participation. In order for California to meet its greenhouse gas reduction goals, the roles of these integrating technologies and the ability to participate in the wholesale market as a viable alternative to natural gas-fired generators is critical. Demand response and storage could be key integrating technologies to all the state to meet its RPS goals. Ignoring the role of these technologies for the purpose of integrating renewable into a sustainable and reliable grid infrastructure may necessitate reliance on greenhouse gas emitting technologies and mitigate the reductions achieved through renewable and energy efficiency gains.

The Leadership Group and Coalition looks forward to working with the ARB to achieve a successful Scoping Plan Update.

If there are any questions about this comment, please contact Tim McRae, SV Leadership Group VP of Energy, at tmcrae@svlg.org.