

CLIMATE CHANGE POLICY COALITION

TO: The Honorable Mary Nichols, Chair
California Air Resources Board

FR: Climate Change Policy Coalition

DATE: May 26, 2016

RE: Comments Regarding California Air Resources Board Short-Lived
Climate Pollutant (SLCP) Reduction Strategy

The Climate Change Policy Coalition (CCPC) is providing comments on the California Air Resources Board's (ARB) recently released Short-Lived Climate Pollution Reduction Strategy. CCPC is a diverse group representing California's large and small employers, cap-and-trade regulated entities, taxpayer groups, agriculture interests and building and planning experts. We advocate for policies to reach AB 32 greenhouse gas [GHG] emission reduction goals in a cost-effective manner to protect jobs and the economy.

CCPC believes the best path to achieve the State's long-range environmental goals, including SLCP-focused reductions, is through an integrated and flexible policy framework that optimizes sustainable and cost-effective GHG emission reductions in all programs and sectors.

- **ARB has been directed by the Legislature (SB 605--Lara) to submit a comprehensive strategy to reduce emissions of short-lived climate pollutants.** Statutory authority for the proposed "subsequent regulatory action" has not been authorized by the legislature or administration, thus requiring additional legislative action to establish such authority.
 - In fact, SB 605 (Lara) § (e) states: "This section does not affect the existing authority of a state agency to adopt and implement rules and regulations that result in the reduction of greenhouse gas emissions or short-lived climate pollutants to the extent authorized or required by existing law."

While concerns remain surrounding the policy process of the SLCP Strategy and obtaining the required Legislative authorization for implementing its measures, CCPC would like to offer some concepts for ARB consideration as the SLCP Strategy development proceeds.

- **These pollutants are already regulated.** SLCPs include methane, black carbon (i.e. soot), tropospheric ozone, and some hydrofluorocarbons (HFCs). Some of these emissions are already regulated under AB 32, but all of these emissions are currently directly or indirectly regulated at the federal, state, or local level. Duplicative regulations will only drive up costs without regard to environmental or health benefits.
 - Because this strategy is creating new mandates, outside the purview of AB 32 or other air quality programs, emission reductions in the Strategy will not be counted towards AB 32 goals, therefore creating additional regulatory burdens on businesses in the state. Localized emissions, many of which are precursors of short-lived climate pollutants, are already heavily regulated by local air districts as well as by state and or federal law. The Strategy, in essence, will triple the efforts to regulate these emissions resulting in increased costs and unnecessary regulatory burdens.
- **The SLCP Reduction Strategy submitted to the legislature should discuss how this plan will complement the state's current AB 32 mandates and demonstrate it will not create unintended consequences.** For example, the SCLP Strategy is a separate plan from the oil and gas methane regulations that ARB is working on under AB 32.
- **CCPC has concerns surrounding the ARB staff proposal on (page 6) of the Mitigation Program** to use a 20-year time horizon for converting the methane emissions to CO₂e rather than the 100-year time horizon. A 100-year global warming potential (GWP) value is the current internationally accepted standard used across myriad state and federal regulatory regimes including the ARB's statewide emissions inventory, AB 32 Scoping Plan and the Cap-and-Trade regulation. The factor change would defeat the internal

consistency of the state's policy. ARB specifically states it is concerned about climate change consequences in 2050 and 2100 – i.e., the 100-year timeframe. Based on this concern, using the 100-year GWP would be more appropriate.

- **The SLCP Strategy changes the baselines from 1990 (AB 32) to 2013 (Plan) and overlaps with the cap for pollutants under the AB 32 cap-and-trade program.** By overlapping the caps California will make no new environmental improvements, as emissions will shift from the double-capped sectors to the single-capped sectors ultimately increasing costs to the state.
- **The SLCP Strategy Reduction needs to review and evaluate costs associated with implementing each concept in the SLCP Reduction Strategy.** This should include economic and environmental analyses that compares and contrasts why specific policies are preferred over another.
- **Direct regulation eliminates in-state offsets.** Offsets are an important part of the state's cap-and-trade program. While offsets are limited to only 8% of one's compliance obligation, they are a way to help keep compliance costs down while making direct GHG emission reductions in the state.
 - For example, dairy digesters are eligible for offset credits by reducing methane on-site, providing some financial incentive. However, dairy digesters are expensive, and to meet the goals of this bill, roughly 600 digesters will be needed at a potential cost of billions of dollars. The Strategy will eliminate the potential for these offsets by directly regulating methane, making these projects less cost-effective.
- **ARB has not provided a technical basis for the goals set forth in the SLCP Strategy.** We believe a robust study needs to be conducted that demonstrates an appropriate course of action which will provide a basis for the goals set in the SLCP Strategy.

- As the agricultural industry explains, the SLCP Strategy dairy methane reduction goals are unrealistic and are setting both the state and dairy farm families up for failure. Setting a reduction goal of 75 percent by 2030 when no clear plan exists on how to get there is fundamentally flawed. Far more research is needed to identify, validate and quantify opportunities for dairy methane reduction, remove economic barriers and obstacles to their implementation as well as understanding the cross-media environmental impacts of these technologies. This same information is needed to chart realistic timeframes for achieving the reductions.

And in some instances ARB needs to provide real, measurable actions:

- The SLCP Strategy (*page 54*) is looking to the Forest Carbon Plan to provide the direction that will lead to increasing the rate of fuel reduction to reduce wildfire risk and black carbon emissions from pile burning. The Forest Carbon Plan lays out “Goals and Strategies” (*pages 21-27*) but does not provide any Actionable Items that would lead to measurable black carbon (or methane) emission reductions.

Without Actionable Items in the SLCP Strategy or the Forest Carbon Plan, there will be no reliably measurable accomplishment. Both documents need to incorporate Actionable Items in order to meet AB 32 objectives.

- **The SLCP Reduction Strategy must also review the availability of current technologies** and also determine if market barriers exist in technology development.
- **Questions about inventory methodology of the SLCP Reduction Strategy remain unanswered.** ARB has expended a lot of effort demonstrating the need to address SLCP reductions. However, it has not offered a definitive state-level inventory or an explanation for the targets selected. ARB needs to include an appropriate baseline for evaluation of California’s contribution to SLCP’s in order to help determine the best policy options.

Without a detailed inventory we don't have the ability to know if we have identified the right sources or if the targets are readily achievable.

- **Integration and alignment with other jurisdictions and on-going climate change programs.** Harmonization must occur between ARB, regulated entities, other state agencies and local governments. Numerous ongoing climate change policy efforts intersect with the SLCP Reduction Strategy. Elements in those plans must be included in an overall cost-effectiveness analysis so that all stakeholders can better understand the path that lies ahead.

Thank you for the opportunity to provide comments on your approaches to looking at SLCP Reduction Strategy. We look forward to continuing opportunities to work with the ARB on this issue. Should you have any questions or need anything further from us, please feel free to contact Shelly Sullivan at (916) 858-8686.

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