



California Independent Petroleum Association

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California Independent Petroleum Association Comments
Comments on February 20, 2020 Webinar –
Meeting California's Carbon Neutrality Goals: Approaches for the Industrial Sector

California Air Resource Board
Cap and Trade Program
1001 I Street
Sacramento, CA 95814

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Via electronic submittal to: dallgood@arb.ca.gov

The California Independent Petroleum Association (CIPA) appreciates the opportunity to submit comments on this effort. The policy of achieving Carbon Neutrality in California is just developing, and CIPA is pleased to see the California Air Resources Board (CARB or Board) engaging industry early on in the process.

The mission of CIPA is to promote greater understanding and awareness of the unique nature of California's abundant oil and natural gas resources, and the independent producers who contribute actively to California's economy, employment and environmental protection.

CIPA also represents the interests of Californians throughout the state who depend on affordable, reliable and sustainable energy. We need to continue to power the world's fifth largest economy while supporting upward economic mobility for disadvantaged communities, many of whom suffer under California's high poverty rate and high cost of living.

The webinar on February 20th, provided quite a bit of information, along with significant additional resources and a few policy options for stakeholder consideration¹. CARB staff also specifically asked the following questions as well of stakeholders:

- What are your thoughts about the programs in other jurisdiction that were surveyed in this presentation? What elements of these programs might be worth considering for California?
- What other programs administered by CARB could be leveraged or adjusted to support further reductions in the industrial sector?
- What hurdles does California face for decarbonizing the industrial sector? How can CARB help overcome these hurdles?

These are significant questions, with incredibly important implications to industry in general, but also specifically to CIPA's members. CIPA appreciates that the spirit of the webinar was

¹ https://ww3.arb.ca.gov/cc/scopingplan/meetings/022020/carb_cn_industry_feb2020_notes.pdf

solutions-oriented. The tone, direction and questions being asked of stakeholders are all focused on real-world solutions. CIPA is seeking input from our membership on these important questions, but given the events of the past month, we wanted to submit these initial thoughts.

Secondarily, the presentation provided a couple of policy options related to the Cap and Trade program's allowance budget. CIPA would need to understand this proposal more fully before commenting.

CIPA previously commented on the Carbon Neutrality studies being undertaken right now through CalEPA. We repeat some of those comments here as a start to what we hope are many more conversations about Carbon Neutrality. We encouraged thorough consideration of the future of energy diversity and security for California. The societal value of the existing in-state industrial base was recognized by staff, such a recognition needs to be retained throughout the Carbon Neutrality policy development.

In our prior letters to CalEPA, CIPA discussed that sustainability requires California to become consistently self-sufficient – for food, water, energy and other daily necessities. To truly align with California's sustainability values, state policymakers should reverse their strategy of increasingly relying on energy imports for over 90% of our natural gas, 70% of our oil and 30% of our electricity needs. Recent state policies have significantly increased Californians' dependence on imported energy, meaning that California is delegating its environmental leadership, and carbon footprint, to other states, countries and regimes that do not share our environmental, labor, and human rights standards. CIPA believes that the state should encourage local production of all forms of energy under California's world-leading regulations, rather than deferring to other states and distant countries. This issue must be addressed in any Carbon Neutral policy.

Californians' demand for available, affordable and reliable energy dictates a long-term combination of traditional and renewable energy, along with large-scale implementing of Carbon Capture and Sequestration technology. CIPA's members are actively working on lower-carbon technologies, sequestration projects and incorporation of renewable energy into their production operations. With in-state production being the cleanest, safest and most socially equitable production in the world, the last barrel of petroleum that California uses should be produced in California.

Should you have any questions or wish to discuss our comments further, please do not hesitate to contact CIPA. We look forward to reaching out for additional information and discussions on the key questions asked in the webinar.

Sincerely,



Rock Zierman
Chief Executive Officer
California Independent Petroleum Association