

March 7, 2013

Mary Nichols, Chairman
California Air Resources Board
P O Box 2815
Sacramento, California 95812

**RE: Comments on Draft Cap-and Trade Auction Proceeds Investment Plan
Concept Paper**

Dear Ms. Nichols:

Thank you for the opportunity to comment on the Cap-and Trade Auction Proceeds Investment Plan Draft Concept paper. As you are well aware, the San Joaquin Valley faces one of the most significant air quality challenges in the state, and faces socio-economic disadvantages that are unlike California's major metropolitan areas. As such, we would like to offer the following comments for your consideration as you develop the investment plan.

Many of the measures that will reduce greenhouse gas emissions will also have co-benefits in reducing criteria air pollutants. The District recommends prioritizing the expenditure of Cap-and-Trade auction proceeds on measures that obtain both greenhouse gas emissions reduction and criteria pollutant reductions. We would also recommend that measures that achieve greenhouse gas reductions and that result in increases in criteria pollutant emissions should be avoided. Additionally, the District believes that priority should be given to projects that are located in areas that currently face significant air quality challenges that will be worsened by climate change.

The District supports the statutory framework of SB 535 that requires a minimum of 25% of the Cap-and-trade revenue be spent to benefit disadvantaged communities and that 10% of the revenue be spent in those communities. CalEPA recently developed the CalEnviroScreen tool to identify and rank disadvantaged communities in California. Based on this tool, 47% of the San Joaquin Valley's population lives in zip codes that rank in the top 10% of disadvantaged communities, and 75% of the population lives in zip codes that rank in the top 20% of disadvantaged communities. This tool should play a prominent role in directing funding to Environmental Justice communities throughout the state.

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

Ms. Nichols

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The Draft Concept Paper identifies examples of potential projects for investment through 2020. The San Joaquin Valley is significantly impacted by emissions from goods movement, and the District supports measures to reduce both greenhouse gas emissions and criteria pollutant emissions from the goods movement sector. Of the four major goods movement corridors in the state, nearly 50% of all truck vehicle miles travelled occurs in the San Joaquin Valley. Given the disperse nature of goods movement activities in the San Joaquin Valley, solutions need to go beyond port electrification systems, and include a transition to fuels that provide needed reductions of criteria pollutants and carbon intensity, such as natural gas. Additionally, strategic planning to analyze longer term changes to the goods movement system is needed.

On the light-duty vehicle side, the San Joaquin Valley has significantly lagged behind the rest of the state on electric vehicle and plug-in electric vehicle adoption. To date, application data from the Clean Vehicle Rebate Program show that there have been 17,953 rebates for electric and plug-in electric vehicles statewide. Of those, only 264 are from the San Joaquin Valley. There are likely a number of reasons for this including socio-economic factors, long travel distances, and lack of dealer support in the Valley. Potential solutions may include enhanced incentive amounts in disadvantaged communities, and incentives for dealer support of advanced technology vehicles outside of the major urbanized areas.

There are a number of opportunities for energy efficiency and renewable energy projects in the San Joaquin Valley. Given the Valley's climate, and the states tiered electric rate structure, Valley residents pay some of the highest utility rates in the country. The climate change and economic benefit of energy efficiency and renewable energy investments in the San Joaquin Valley will be significantly higher than in more temperate coastal communities.

There are likely a number of opportunities to fund projects in the agricultural sector that will reduce both greenhouse gas and criteria pollutant emissions. The Draft investment plan identifies electrification of diesel agricultural pumps, which is a high priority for the District, as an opportunity. There are likely other opportunities for lower emitting and fuel efficient agricultural practices and equipment.

While these are some of our initial thoughts, we look forward to participating throughout the development of the Investment Plan. If you have any questions, please feel free to contact me at (559)-230-6036.

Sincerely,



Seyed Sadredin
Executive Director/APCO