



AB 32 Implementation Group

Working Toward Greenhouse Gas Emission Reductions
And Enhancing California's Competitiveness

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

FR: AB 32 Implementation Group

DATE: October 16, 2015

RE: AB 32 Implementation Group Comments on the California
Air Resources Board Target Scoping Plan Update (*October 2015*)

The AB 32 Implementation Group includes industry and taxpayer organizations advocating for policies to reach AB 32 emission reduction goals in a cost-effective manner to protect jobs and the economy.

Thank you for an opportunity to comment on the California Air Resources Board's 2030 Target Scoping Plan (TSP) as you begin the process. While the workshop on October 1st offered some additional insight, you must appreciate that given the lack of detail currently available with little more than the California Air Resources Board's (ARB) Power Point presentation and the limited (15-day) comment period there isn't necessary time for the AB 32 Implementation Group to offer more than initial impressions.

Legislative approval is required for post-2020 goals below the 1990 emission levels. The recommendation to set an interim target for 2030 to reach a 2050 goal of 80% below 1990 levels should be set aside pending a legislative directive to the ARB to recommend such a reduction goal. At this time, the ARB's statutory authority in this area extends only to maintaining emissions at 1990 levels and no further reductions. The TSP fails to note the ARB's lack of authority, leaving it unclear whether the ARB plans to seek additional authority from the Legislature to regulate toward a more stringent post-2020 goal.

The ARB should clearly state its position regarding the extent of its authority to address post-2020 emission reductions in the TSP. It is in the best interest of the program to avoid litigation, market disruption and uncertainty that this would cause.

Consequently, the TSP is not the appropriate process to develop recommendations for post-2020 climate policies and potential regulation. Instead, at minimum, there should be a legislative directive to develop an analysis of post-2020 climate policies that includes:

- **A requirement that any emission reduction goal be set at a level to give California credit for the energy efficiency and emission reductions already accomplished in the past decades.** The TSP recommendations on a 2030 goal alludes to aspirational worldwide reduction goals to keep temperature changes below 2 degrees higher, but California's early start compared to other states and countries, should be a central item in the evaluation of future reduction targets. The TSP does not recognize the existing and improving efficiency of California's economy, real and significant costs to consumers, and California's limited contribution to global greenhouse gas emissions. Adopting an aspirational worldwide percentage reduction for California, without adjustment or study, will impose a significant cost burden on Californians.
- **A requirement that emission targets sync with similarly stringent commitments by other states and countries.** While we appreciate the efforts made by the Administration and the ARB to promote and encourage other states and nations to be more aggressive in their climate change policies, the fact remains there is much to be accomplished on this front. Most other states and nations are willing to review potential climate change policies, but have yet to commit to binding agreements or direct

participation with California. California will not enjoy a solution to climate change without other states and countries undertaking GHG reduction strategies. Targets and goals that may be considered should include triggers or other mechanisms to adjust in response to other jurisdictions' climate change strategies. Further, any emission reductions anticipated beyond 2020 should be analyzed and reported in the context of California's reductions against worldwide carbon emission projections.

- **A requirement that post-2020 targets be evaluated to ensure they are achievable in a cost-effective manner.** A robust analysis of the marginal costs and technological feasibility of complying with any proposed post-2020 targets will provide important insights into the appropriate target levels, the best timing for achieving reductions, and what other incentive policies should be embraced to offset higher than acceptable costs. In addition, analysis and specific consequences to economic sectors negatively impacted by emission reduction programs should be specifically outlined and reported in economic and feasibility analytics.

- **A requirement that robust and regular oversight and informational hearings accompany the post-2020 climate policies.** This will ensure that ARB board members are addressing the key policy issues important to both legislators and stakeholders, as well as holding to the requirements of AB 32, are receiving input and providing the necessary guidance for further state policy development. We believe ARB should, at a minimum, review each current regulation resulting from AB 32 and determine if, (1) the regulation has accomplished the intended objectives or, (2) if the regulation has failed to achieve its goal and may simply have placed undue burdens on California's businesses and consumers without reducing our GHG emission levels.

- **A provision that includes a review of the original AB 32 Scoping Plan Peer Review document.** The 2008 Scoping Plan Peer Review document provided valuable feedback when evaluating the ARB's initial Economic Analysis of the Scoping Plan. These nationally recognized experts on environmental and economic issues raised valid points that should be reviewed. These concerns include: (1) cost of scoping plan regulations with regard to the increase in pricing of consumer goods and services; (2) the impact of increased energy costs that will affect California companies and families; (3) the impact on California's competitiveness; and, (4) the lack of a cost-effectiveness analysis.
- **A provision that details Agency coordination.** The nature of California's climate change policies necessitates that state agencies other than the ARB play a critical role in implementing AB 32 regulations and laws to help us achieve the 2020 GHG emission reduction targets. There needs to be a transparent and public documentation of how the funding to implement climate change policies is being coordinated among state agencies to ensure against duplicative spending and project efforts.

In closing, California is staying the course with regard to reducing greenhouse gas emissions, let's give other states and nations time to meet California's standards before we consider additional climate change policies goals that at this point in time are unrealistic and costly for all Californians and are not in authorized by the Legislature nor in statute.

Should you have any questions or need anything further from us, please feel free to contact Shelly Sullivan at (916) 858-8686.