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July 05, 2018

Clerk of the Board  
Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Re: Cap-and-Trade Regulation Amendments, University of California**

Dear Air Resources Board Members:

This letter summarizes and restates the University of California's (University) original request to modify the cap and trade regulations submitted on March 16, 2018. The University echoes its original requests that the Air Resources Board increase the Berkeley campus's baseline emissions used in calculating its annual allocations. The campus's assumption of a combined heat and power (CHP) facility located on campus has increased annual emissions for which it is obligated. A revised baseline will allow the Berkeley campus to receive the appropriate level of transition assistance in years 2021-2030 and to be considered for annual or true-up allocations (in year 2021) for compliance years 2018-2020.

Continuing under a business-as-usual scenario will not address the altered needs of the Berkeley campus since it opted into the cap and trade program in 2015. At that time, the CHP facility was owned by a third-party, which sold steam to the campus and electricity to the local utility. The University's current annual allocation reflects this arrangement and does not account for the emissions associated with the electric output. However, in July 2017, the arrangements with the University and the local utility ended and required the University to assume ownership of the CHP to meet the campus's energy needs.

At current allowance prices, the University estimates that the cost just for complying with the increased emissions from the electrical portion of CHP facility would surpass \$1 million per year. Without a change in the campus's baseline emissions for annual allocation, the University's cost will be borne by students and will inhibit investments for further greenhouse gas reduction.

The University looks to continue working with CARB on these issues as updates to the regulations are compiled and approved.

Sincerely,

/s/David Phillips  
AVP Energy and Sustainability  
University of California, Office of the President