

April 10, 2017

Chair Mary Nichols and Members of the Air Resources Board

California Air Resources Board

1001 I Street

Sacramento, CA 95814

Dear Chair Mary Nichols and Members of the Air Resources Board,

We thank you for this opportunity to weigh in on the current draft of the 2017 Scoping Plan Update, and also for your continued leadership and dedication to ushering California’s greenhouse gas (GHG) reduction strategies to success.

The January 20, 2017 draft of the Update contains several new and promising approaches to meeting the 2030 GHG target. We appreciate all of the analyses that has gone into the draft scoping plan, and offer suggestions below to further strengthen the outstanding work that the Air Resources Board and other State agencies have already contributed. We are especially supportive of the consensus-building approach among State agencies described in the recommended actions in Appendix C: ‘Vibrant Communities and Landscapes’ and ‘Potential State-Level Strategies to Advance Sustainable, Equitable Communities and Reduce Vehicle Miles of Travel (VMT)’.

In the interest of bringing more accountability into the Scoping Plan mechanism and setting necessary partnerships further on their paths towards viable implementation of VMT-reducing strategies, we offer the following suggestions for areas that we would like to see the next draft of the update delve deeper into:

1. **Establish clear directions that guide which VMT reductions should be accounted for by Metropolitan Planning Organizations (MPOs) in their SB 375 targets, and which VMT reductions should be accounted for elsewhere, in the State strategies part of the equation.** As is, there seems to be a missing mechanism to prevent both MPOs and the State from claiming credit for the same VMT reductions. If such a “double counting” were to arise, which it seems quite plausible will likely be the case, the significance of both the MPO and State targets would be greatly diminished. The plausibility of this occurring is supported by evidence in the four largest MPOs latest SB 375 target recommendations, in which they name numerous State actions which, they assert, will be necessary in order for them to accomplish their stated SB 375 VMT reduction targets. Possible remedies for this accounting unclarity are proposed in the points that follow.
2. **Outline a clear action plan for State strategies that lays forth an implementation timeline, anticipated scope of each intervention, and commits to specific VMT reduction targets for each strategy.** Here in this Scoping Plan Update is the best opportunity to ensure that each of these State agency efforts will add up to be enough to make up the VMT reduction gap that otherwise exists without their implementation. More guidance at this stage is needed to lay forth a roadmap that can be monitored for progress going forward, which would build in greater accountability mechanisms to keep State agencies on track towards collectively meeting this target.
3. **Require the MPOs to develop RTP/SCSs and transportation efficient solutions that *augment* and *are not redundant of* strategies that make up the suite of State level interventions**, to the extent that the next draft of the Scoping Plan Update describes State actions to be taken. For example, if State action creates a base scenario where road use is priced at 4 cents per mile, MPOs should only be able to claim credit for VMT-reduction that occurs from additional road pricing, or other more local-specific strategies. This would effectively push the MPOs to do the hard but necessary work to plan for greater transportation efficiency through more ambitious sprawl-restraining land use policy, shifts in transportation spending towards VMT-reducing modes and other travel demand management (TDM) approaches.
4. **Recommend that transportation investments be brought into alignment with climate targets.** One of the State strategies to be developed is performance metrics for transportation infrastructure investments. We encourage the revised Scoping Plan Update to also recommend a mechanism for ensuring that State transportation infrastructure funds support, and do not undermine, VMT reduction goals. Strong implementation of SB 743 throughout California could and should be part of this solution. Additionally, we encourage CARB leadership early on in the process as transportation funding packages get developed to ensure the right mix of funding from the outset. Furthermore, we urge CARB to develop policy that would apply to all local funding mechanisms, requiring that they support SB 375 target pursuits, and that their expenditure plans not create a precedence of “grandfathering” VMT-increasing projects.

Additionally, Climate Resolve supports the current model of cap and trade implemented in by AB 32 on the type of allocation, goals and structure, governance and coverage and in response to some of the comments voiced during the last public hearings of the scoping plan, Climate Resolve would like to point out the following:

1. **The Goal of a cap and trade system is to reduce GHG emissions.** Cap and trade is an instrument designed to address GHG emissions and not local pollution. Reductions of local pollutants are an ancillary benefit of reducing GHG emissions, that is, there are no costs associated to those reductions for the community that is benefitted. Hence, any marginal reduction of local pollutant is a net benefit for the local community. Local pollution like particulate matter (PM10 or PM2.5), SOx, NOx, etc. should be addressed by regulations (or even market based instruments), designed specifically to reduce (or eliminate) local pollution and not depend on instruments that are designed to regulate other kind of environmental impacts from production.

2. **Effectiveness of the cap and trade system.** Cap and trade treats all GHG emitters the same way, regardless of their location and their levels of emissions of local pollutants. Demanding a reduction of pollutants for which is not designed, it would greatly lower its cost-effectiveness, diminishing the revenues for which many environmental programs benefit, including programs that address local pollution throughout the state. GHG emissions can be reduced by increasing the level of ambition of the yearly downward cap, helping California achieve its climate goals for 2030 and 2050. The price of the permit should be set by the market. A fixed price hinders the capacity of the market to better allocate its resources and thus, diminishing the total possible amount of GHG emission reductions.

3. **Use of offsets.** Not allowing firms, specially manufacturing facilities, to offset their most expensive GHG emissions, limits the amount of reductions and, in some cases, even endangering their financial existence and forcing them out of the state. Closing firms in the state will inevitably leave people out of work, which in turn, studies show that increases in unemployment and lowering income are one of the biggest risks to public health in the state of California. Additionally, manufacturing facilities moving to other states with fewer environmental regulations will create bigger GHG emissions, a situation known as carbon leakage, which defeats the purpose of the regulation itself. The use of offsets should be allowed to better allocate the state economy’s resources to reduce its emissions. However, the proportion, the origins and the sectors could be reexamined. Taking into account all the agreements signed with other jurisdictions, the state could further investigate the societal, economic and environmental advantages of restricting the geographic and sectoral origins of the offsets allowed in the system.

**Standards on development.** Climate Resolve strongly believes that the scoping plan should establish a “lead-runner” standard for development, that is, use the most aggressive standard for development today, as the new minimum requirement down the road. The new net zero GHG emissions set by the Newhall Ranch development is the perfect example developers should have as a ceiling for the amount of GHG emissions in the near future throughout the state of California.

**Dual benefits for mitigation and adaptation.** Last, Climate Resolve supports prioritizing those programs that achieve both climate mitigation and climate adaptation objectives. For example, on the Achieving Success section, the Scoping plan refers to the Climate Action through Local Planning and Permitting, where direct investment in a local building retrofit program can pay for projects that achieve both mitigation and adaptation goals[[1]](#footnote-1) and as such, we strongly urge the Air Resources Board and the California Energy Commission to expand cool roofing programs. This may include expanding the number of climate zones mandated to use cool roofing materials on single-family residential buildings, and further ensuring that slope and SRI metrics are the most rigorous in the nation.

In closing, we thank you again for your leadership in this crucial and pioneering policy landscape, and thank you in advance for your consideration of our suggestions. As always, we are happy to work in partnership with you as you work through these issues, and anxiously await any news of forthcoming revisions.

Sincerely,



Jonathan Parfrey

Executive Director

1. The 2017 Climate Change Scoping Plan Update. The Proposed Strategy for Achieving California’s 2030 Greenhouse Gas Target. January 20, 2017. California Air Resources Board. pp. 137 https://www.arb.ca.gov/cc/scopingplan/2030sp\_pp\_final.pdf [↑](#footnote-ref-1)