



CF/10-0-1 GENERAL – CORRESPONDENCE (ID 613)

March 8, 2013

Chairman Mary Nichols
California Air Resources Board
Sacramento, CA 95814

RE: LOCAL GOVERNMENTS PROPOSAL FOR CARB AUCTION REVENUE INVESTMENT PLAN

Dear Chairman Nichols:

The Sonoma County Water Agency (Water Agency) is part of a coalition of cities, counties, special districts and statewide associations that have developed a proposal for investing cap and trade auction revenue in local governments. We believe that our proposal will help achieve the greenhouse gas reduction goals of AB 32 in a manner consistent with the provisions of AB 1532 and SB 535. We respectfully request that our local government proposal be considered for inclusion in the Investment Plan.

The underlying principle of our proposal is that the state would be best served if local governments are the delivery tool for a range of investments, and that the Investment Plan should create a program for local governments to access a portion of the funds generated from the Cap and Trade auctions.

The Water Agency is already engaged in many GHG reduction activities and is constantly seeking new project opportunities that reflect local needs, leverage other funding sources and will achieve the greatest reductions of greenhouse gases. Among the programs we have implemented are energy and water efficiency in buildings and operations, a regional water-use conservation program, several solar installations, fleet upgrades, and a switch to clean power purchases for operations. Our efforts have paid off: The Water Agency's emissions from electricity have dropped 97 percent (from 21,870 tons in 2006 to 751 tons in 2012).

We led the county in creating a PACE program and are leaders in a Community Choice Aggregation effort and a new program, Sonoma County Energy Financing. In addition, we are exploring a large new solar installation, several biomass projects and in-line hydro power. We have found that our understanding of the local economy provides an advantage in leveraging private capital – an approach that will allow auction revenue funds to go further.

Our coalition would like to work with CARB and the Administration to create an effective approach to maximize GHG reductions and propel California's communities forward through expenditure of auction revenue. We request you consider the following principles in creating a local government program:

1. Allocate auction revenue for local assistance grants and other financial assistance to develop and implement GHG emission reduction projects;
2. Administer the program in coordination with the Strategic Growth Council

3. Develop standards and guidelines for grant funds that achieve one or more of the following:
 - a. Promote public-private partnerships to implement energy efficiency and clean energy projects with financing incentives for residential and commercial facilities.
 - b. Decrease air or water pollution
 - c. Reduce the consumption of natural resources or energy
 - d. Provide opportunities to achieve greenhouse gas emission reductions in ways that increase localized energy resources
 - e. Increase the reliability of local water supplies
 - f. Increase solid waste diversion from landfills
 - g. Increase electric vehicle infrastructure
 - h. Achieve greenhouse gas emission reductions in ways that reduce vehicle miles traveled.
 - i. Prevent conversion of agricultural, forest, and open space lands to uses that result in higher greenhouse gas emissions
4. Prioritize projects that have the ability to be implemented regionally, leverage additional public and/or private funding, achieve co-benefits, are replicable and consider geographic and socioeconomic issues.
5. Provides opportunities for jurisdictions with either small or large populations.
6. Provides funding for both:
 - a. The development and implementation of innovative projects that create new systems or technologies to be deployed at a local or regional level
 - b. Implementation of existing, proven GHG emission reducing or sequestering projects, especially those projects and programs already adopted by local agencies. These projects should receive funding on a competitive basis.

We respectfully request that you consider these principles and allow us an opportunity to work with you to refine these concepts so that local governments can continue helping the state meet the goals of AB 32.

Sincerely,



Grant Davis
General Manager