

**Comments of the Western Power Trading Forum  
to the California Air Resources Board  
on the 2030 Target Scoping Plan Update Concept Paper**

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Members of the Board;

The Western Power Trading Forum (WPTF) is a diverse organization of over 80 power marketers, generators, investment banks, public utilities and energy service providers who participate in the California power market. As participants in this market, many of our members are also subject to state greenhouse gas (GHG) regulations, including the Cap and Trade Program. It is with this perspective that we wish to provide input to your consideration of options for the 2030 Scoping Plan.

The 2030 Target Scoping Plan Update Concept Paper provided by staff on June 17, 2016 lays out 4 distinct approaches to achieving the 2030 GHG target of 40% below 1990 levels:

- Option 1 would continue and enhance existing programs, including the multi-sector cap and trade program;
- Option 2 would eliminate cap and trade, but enhance other command and control programs, in particular for industrial emitting sources;
- Option 3 would also eliminate cap and trade and enhance other command and control programs, but would focus in particular on additional reductions from the transportation sector;
- Option 4 would replace the cap and trade program with a carbon tax.

WPTF recommends that the Board support continuation of the cap and trade program under Option 1.

***Carbon price signals achieve emission reductions more cost-effectively than command and control regulation***

WPTF considers cap and trade to be the most cost-effective mechanism to reduce GHG emissions over the long-term. A multi-sector trading system incents emission reductions across the economy by providing a consistent carbon price signal across all covered sectors. Because covered entities have the flexibility under an emissions trading program to find and use the lowest cost means of meeting their emission obligations, they can achieve emission reductions more efficiently and at a lower overall cost to regulated firms and to society as a whole than traditional command and control regulatory approaches, such as those contained in options 2 and 3.

California has set a 2050 GHG goal of reducing emissions 80% below 1990 levels. The scale of emission reductions required to achieve this goal will be significant and costly. It is therefore critical that California pursue the most cost-effective solutions for achieving these reductions over the long term.

***Continuation of the Cap and Trade program provides opportunities for Collaboration with Other States and Regions***

The Staff Concept paper notes the importance of building upon and exporting California's success in reducing GHG emissions to other states and regions. The Cap and Trade program has already been successfully linked to a similar program in Quebec, and Ontario is expected to join soon. If the Clean Power Plan goes forward, it will also provide opportunities for linking of state cap and trade programs to reduce emissions from the electricity sector. The broader the scope and coverage of GHG cap and trade system, the more opportunities for low cost emission reductions will be available to the market, and the lower the risk will be for emission leakage. Of the four options presented, only continuation of the Cap and Trade Program will enable the state to continue

its collaboration with Quebec and expand its collaboration with Ontario and other trading programs that may arise under the Clean Power Plan.

For these reasons, WPTF urges the Board to supports the continuation of a multi-sector cap and trade system (Option 1) as a core component of the Scoping Plan.