



## California Council for Environmental and Economic Balance

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April 28, 2017

Mr. Richard Corey  
Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, California 95812

**RE: Comments on the April 13, 2017, 15-Day Amendments for the Cap-and-Trade regulation**

Dear Mr. Corey:

On behalf of the members of the California Council for Environmental and Economic Balance (“CCEEB”), we thank the California Air Resources Board (“ARB”) for this opportunity to comment on the proposed 15-day amendments to the Cap-and-Trade Program. CCEEB is a non-profit, non-partisan association of business, labor, and public leaders, which advances balanced policies for a strong economy and a healthy environment.

**Section 95891. Allocation for Industry Assistance**

The current proposal will result in several troubling changes for the Cap-and-Trade Program. CCEEB remains concerned about a further shifting of the cost burden through a reduction of industry assistance. Assistance for trade exposed companies is a simple method of protection to avoid both environmental and economic leakage. California businesses are trade exposed unless their competitors are in a linked jurisdiction. In the absence of national or international programs comparable to what exists in California, CCEEB requests that the ARB maintain current industrial assistance factors.

**Section 95913. Sale of Allowances from the Allowance Price Containment Reserve**

CCEEB appreciates the proposed modification to the method of calculating the 2021 APCR value. Calculating the fixed dollar amount in 2020 rather than establishing its dollar value in this rulemaking reduces inflation uncertainty.

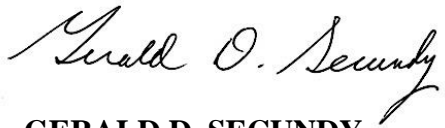
However, establishing the fixed dollar amount based on the 3rd tier of the 2020 APCR results in too high a fixed increment and too high a post-2020 APCR price to provide sustainable cost containment. This issue is increasingly important as the rate of cap decline doubles post-2020 to achieve deeper reductions. In order to provide more meaningful cost-containment in the post-2020 program, CCEEB encourages ARB to consider a lower fixed dollar amount above the floor price. Specifically, CCEEB encourages ARB to adopt a fixed dollar amount tied to the 1st tier of the APCR instead of the 3rd tier APCR.

In addition to providing more effective cost-containment, a smaller step between the auction floor price and the APCR price reduces incentive to manipulate the market to raise prices. In this way, the floor and APCR prices function similarly to a price “collar” on allowances.

**Conclusion**

Thank you for considering our comments on the proposed amendments to the Cap-and-Trade regulation. CCEEB represents a broad cross-section of the covered entities in California. As such, CCEEB is able to represent diverse industry sectors and is pleased to offer our assistance to the ARB as you further develop these ideas. Should you wish to discuss our comments in more detail, please contact me or Jackson R. Gualco, Kendra Daijogo or Mikhael Skvarla, CCEEB’s governmental relations representatives at The Gualco Group, Inc. at (916) 441-1392.

Sincerely,



**GERALD D. SECUNDY**

President

cc: Honorable Chair & Members of the Air Resources Board  
Mr. William J. Quinn  
Ms. Janet Whittick  
The Gualco Group, Inc.