

September 17, 2021

California Air Resources Board  
Climate Investments Branch  
1001 I Street  
Sacramento, CA 95814

***Re: Comments on the Draft Cap-and-Trade Auction Proceeds Fourth Investment Plan***

Dear CARB Climate Investments team,

We respectfully submit the following comments on the Draft Cap-and-Trade Auction Proceeds Fourth Investment Plan (Plan). We would like to thank the team behind the Plan--Anna Scodel and Kelly Kerber in particular--for their intentional outreach to community based and environmental justice organizations in the development of the Plan.

Before providing detailed comments on the Fourth Investment Plan, it is important to note that the California Air Resources Board (CARB) has already been urged by CalEPA to re-examine the place of the Cap-and-Trade program in state climate policy.<sup>1</sup> The State Auditor's office also documented this year the inefficacy of Cap-and-Trade in reducing greenhouse gas emissions (GHGs).<sup>2</sup> Moreover, Cap-and-Trade has perpetuated extreme environmental injustices in impacted communities, as was suspected since the beginning of its implementation.<sup>3</sup> Frontline communities continue to demand stable climate resilience funding and policy that does not hinge on a contrived market for polluters to buy their way out of regulatory compliance. California's policy solutions to the climate crisis must not be founded on the false promise, ideological hypocrisy, and injustice of Cap-and-Trade. With this first and foremost in mind, we offer the following comments about how the revenue generated from Cap-and-Trade should be utilized, and expect that the state will supplant the Cap-and-Trade with a sustained and fundamentally just climate mitigation and adaptation funding program.

**Recommended Funding Priorities**

We support prioritizing funding in the California Climate Investment (CCI) program to initiatives that directly reduce GHG and air pollution levels, improve health outcomes and climate resilience of impacted communities, invest in the local economic resilience of workers and communities, and support local community members' capacity to be their own decision makers. Across all funding priorities and programs, there needs to be much more specific investment to

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<sup>1</sup> Letter from Secretary Blumenfeld to Senate budget committee members, dated June 18, 2020.

<sup>2</sup> See the report "Improved Program Measurement Would Help California Work More Strategically to Meet Its Climate Change Goals" at <http://auditor.ca.gov/pdfs/reports/2020-114.pdf>

<sup>3</sup> See the report "A Preliminary Environmental Equity Assessment Of California's Cap-and-Trade Program" at <https://dornsife.usc.edu/PERE/enviro-equity-CA-cap-trade>

historically excluded, unincorporated communities with the least access to representation, public infrastructure and services.

Of the already established CCI programs, we are supportive of programs like **Transformative Climate Communities (TCC)**, the **Active Transportation Program**, and **zero-emission shared mobility and transit investments** that deliver long-lasting, participatory-based, socially and economically transformative benefits to impacted communities. We recognize and appreciate the inclusion of the second recommended funding priority, which we believe should be required for every program funded through CCI: “Provide dedicated funding to advance equity, environmental justice, and community participation.” For example, we have continued to work collaboratively with the Strategic Growth Council to ensure that disadvantaged unincorporated communities (DUC) are eligible for TCC and look forward to seeing target investments in DUCs materialize in the next funding cycle.<sup>4</sup> This should be a core practice within all CCI programs to ensure community members have an equal footing and are supported by partner agencies in the design and implementation of projects, such as is in the design of the **Sustainable Transportation Equity Project (STEP)**. Another example of how CARB can more closely adhere to this environmental justice principle is in the allocation of **Funding Agricultural Replacement Measures for Emission Reductions (FARMER)** funding, which should first be directed to farmers who are low-income, small-scale and black, indigneous, or farmers of color.

All California Climate Investments must deliver **direct reductions of GHG emissions, toxic air contaminants, and criteria pollutants** in order to abide by the Plan’s guiding principles, health metrics, and referenced statutes. And, at the public workshop for the Fourth Triennial Investment Plan, “emissions reductions” rose clearly to the top as the number one priority outcome among attendees for the state’s climate programs. The Plan should identify, for all CCI programs, the major challenges each program faces to directly reducing emissions, including both legal and implementation challenges. Additionally, the Plan should further discuss what improvements to existing programs are needed to achieve the emissions reductions required by statute. **AB 617**, for example, is meant to be a collaborative program for reducing GHGs and air pollution in overburdened communities, though has not delivered the emissions reduction measures needed, and lacks mutual accountability from agencies that are fully aware of their task to deliver emissions reductions.

Similarly, **dairy digesters** claim to significantly reduce emissions from dairy livestock, but in reality perversely incentivize the production of more methane, create a market for the production of polluting biogas, and exacerbate pollution at the location of the digester.<sup>5</sup> Additionally, the public health assurances referenced in the report--the protection of groundwater from nitrates, the replacement of diesel PM with biogas emissions--are not adequately addressed and the Plan does not accurately describe the extreme localized pollution of water and air, harming community members’ health and deteriorating quality of life due to odors, flies, and truck

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<sup>4</sup> See SGC’s recent memo:

[https://www.sgc.ca.gov/meetings/council/2021/docs/20210629-TCC\\_DUC\\_Staff\\_Report\\_June\\_2021.pdf](https://www.sgc.ca.gov/meetings/council/2021/docs/20210629-TCC_DUC_Staff_Report_June_2021.pdf)

<sup>5</sup> See a recent letter to CARB here:

[https://drive.google.com/file/d/1m3B2nDmmG9j3AnEY3aNkU5g7eFzf7bR\\_/view?usp=sharing](https://drive.google.com/file/d/1m3B2nDmmG9j3AnEY3aNkU5g7eFzf7bR_/view?usp=sharing)

traffic.<sup>6789</sup> Dairy digesters and biogas-producing technologies have no reasonable place in the CCI portfolio or in state climate policy, and must be divested from immediately.

This is especially true for the “Low Carbon Energy, Buildings, and Industry” sector named in the plan. So called “**alternative fuels**” including biogas and biodiesel derived from biomass are deceptively named “near zero,” “low carbon,” “zero carbon,” “renewable,” and even “green.” Environmental justice communities have implored CARB to remove all investment from these polluting alternative fuels like renewable natural gas or fossil-fuel based hydrogen. Again, CARB must remove these dirty fuels—which function as delays to cleaner energy infrastructure and power—from the Plan’s “innovative industrial emissions reduction projects” and all California Climate Investments programs.

Additionally, we are concerned that some of the proposed investments in **lands and nature-based solutions** are not equity-centered. We recognize and emphasize the importance of carbon sequestration on what the State characterizes as “natural and working lands” and we support the State’s overall conservation goals for lands and coastal waters. Additionally, we support investments in **urban greening** that make parks and green spaces available to low-income communities that lack such infrastructure. However, the current framework of “climate-smart agriculture” and “climate-smart forests” run the risk of narrowly defining the problem of greenhouse gas emissions in these sectors in such a way that ignores the history of land dispossession, racial violence and unjust land use policies in California that have directly impacted the role of these natural & working lands in the climate crisis. Specifically regarding agriculture, it is critical that programs aim to directly reduce emissions and additionally sequester carbon by, in particular, expanding long-term access to lands for land stewards using indigenous and agroecological practices and prioritizing environmental justice outcomes.

As part of this, we urge CARB to include pesticide reduction and organic farming strategies within the Plan. While the current draft of the investment plan emphasizes investments in existing programs, such as the **Healthy Soils Program**, to curb emissions from agriculture, these programs currently leave out organic transition and the reduction of pesticides as mitigation strategies.

To support the resilience of local communities, we urge CARB to include and continue to scale in the CCI portfolio projects that invest in residents’ fundamental and climate-impacted needs (such as **safe and affordable drinking water**), and invest in climate-resilient utilities and infrastructure. One way CCI should invest in the **resilience of small water systems** is by directing funding to projects that pair clean drinking water projects for small water systems with solar technology. Similarly, CCI should continue to scale the state’s investment in physical community-determined infrastructure like **community resilience centers** that protect

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<sup>6</sup> Cal. State Univ. Fullerton, Air Quality Issues Related to Using Biogas From Anaerobic Digestion of Food Ware 1, 8-9 (2015).

<sup>7</sup> M. Kosuko, et al., Air Quality, Climate & Econ. Impacts of Biogas Mgmt. Technologies 1 (2016).

<sup>8</sup> See [CARB 1383 Analysis Letter July 14](#)

<sup>9</sup> Inside Climate News, “Can California Reduce Dairy Methane Emissions Equitably?” (August 9, 2021) at <https://insideclimatenews.org/news/09082021/california-dairy-methane-emissions/>

community health, increase energy resilience, and house mutual aid hubs for when climate disasters strike.

Lastly, it is essential to understand how CCI perpetuates or creates new barriers to equitable housing and development, particularly within the **Affordable Housing and Sustainable Communities (AHSC)** program. The current transit-oriented development (TOD) framework does not work for small cities and rural incorporated communities, so it is crucially important that infill development be prioritized for underutilized land in these existing communities and that communities are connected through creative transit alternatives like community-driven ride share programs. The way that the AHSC program in particular allocates funds ensures that cities with already high quality transit systems benefit most from certain elements of the program. CARB and implementing agencies must ensure that rural, disadvantaged and unincorporated communities are eligible for all AHSC monies. Additionally, beyond providing access to affordable rental units, the AHSC program should include in its goals increasing access to affordable home ownership. Rental units do not typically stay affordable for the following decades, and increasing home ownership in a community helps ensure that housing will remain affordable longer term.

### **Recommended Metrics**

In the evaluative metrics used to develop the Plan's funding priorities (Table 3), we appreciate the focus on social determinants of health, diesel particulate matter, criteria air pollutants, extreme heat, and climate resilience as key metrics to evaluate the quality of CCI programs. We urge CARB to include within the principle "Equity and Environmental Justice" metrics that will be used to evaluate how CCI investments advance **racial justice and economic justice**. One example of this is evaluating the **financial accessibility** of a program. Service programs that require vouchers or up-front costs prior to benefitting from the program are less equitable and accessible to low-income communities or color than service programs with deferred, reduced, or subsidized payment options.

For all metrics in Table 3, **we additionally request that CARB include more specificity around the data and quantifiable metrics utilized for each of the principles and measures**. For example, for the measurement "Facilitate access to information, community participation and leadership, local and regional partnerships, and shared decision making," what are the data and units of analysis that CARB utilized to evaluate all of these elements?

Most importantly, **assured and tangible benefits for frontline, low-income, and communities of color** must be reported for all California Climate Investments. We urge the CCI team and implementing agencies to adopt clear project-level metrics at the outset of every program (such as for residential displacement, or affordable housing creation), and schedule benchmarks for review over several years. Many programs have run into challenges or have not produced intended results, casting doubt on a program's efficacy and its future in the state's climate strategy. Implementing agencies must be monitoring the relevant socio-economic and

environmental impacts of the programs they are implementing, assess challenges and improvements to the programs early on, and develop a plan when intended outcomes of the program aren't achieved. This is essential for continually adapting and improving California's climate investments, for directly reducing emissions, and for making CCI work justly and swiftly for disadvantaged communities.

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We look forward to working with CARB and all implementing agencies of California's Climate Investments to ensure that the state's unjustly impacted communities are at the forefront of California's climate strategy and that emissions are directly reduced with disproportionate public health impacts and climate impacts in mind. Please contact Shayda Azamian at [sazamian@leadershipcounsel.org](mailto:sazamian@leadershipcounsel.org) with any questions or for further discussion.

Sincerely,

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