



California Council for Environmental and Economic Balance

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July 18, 2016

Chair Nichols and Members of the Air Resources Board

Submitted electronically to Clerk of the Board
<http://www.arb.ca.gov/lispub/comm/bclist.php>

Re: Proposed 2016 State Strategy for the State Implementation Plan (“State SIP Strategy”)

Dear Chair Nichols and Members of the Board:

We are pleased to submit the following comments on behalf of the California Council for Environmental and Economic Balance (“CCEEB”). 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. CCEEB represents major mobile and stationary sources across California, and is an active stakeholder at ARB and the South Coast Air Quality Management District (“SCAQMD”).

CCEEB supports the general approach to the State SIP Strategy, which relies on a comprehensive mix of regulations and incentives to achieve the federal 8-hour ozone standard by 2031. For the South Coast Air Basin, this means an 80 percent reduction in NO_x, with about 60 percent of these reductions coming from direct regulations. However, because mobile sources account for 88 percent of all NO_x emissions in the South Coast—and given the stringency of existing on-road and off-road tailpipe and engine standards, as well as stationary source regulations—aggressive incentive programs are needed to accelerate fleet and equipment turnover. SCAQMD and ARB staffs estimate about \$1 billion per year of incentive funding is needed for the next 14 years; in total, further deployment of clean technologies for mobile sources in the South Coast will cost almost \$40 billion through 2031. Incentives would help ease the burden on consumers, who will shoulder the majority of these costs. Additionally, drivers will benefit from lower fuel costs from cleaner vehicles, and disadvantaged communities will benefit from higher rebate rates and car scrappage payments.

Need Strong Partnerships to Develop Funding Plan and SIP-creditable Incentives

CCEEB places the highest priority on incentive programs that satisfy federal Clean Air Act emission reduction requirements and, as such, are SIP creditable. We appreciate discussion of CAA requirements in the proposed State SIP Strategy and the SCAQMD draft Air Quality Management Plan, as well as the air agencies commitment to developing a viable and comprehensive funding plan. CCEEB believes that ARB and SCAQMD should build strong partnerships with public stakeholders and EPA in this endeavor, both as a means to solicit creative and effective ideas, as well as a way to build broad-based political support and

consensus. It's important to consider, too, that not all incentives involve direct funding; and public partners may be best in tune with what will drive effective and innovative penetration of clean technologies. As in the past, CCEEB would be happy to work with ARB and SCAQMD towards this end, building on our past work to convene technical workshops and stakeholder dialogue in support of the State's mobile source incentive programs and climate change policies. Of course, these workshops would be open to all stakeholders and agency partners.

State Must Maximize Emission Reductions Across All Incentive Programs

CCEEB acknowledges that the State SIP Strategy is ambitious; achieving the aggressive technological transformation outlined in the plan, and in the short timeframe needed to meet federal air quality standards, will take a tremendous amount of political will, capital investment, and cross-sector support. To be credible, ARB must demonstrate its commitment to maximizing funding support for emission reductions across all State investment programs, including the Greenhouse Gas Reduction Fund. This could involve sustained advocacy at the Legislature and the Governor's Office to ensure that spending priorities are aligned with NOx and PM2.5 control measures contained in the SIP. While State investments can and should provide multiple benefits, the public health benefits stemming from attainment of air quality standards must take priority. Public funds and the private capital they are meant to leverage are inherently limited; the State must show that it can prudently administer its fiscal resources and prioritize scarce public funds in order to demonstrate that the incentive-based regulatory strategy laid out in the proposed SIP is both feasible and worthy of support. The State must be willing to lead with its own dollars to act as a catalyst for private investment.

We thank you for considering our comments here. CCEEB will provide additional and more detailed comments through the SCAQMD AQMD process, and we hope to work closely with both ARB and SCAQMD in developing a viable funding plan and working to build support for the State SIP Strategy. Please contact Bill Quinn of CCEEB, Kendra Daijogo of The Gualco Group Inc. at (916) 441-1392 or me with any questions or comments.

Sincerely,


GERALD D. SECUNDY
President

cc: Honorable Edmund G. Brown, Jr.
Honorable Legislative Leaders
Honorable Matt Rodriquez
Mr. Richard Corey
Mr. Wayne Nastri
Dr. Phillip Fine
Mr. William J. Quinn
Ms. Janet Whittick
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