



Dorothy Rothrock  
Vice President, Government Relations

## **Comments of California Manufacturers & Technology Association**

**Re: Proposed 45-Day Amendments to the Cap and Trade Regulation dated July 29, 2014**

The California Manufacturers & Technology Association has coordinated the work of a group of companies and trade associations that together represent more than 800 companies in connection with certain disclosure requirements included in the cap-and-trade program. This group includes the Western States Petroleum Association, BP, Chevron U.S.A Inc., GE, California League of Food Processors, International Emissions Trading Association, Western Power Trading Forum and others.

On July 22 members of our joint industry group wrote to Chairman Nichols, with copies to other members of the Board and the Executive Director, to identify a number of significant issues regarding the disclosure requirements that became effective July 1, 2014 and requesting relief for industry prior to the July 31 reporting deadline.

We thank ARB leadership and staff for the significant progress made on these issues since July 22. In particular, we are grateful to the senior management team for meeting with our joint industry group on July 27 and for issuing guidance on July 29 that provided a clear compliance pathway for the July 31 deadline.

The currently proposed 45-day changes do not address our concerns, but we understand that they were finalized prior to our July 27 meeting in Sacramento and, accordingly, could not possibly reflect the substance of our discussions.

As a follow up to our July meeting, the joint industry group submitted the enclosed September 15 "Joint Industry Proposal" for disclosure requirements. Since then, we have been working with staff on an interim solution and have been developing 15-day changes that may be combined with revised guidance. Although our work with staff is ongoing, we feel confident based on the

constructive nature of the dialogue that the final package will reflect much of the Joint Industry Proposal. Some of the key points of our position include the following:

1. The ability for registrants to use a list of affiliates submitted to other agencies, such as the Securities and Exchange Commission or the Commodity Futures and, to comply with the unregistered affiliate disclosure requirement.
2. The ability of registrants, particularly those that do not submit affiliate lists to other agencies, to submit a list of unregistered affiliates with which they have a majority control relationship and that operate in markets that are related to the California carbon market.
3. Clarifying the scope of the regulatory investigation attestation that must be included in auction applications. This needs to be addressed before the application deadline for the next quarterly auction.

While the current plan is a good gap-filler, industry cannot rely on guidance indefinitely. In addition, several important elements of the September 15 Joint Industry Proposal cannot be included in the 15-day package due to the limitations of the 15-day rulemaking procedure, and cannot be included in guidance as they require actual changes in the regulation (*e.g.*, the disclosure requirements pertaining to legal counsel). Accordingly, we ask that the Joint Industry Proposal as a whole be included in the next 45-day changes to the cap-and-trade regulation. This proposal is clear and will be readily understood by the applicable compliance and legal teams within each registrant because it leverages corporate terminology that is standard in the SEC and CFTC markets.

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(with attachment)