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President

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Via web: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Mr. David Mehl
Mr. Ryan McCarthy
Air Resources Board
1001 I street,
Sacramento, CA 95814

Re: Comments on Short-lived Climate Pollutant (SLCP) Reduction Strategy CARB Concept Paper (May 2015)

Dear Mr. Mehl and Mr. McCarthy:

The Western States Petroleum Association (WSPA) is a trade group that represents 25 companies that explore for, develop, refine, market and transport petroleum and petroleum products in California and the West. WSPA has been an active participant in discussions concerning policies affecting climate change and green house gas (GHG) control. We recognize the importance of identifying and better understanding the impact of short lived climate pollutants (SLCP) on climate change and the extent to which these pollutants are already regulated under other programs before ARB launches into new overlapping policies.

WSPA attended the California Air Resources Board (ARB) workshop on May 27 and are submitting these comments in response to the materials that were presented. WSPA appreciates the stepwise approach that ARB has taken to understand the role of SLCP and the requirements of SB 605. We agree that it is important to review and evaluate the potential impacts of SLCP emission reduction targets on the State's ongoing, comprehensive efforts to implement AB 32 mandates before any new requirements are adopted. This inquiry is necessary to minimize the potential for unintended outcomes that may frustrate achieving the goals of additional emissions reductions while ensuring the state's economic vitality.

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The following comments address the broad concepts identified in ARB's Short-Lived Climate Pollutant Reduction Strategy Concept Paper and ARB's May 27 workshop slides. WSPA expects to provide more substantive commentary on ARB's proposed SLCP Strategy once those details become available.

Integration of SLCP within AB 32 Efforts

We note at the outset that SLCP pollutants are regulated under AB 32 or are aggressively targeted under various existing criteria pollutant programs. Separate policies only detract from existing efforts and add to the lack of regulatory transparency and increase regulatory burden. We recognize that ARB was tasked by the legislature to develop a strategy to address differential impacts of SLCPs. It is our understanding that the administration and ARB leadership are committed to undertaking this exercise in a scientifically rigorous, inclusive and transparent manner that avoids overlapping programs and duplicative regulatory requirements. ARB should evaluate the incremental benefit of potential new measures relative to measures ARB and local air districts have already adopted to identify gaps in existing programs and opportunities to expand the scope of sources subject to those programs.

California's Efforts to Reduce SLCP and Impact on Climate Change

The Concept Paper spends a significant amount of time discussing the global benefits of reduced SLCP emissions, but doesn't offer many specifics on California's contribution to these totals. Prior to setting aggressive goals, a robust emissions inventory must be developed to establish a baseline and allow the analysis that such a goal is attainable. Given that all of the SLCP pollutants are currently regulated, the data to support such an inventory already exists. This information should be included in the SLCP strategy as a baseline for evaluation of policy alternatives.

We note for example that the workshop presentation (Slide #8) references targets for the State by inference to recent literature. In order to educate stakeholders, especially those who will be subject to future ARB initiatives, ARB should provide specific citations to the literature and show the method through which suggested targets were derived.

In addition, ARB states that "SLCPs may be responsible for about 40 percent or more of global warming experienced to date," and makes the claim that "cutting emissions of these pollutants is the *only* way to immediately slow global warming and reduce the impacts of climate change." ARB should explain the basis for its claim that SLCP emissions must be reduced immediately, and it should provide the technical and economic justification for this position.

Furthermore, ARB promotes itself as a leader of developed and developing countries in its actions on SLCP by virtue of existing programs that have and will continue to reduce SLCP emissions. ARB should recognize that other jurisdictions are more likely to follow California's lead if its SLCP policies are transparent, non-duplicative and cost-effective. For example, ARB should consider allowing offsets for reductions of SLCPs in jurisdictions that are not currently regulating these pollutants. Just as future CO₂ emission reduction targets should be conditional upon participation by other countries

and jurisdictions, ARB should focus its resources on incentivizing cost-effective reductions of SLCPs in other jurisdictions rather than pursuing new SLCP policies in isolation to the detriment of the California economy.

Need for Economic and Environmental Analysis

Although costs and benefits are mentioned in several places, it is not clear that the cost/benefit ratio (or cost effectiveness) of any particular measure will be used as a primary factor for evaluating policy alternatives. In fact ARB must, as a critical step in this process, develop an approach to quantifying the economic and environmental impacts (perhaps in terms of PPM CO₂e reduced) of potential SLCP measures, both individually and in combination with overlapping programs, to reduce overall climate-forcing emissions. Given the global nature of the problem ARB seeks to mitigate, it is essential that ARB work with USEPA and other national and international jurisdictions to better understand, through rigorous evaluation, the cost effectiveness of various policy alternatives and, thereby address the environmental and economic factors mentioned in the Concept Paper. For example, as part of this evaluation, command and control policies should be compared to market-based approaches that have been implemented in California and other jurisdictions. Such an analysis will be needed to identify and prioritize measures that complement and accelerate progress to meet environmental, social justice, and economic objectives as was discussed earlier.

ARB Should Resolve Policy Conflicts that Undermine Emission Reduction Objectives

The Concept Paper identifies high-GWP F-gas refrigerants as a priority target for future SLCP control measures and makes specific reference to development of strategies to recover and destroy these SLCPs (see for example the last bullet on page 29). Arguably the most cost-effective means of achieving this particular objective on a global scale is through approval of offset credits under the Cap and Trade program for projects that capture and destroy ozone depleting substances (ODS). Unfortunately, existing ARB-imposed regulatory limitations on generation and use of offset credits, coupled with ARB's 2014 investigation and subsequent invalidation of credits generated from previously approved ODS projects, is eroding market confidence in the viability of ODS offset credits. ARB should act immediately to remove these policy barriers to future ODS offset projects. Failure to do so will inevitably retard reductions in F-gas emissions and limit the overall success of any future SLCP program. As part of this process and ARB's broader effort to integrate planning and implementation of existing emission control programs, the agency should seek to identify and resolve policy conflicts that will have the unintended effect of limiting actual GHG emission reductions.

The Concept Paper also identifies the need to expand action on SLCPs beyond California's borders. California has a unique opportunity to accelerate SLCP reductions by crediting reductions in other jurisdictions as early action offsets under its Cap and Trade program. This approach would supplement limited offset supplies while incentivizing SLCP reductions beyond California's borders.

Impact on Transportation Fuels and Goods Movement

ARB's SLCP Strategy should consider how emissions from the transportation sector can be reduced in a realistic manner. For example, given the power and distance requirements associated with goods movement, future reductions in emissions from heavy duty vehicles must be evaluated relative to **how** such reductions could feasibly be accomplished. ARB should develop a specific approach to addressing these questions both in the context of the SLCP Strategy and AB 32 implementation. That elements of this analysis are part of ARB's Sustainable Freight Strategy as well as the upcoming State Implementation Plans (SIPs), which elevates the need for a rigorous and quantitative analysis of all related program elements.

Transparency, Integration and Evaluation of Elements within Federal, State, Regional and Local Programs

We note that ARB recognizes that California must work with other jurisdictions, both inside and outside of the State, in order to understand and quantify the global impact of potential SLCP actions. Hence, as noted above, where overlapping (or cooperative) actions to reduce SLCPs are encouraged it will be important to avoid duplication of effort and conflicting regulatory requirements.

It is essential that ARB evaluate what additional actions are necessary to achieve multiple objectives through coordination among planning agencies and across regulated sectors, systems, and government jurisdictions. ARB's plans to leverage policies originating from other ARB plans such as the Sustainable Freight Strategy and those of other agencies such as the CEC's Integrated Energy Policy Report must be included in an overall cost-effectiveness analysis so that all stakeholders can better understand the path that lies ahead.

Thank you for the opportunity to provide comments on your approaches to looking at SLCP. We look forward to continuing opportunities to work with the ARB on this issue.

Should you have any questions, feel free to contact me or Mike Wang of my staff (cell: 626-590-4905; email: mike@wspa.org).

Sincerely,

