



September 1, 2015

Mary Nichols, Chair
California Air Resources Board
P.O. Box 2815
Sacramento, California 95812

RE: Comments on Draft Cap-and-Trade Auction Proceeds Second Investment Plan Concept Paper

Dear Ms. Nichols:

Thank you for the opportunity to comment on this Concept Paper for the Cap-and-Trade Auction Proceeds Second Investment Plan. As you are well aware, the San Joaquin Valley faces one of the most significant air quality challenges in the nation, and faces substantial socio-economic disadvantages. Based upon CalEPA's CalEnviroScreen model, 23 out of the 30 most disadvantaged communities in the state are located in the San Joaquin Valley. A well-crafted investment plan can not only assist in reducing greenhouse gas emissions, but can also improve air quality and provide socioeconomic opportunities in the most disadvantaged communities. As such, we would like to provide the following comments for your consideration as you develop the Second Investment Plan.

The District recommends prioritizing the expenditure of Cap-and-Trade auction proceeds on measures that obtain both greenhouse gas emissions reductions and criteria pollutant reductions. Prioritizing proceeds on measures such as these will result in co-benefits of reducing both greenhouse gas emissions reductions and criteria pollutant reductions. We also recommend that measures that achieve greenhouse gas emissions reductions and result in increases in criteria pollutant emissions should be avoided.

SB 535 requires that 10% of the Greenhouse Reduction Fund revenues be spent in disadvantaged communities and 25% be spent to benefit those communities. In order to achieve the policy goals established in SB 535, barriers that prevent disadvantaged communities from accessing funds should be eliminated. The District supports the Investment Plan concept of Integrated Projects in Disadvantaged Communities to Support Local Climate Action. Under the current investment plan GGRF resources are spread across multiple state agencies, with varying application processes and procedures. Many disadvantaged communities do not have the resources to pursue multiple grant opportunities at a variety of state agencies. In order to achieve the full benefits of integrated projects, a single entity should be chosen to interface with communities and administer projects. This will allow disadvantaged communities to work with one entity to implement projects and ensure that these communities are not unfairly excluded from participation due to the enormous complexities and resources needed to compete for funds under the current structure.

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Executive Director/Air Pollution Control Officer

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The District supports funding for near zero emission goods movement projects to continue improvement in greenhouse gas emissions and criteria pollutant emissions. The development of zero emission technologies in the long term will bring greenhouse gas emissions reductions for the state; however the San Joaquin Valley is in need of immediate assistance to meet its attainment goals. Achieving attainment of EPA's increasingly stringent ambient air quality standards will require the development and implementation of transformative zero/near-zero emissions technology over the coming decades. Heavy duty trucks comprise the single largest source of emissions in the Valley and developing zero/near-zero technologies for this sector is vitally important to addressing the Valley's federal attainment challenges. Given the enormous challenges the Valley still faces in meeting the criteria pollutant standards and the unique circumstances such as distance and elevation, natural gas may provide an effective option for reducing both greenhouse gas and criteria pollutant emissions.

To reach Governor Brown's executive order of 1.5 million zero emission vehicles by 2025 new programs and expansion of existing clean vehicle programs will need to be implemented in disadvantaged communities. The District has successfully implemented the Enhanced Fleet Modernization Program and the Enhanced Fleet Modernization Plus-Up Program providing primarily low income San Joaquin Valley residents opportunities to purchase newer-cleaner vehicles. The District supports the Investment Plan's expansion of both these programs to ensure that all Californians have access to low-emission advanced technology vehicles.

The Strategic Growth Council currently provides GGRF funding for Sustainable Communities and Affordable Housing projects. Under the program's existing guidelines and scoring criteria, it is extremely difficult for projects in small and medium sized communities to compete with large urban areas. The program requirements should be modified to ensure that projects that are appropriate to implement in small and medium sized communities have the ability to compete for funding. Additionally, it takes substantial resources to bring projects to the point in the development process that they are eligible to apply. The District recommends that the Investment Plan includes funding to assist communities in developing land-use projects that are capable of reducing vehicle travel and greenhouse gas emissions.

The District supports the programs that are currently administered by the Department of Food and Agriculture including funding for the installation of dairy digesters for the production of renewable natural gas and water conservation projects. The District suggests that an additional program be developed that provides funding for the electrification of agricultural irrigation pumps. This program has the potential to significantly reduce greenhouse gas emissions as well as providing significant criteria pollutant benefits.

In addition, the District supports providing funding to maintain the biomass power industry in the state. The biomass power industry provides numerous benefits to the State's efforts to reduce greenhouse gas emissions. These include reducing the risk of catastrophic wildfires by managing forest waste, providing an alternative to open burning of agricultural waste, and assisting in meeting waste diversion goals. In the past year, two of the plants in the

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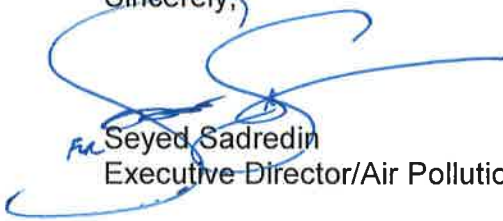
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San Joaquin Valley have closed and a number of other plants are in jeopardy of shutting down absent additional support from the State.

The Department of Community Services and Development along with ARB should direct funding towards programs that replace older residential wood burning devices with new clean certified devices given the reduction in both black carbon greenhouse gas and particulate emissions, and energy savings resulting from residential wood burning device upgrades. The District believes that there is an opportunity for both State agencies to provide funding for a combination of weatherization, energy efficiency and clean burning devices targeted at disadvantaged communities. As an example of effective local implementation of such a program, the District's existing Burn Cleaner incentive program infrastructure could be used to assist in developing and administering such a program.

While these are some of our initial thoughts, we look forward to participating throughout the development of the Second Investment Plan. If you have any questions, please feel free to contact me at (559)-230-6036.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Seyed Sadredin', with a large, sweeping flourish extending to the right.

for Seyed Sadredin
Executive Director/Air Pollution Control Officer