

November 12, 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

Dear Ms. Nichols:

Thank you for the opportunity to comment on the Draft Cap-and-Trade Auction Proceeds Second Investment Plan. We wish to express our gratitude for the recent visits to the San Joaquin Valley that provided an opportunity for local stakeholders to present comments on the 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.

The District is grateful that a number of our comments on the Concept Paper were taken into consideration and included in the Draft Second Investment plan. In particular, we appreciate that the investment plan includes funding for residential wood burning device upgrades; potential cross-cutting approaches as an investment concept; and funding for biomass plants to reduce fuel loads in the forests. The District would like to provide the following comments for further consideration as the Second Investment Plan is finalized.

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.

While the District supports providing funding for biomass power plants to reduce fuel

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

loads in the forest, biomass power plants play a key role in reducing criteria pollutants and greenhouse gas emissions from other sectors as well. Currently, biomass power plants provide an alternative to agricultural burning in the San Joaquin Valley. These plants are facing closure as their contracts with public utilities expire, with five biomass plants in the Valley having already shut down since 2012. In order to continue to realize the emissions reductions associated with these plants, the District supports utilizing GGRF funds to allow for the continued operation of these plants.

The District supports funding for zero and near-zero emission goods movement projects to continue improvement in greenhouse gas emissions and criteria pollutant emissions. The District encourages ARB to prioritize funding for sustainable freight projects in the investment plan. Communities in the San Joaquin Valley are heavily impacted by freight due to having two major transportation corridors running through its boundaries, and bringing about significant additional reductions in freight emissions will be essential to the San Joaquin Valley reaching attainment with ever-tightening federal ozone and particulate standards. The development and implementation of new near-zero emission technologies in the freight sector will also provide for significant reductions in toxic air contaminants that affect San Joaquin Valley residents. Furthermore, a healthy and sustainable freight sector provides jobs to residents in the San Joaquin Valley.

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 also suggests that the Department of Food and Agriculture include funding for the electrification of agricultural irrigation pumps. Public/private partnerships aimed at the electrification of agricultural irrigation pumps have proven highly successful in the

past, and this program has the potential to significantly reduce greenhouse gas emissions as well as providing significant criteria pollutant benefits.

As you move forward with establishing the Investment Plan, the District stands ready to assist in the formulation of funding programs that achieve state GHG goals while also assisting the San Joaquin Valley address its air quality challenges. If you have any questions, please feel free to contact me at (559)-230-6036.

Sincerely,



Seyed Sadredin
Executive Director/Air Pollution Control Officer