



*We Help Bring California's Goodness to the World*

September 14, 2018

Mary Nichols, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Cap-and-Trade Auction Proceeds Third Investment Plan**

Dear Chairman Nichols:

The California League of Food Producers (CLFP) appreciates the opportunity to comment on the Draft Cap-and-Trade Auction Proceeds Third Investment Plan: Fiscal Years 2019-20 through 2021-22 (Third Investment Plan). CLFP represents 47 industrial food processors in California, twenty-one of which are subject to compliance obligations under the cap-and-trade regulation. Food and beverage processing in California accounts directly for \$25.2 billion in value added and 198,000 direct full- and part-time jobs. Food processing reverberates through local and regional economies throughout California.

CLFP has advocated for cap-and-trade funding to be redirected back to the facilities/companies subject to the cap-and-trade regulation since the program was first initiated. The food processing industry was pleased when the Governor supported the Food Production Investment Program (FPIP) which directed \$60 million of the Greenhouse Gas Reduction Funds (GGRF) to fund emissions reduction projects for the food processing industry. More to the point, the emphasis of the program was focused on food production facilities subject to the cap-and-trade for the first time in the history of the GGRF.

CLFP also supports the continued use of auction funds for programs like the Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER) in the Third Investment Plan. CLFP backs using GGRF funds to support the proposed PM 2.5 State Implementation Plan, which is currently being considered for approval in the San Joaquin Valley to aid in meeting the Valley's attainment goals. The plan promises to be costly.

California's industrial food processors are facing significant challenges on many fronts that have little or sometime nothing to do with the state's climate change goals. Energy rate increases due to safety or fire events, labor shortages, reduction in water availability due to State Water Resources Control Board decisions, and truck driver shortages are just a few of the factors that are affecting the ability of the Valley agricultural industries to continue to operate profitably. CLFP believes that without GRFF-funded programs such as FARMER and FPIP or funding for PM2.5 Plan implementation being readily available, in sufficient amounts, achieving the state goals or Valley attainment targets will be impossible.

Sincerely,

A handwritten signature in black ink, appearing to read "John Larrea", with a long horizontal flourish extending to the right.

JOHN LARREA  
Director, Governmental Affairs