



To: Mary Nichols, Chair
California Air Resources Board

Fr: Climate Change Policy Coalition

Date: November 21, 2016

Re: CCPC Comments on the November 2030 Target Scoping Plan
Workshop [November 7, 2016]

The Climate Change Policy Coalition (CCPC) is a coalition of business and taxpayer groups working for effective implementation of California's climate policies. Our goal is to provide a constructive voice in program and design updates as they are recommended by ARB staff and adopted by the California Air Resources Board (ARB).

CCPC believes the best path to achieve the state's long-range environmental goals is through an integrated and flexible policy framework that optimizes sustainable and cost-effective greenhouse gas (GHG) emission reductions in all programs and sectors.

CCPC's comments today focus on the 2030 Scoping Plan Policy Scenarios presented during the November 7, 2016 workshop. As California's additional climate change policies are now forward looking -- the original philosophical intent of AB 32 must remain as the foundation of California's climate change strategies:

"The bill [AB 32] would require the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions, as specified."

The original Scoping Plan -- and now its update -- the 2030 Scoping Plan -- is intended to be the blueprint for our state to continue to reduce GHG emissions.

CCPC continues to believe that a well-designed Cap-and-Trade Program can be an effective regulatory tool to reduce GHG emissions in a cost-effective and technically feasible manner.

We understand that the 2030 Scoping Plan and the update to the Cap-and-Trade regulation are now on calendar parallel tracks therefore it is important comments from stakeholders work in tandem both the 2030 Scoping Plan and the Cap-and-Trade regulation amendments. This will help to ensure that the amended Cap-and-Trade Regulation, should it receive further legislative, approval, can be smoothly adopted into the 2030 Scoping.

That seamless transition cannot occur without a more thorough approach to 'Energy Intensive Trade Exposure [EITE]' evaluations and the proper recourse necessary to the current studies and a more exacting analysis of the role AB 197 will play in our climate change policies. CCPC submitted more detailed comments as a response to the ARB November 2016 Proposed Amendments to the Cap-and-Trade Regulation but felt it necessary to redirect your attention to them as they will be directly linked to the 2030 Scoping Plan.

The manner in which the Cap-and-Trade Program continues to be implemented or how it is altered may make or break California's economy. We urge the Board to direct the ARB staff to conduct stand-alone workshops on the scoping plan/cap-and-trade scenarios so stakeholders may constructively contribute to the critical program design.

Of specific concern is the scheme of 'facility-specific caps' that was raised in the ARB Scoping Concept Paper (*June 2016*) again in the 2030 Scoping Plan Scenario slides (*November 2016*) presentation. As noted by ARB Executive Officer, Richard Corey (*September 2015*) in his letter to the Bay Area Air

Quality Management District (BAAQMD), “A local limit on GHG emissions at Bay Area refineries or other facilities subject to the Cap-and-Trade Program could have the following undesirable consequences:

- Failing to reduce statewide GHG emissions,
- Increasing GHG emission outside of local jurisdictions
- Increasing the cost of statewide GHG emission reductions, and,
- Shifting business activity to outside of the local jurisdiction.”

Heightened program review is warranted to protect against unintended impacts to the economy and jobs. Robust and regular oversight and informational hearings must accompany any post-2020 climate policies. We believe ARB should, at a minimum, review each current regulation resulting from AB 32 and determine if, (1) the regulation has accomplished the intended objectives or, (2) if the regulation has failed to achieve its goal and may simply have placed undue burdens on California’s businesses and consumers without reducing our GHG emission levels.

The updated 2030 Scoping Plan needs to include a provision that includes a review Peer Review document. The 2008 Scoping Plan Peer Review document provided valuable feedback when evaluating the ARB’s initial Economic Analysis of the Scoping Plan. These nationally recognized experts on environmental and economic issues raised valid points that should be reviewed upon the release of the updated Scoping Plan. With a review of: (1) cost of scoping plan regulations with regard to the increase in pricing of consumer goods and services; (2) the impact of increased energy costs that will affect California companies and families; (3) the impact on California’s competitiveness; and, (4) the lack of a cost-effectiveness analysis.

A requirement that emission targets sync with similarly stringent commitments by other states and countries. While we appreciate the efforts made by the Administration and the ARB to promote and encourage other states and nations to be more aggressive in their climate change policies, the fact remains there is much to be accomplished on this front. Any emission reductions anticipated beyond 2020 should be analyzed and

reported in the context of California's reductions against worldwide carbon emission projections.

Reinstate the Economic and Technology Advancement Advisory Committee (ETAAC) to advise the Board and staff on investment in and implementation of technological research necessary for reaching 2030 goals; and,

Establish an Industrial Advisory Board so industry and manufacturing can play a more significant role in the state's efforts to meet its 2030 and beyond goals. Partnering with industry in the state's effort to craft regulations that will promote economic expansion while reducing emissions can help the program succeed. An Industrial Advisory Board is a good step toward ensuring that both economic prosperity and environmental sustainability can be achieved.

CCPC looks working with ARB staff to improve the 2030 Scoping Plan and amendments the Cap-and-Trade regulation to ensure California's climate change policies objectives are met. Should you have any questions or need anything further from us, please feel free to contact Shelly Sullivan at (916) 858-8686