



April 25, 2013

Chair Mary D. Nichols
California Air Resources Board (CARB)
1001 I Street
Sacramento, CA 95814

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

Dear Chair Nichols and Members of the California Air Resources Board (“CARB”):

I am writing on behalf of the Los Angeles Area Chamber of Commerce (“Chamber”) to provide input on the Draft Cap-and-Trade Auction Proceeds Investment Plan (“Plan”) released by the CARB on April 16, 2013. The Chamber is pleased with the three Investment Priorities recommended in the Plan, especially the proportion of investments proposed for the Sustainable Communities & Clean Transportation and Energy Efficiency & Clean Energy categories; two issue areas critical to reducing emissions and improving air quality in Los Angeles.

We remain concerned, however, with the lack of information describing: 1) how investments will be equitably distributed to regions throughout the state via programs and projects; 2) the level of investment each Investment Priority sub-category should receive; and 3) how proposed investments will mitigate future increases in energy costs associated with the Cap-and-Trade program (“Program”) for industrial and commercial businesses throughout the state.

We believe incorporating the following feedback into the Plan will improve our ability to meet AB 32’s goals and help maintain our region’s economic competitiveness:

- **The annual investment allocated to a region via projects and programs should be commensurate with the proportion of total statewide emissions generated annually by that region.** This method of distribution will ensure regions with high levels of emissions and allowances purchased receive their fair share of the investment, which are needed to comply with SB 375 and AB 32 goals.
- **One third of the investment allocated to the Sustainable Communities & Clean Transportation priority investment category should be invested in freight and goods movement infrastructure and technology advancement projects.** Investments in zero and near-zero technologies, technology advancement programs, and energy efficiency projects related to the freight and goods movement sector will build on the effective work already being done by ports and in our region, and will allow for the continued transformation of our goods movement sector into a cleaner, more efficient economic engine. Funds should be specifically allocated for demonstration projects, offsetting the costs of purchasing new technology and incentivizing early adoption of new technologies. Furthermore, reducing emissions in goods movement-intensive communities, which are predominately low-income and minority communities, will also improve public health and the environment while keeping our state competitive nationally and globally.
- **Investments allocated for Industrial/Agricultural: Energy Efficiency Improvement projects proposed under the Energy Efficiency & Clean Energy priority investment category should also help offset electric rate impacts for businesses not covered by the Program or by**

California Public Utilities Commission (CPUC) Rule 11-03-012¹. CPUC Rule 11-03-012 helps offset the rate impacts for small businesses that consume 20 kilowatts in more than three months within a twelve-month period. However, the majority of commercial and industrial businesses in Los Angeles and California exceed that threshold and are therefore vulnerable to higher energy costs. The Chamber believes Energy Efficiency & Clean Energy investments should be used to expand the scope of CPUC Rule 11-03-012. Doing so would help ensure that all businesses and jobs in California are not lost or move out-of-state due to higher energy costs.

- **Investments allocated for energy efficiency improvement projects should be distributed to and administered by existing programs offered by utilities.** Energy efficiency programs administered by utilities have a lengthy and proven track record of effectively reducing energy demand in California and they are also best positioned to quickly and most cost-effectively deploy the resources given their existing programmatic infrastructure, experience and expertise.

The Chamber thanks you for allowing us to comment on this critically important issue for our region and state. How auction proceeds are ultimately invested will have a significant impact on the future growth and success of our regional and state economy. The Chamber will continue to work with business and civic leaders in Los Angeles to ensure AB 32 goals are achieved in the most cost effective and economically beneficial way for our region and state. We look forward to working with the CARB, implementing agencies, Governor's Office and Legislature to develop a Plan that both reduces emissions and grows our economy.

Sincerely,



Gary Toebben
President & CEO

CC: Board Member Daniel Sperling
Board Member Phil Serna
Board Member Dorene D'Adamo
Board Member Barbara Riordan
Board Member John R. Balmes, M.D.
Board Member Hector De La Torre
Board Member Sandra Berg
Board Member Ron Roberts
Board Member Alexander Sherriffs, M.D.

¹ Rule 11-03-012, California Public Utilities Commission, November 16, 2012.
<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M031/K744/31744787.PDF>