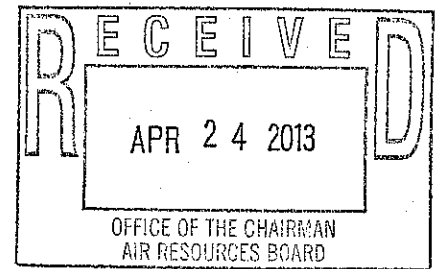


The Honorable Mary Nichols, Chair  
California Air Resource Board  
1001 I Street  
Sacramento, CA 95814



**ghgreductfund13**

XC: Board Members 13-5-4  
Chairman Binder 4/25/2013  
EO Binder  
JG

Re: Comments on Draft Cap and Trade Auction Proceeds Investment Plan

Dear Chair Nichols:

The Agricultural Energy Consumers Association (AECA) appreciates the opportunity to comment on the Draft Investment Plan released April 16. AECA represents the interests of the state's leading agricultural trade associations and over 40,000 individual farmers, ranchers, dairy producers and food processors. AECA continues to support key funding recommendations for agricultural management and agricultural energy efficiency.

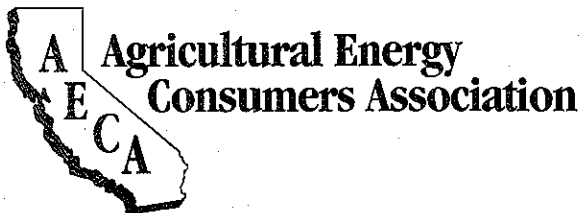
As noted in our March 8, 2013 comments on the Draft Concepts Paper, agricultural management and energy efficiency programs can play a critical role in reducing green-house gas emissions, addressing environmental justice issues in disadvantaged communities and providing other public health and economic benefits.

AECA strongly supports four key funding recommendations contained in the Draft Investment Plan, as follows:

#### **Industrial/Agricultural Energy Efficiency**

AECA strongly supports both funding recommendations contained in this category.

1. Energy efficiency, clean energy, and distributed generation at food processing and other industrial and commercial businesses covered under the Cap-and-Trade Program represents an important funding program to offset the Cap-and-Trade Program impacts to the more than 30 agricultural and food processing entities being regulated as covered entities. Grants could be provided to offset energy efficiency and distributed generation projects at covered entities to help those businesses offset compliance obligations associated with energy (natural gas and electricity) usage. AECA also strongly supports expansion of the SGIP program to include much larger projects, which would be necessary for these entities to substantially reduce their GHG emissions and corresponding compliance obligations.
2. Replacing diesel irrigation pumps with electric motors and supporting infrastructure continues to represent a proven, highly effective GHG reduction and air quality improvement program. As AECA stated in our March 8, 2013 comments, the existing conversion program (which is closed to new projects) is among the most cost effective programs ever implemented by the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) and represents an important opportunity to provide environmental benefits to disadvantaged communities throughout the San Joaquin Valley. Additional funding to extend and expand the existing program would build on the substantial air quality benefits already achieved.



### **Agricultural Management**

3. Providing competitive grants for bioenergy production projects, including agricultural biomass and dairy biogas projects, has the potential to provide the most direct GHG reduction benefits of any projects being considered. Dairy biogas projects, in particular, are among the most cost effective measures, with the ability to reduce as much as 6 million metric tons of CO2 equivalent emissions by capturing methane and converting it to renewable energy and transportation fuel.
4. Providing funding for agricultural practices that reduce GHG emissions, improve water quality and provide other co-benefits also represents an important funding recommendation in the Draft Investment Plan. Grant funding and research programs should be considered for this important funding category.

AECA again appreciates the opportunity to provide important input to CARB as a final Investment Plan is crafted. AECA continues to support these important energy and agricultural program funding opportunities as CARB seeks to invest resources in programs that have proven and demonstrated direct GHG and criteria pollutant reduction potential, as envisioned by AB 32. Equally important, the air quality benefits associated with these funding proposals will accrue largely to the numerous disadvantaged communities identified by CARB in the San Joaquin Valley as required by Senate Bill 535.

Sincerely,

Michael Boccadoro  
Executive Director