



June 25, 2018

Rajinder Sahota – Assistant Division Chief, Industrial Strategies Division
Jason Gray – Branch Chief, Cap-and-Trade Program
California Air Resources Board
1001 I Street
Sacramento, California 95814

RE: Comments on the June 21 Workshop to Discuss Possible Revisions to the Cap-and-Trade Regulation

Dear Ms. Sahota,

The Coastal Energy Alliance submits the following comments in response to the June 21 Workshop to Continue Informal Discussion on Potential Amendments to the Cap-and-Trade Regulation (Cap-and-Trade).

As you well know, last year, the Legislature voted to extend the Cap-and-Trade program. The vote reflected the Legislature's view that a well thought out Cap-and-Trade program was the most cost effective way of meeting our state's greenhouse gas reduction goals.

Our organization represents businesses both under the cap and outside of it, but the impacts of the program are borne by all. Because of the widespread impacts of the program, we must agree with the Legislature that a well-designed cap-and-trade program is the only way of achieving our climate goals while limiting the negative impacts to California's economy.

In passing AB 398 (Garcia), the Legislature directed the ARB to consider the following when establishing a price ceiling:

1. The need to avoid adverse impacts on resident households, businesses, and the state's economy.
2. The 2020 tier prices of the allowance price containment reserve
3. The full social cost associated with emitting a metric ton of greenhouse gases
4. The auction reserve price
5. The potential for environmental and economic leakage
6. The cost per metric ton of greenhouse gas emissions reduction to achieve the statewide emissions targets established in Sections 38550 and 38566

We believe that the "need to avoid adverse impacts on resident households, business, and the state's economy," should be considered not only as CARB contemplates a price ceiling, but for all components of the cap-and-trade rule making.

It must be remembered that cap-and-trade is intended to be a cost effective program. The state has a myriad of other programs intended to help reach our climate goals that are not designed with cost effectiveness specifically in mind. These policies include the renewable portfolio standard, the low carbon fuel standard, reducing short lived climate pollutants, doubling energy efficiency in existing building, zero emission vehicle mandates, and reducing emissions from natural and working lands. With such a robust regulatory framework, it is important to remember that businesses and stakeholders are not only paying for the compliance costs of cap-and-trade, but with costs associated with all programs, the cumulative effects of which are substantial.

In developing the appropriate price ceiling, setting speed bumps, and developing policy on unsold allowances, we request that both the cost of compliance and the cost to consumers are taken into consideration. We view all of these pieces of the regulation as an entire package, and urge consideration of their impacts as a whole on consumers and the longevity of the program.

It is in the best interest of stakeholders and regulators to implement a sustainable program that will demonstrate success in generating revenues and meeting climate goals, while simultaneously protecting consumers and the economy.

Sincerely,

A handwritten signature in black ink, reading "Jeanne Orcutt". The signature is fluid and cursive, with the first name "Jeanne" and last name "Orcutt" clearly distinguishable.

Jeanne Orcutt
Executive Director
Coastal Energy Alliance