



April 25, 2014

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

RE: COMMENTS ON DRAFT PROPOSED FIRST UPDATE TO SCOPING PLAN

Dear Chairwoman Nichols:

The California Chamber of Commerce appreciates the opportunity to comment on the California Air Resources Board's (CARB) scoping plan update following CARB's public workshops.

The CalChamber is the largest broad-based business advocate in the state, representing the interests of over 13,000 California businesses, both large and small. Many of CalChamber's larger members are directly covered by the cap-and-trade regulation, while many other smaller members will likely experience indirect impacts in the form of new costs passed down from upstream fuel and energy providers.

The 2013 scoping plan update should simply implement AB 32, not invent new regulatory schemes not authorized by any statute. AB 32 stated quite clearly the policy of reducing greenhouse gas (GHG) emissions to 1990 levels by 2020 in the most cost-effective and technologically feasible manner. Nowhere in AB 32 is CARB given authority to implement further reductions in GHGs, much less to 80% below 1990 levels by 2050. The current scoping plan update under development shifts the focus to reductions beyond 2020 to a 2050 goal rather than focusing on what AB 32 has mandated CARB to do.

AB 32 states quite clearly that the "statewide greenhouse gas emissions limit shall remain in effect unless otherwise amended or repealed." H&S Code § 38551(a). In addition, it states that "it is the intent of the Legislature that the statewide greenhouse gas emissions limit continue in existence and be used to maintain and continue reductions in emissions of greenhouse gasses beyond 2020." H&S Code § 38551(b). While we agree that the AB 32 mandate does not vanish in 2020, we can find no support for the claim that CARB possesses the authority to mandate additional reductions beyond 1990 levels. H&S Code § 38551(c) states that "the state board shall make recommendations to the Governor and the Legislature on how to continue reductions of greenhouse gas emissions beyond 2020." While this addresses emissions reductions beyond 2020, it does not give CARB the authority to adopt a more stringent greenhouse gas reduction level than was set by AB 32; it merely mandates that CARB make recommendations to the Governor and the Legislature on further GHG reductions.

CARB should also contract for an independent analysis of the implementation of AB 32 as part of the scoping plan update. California's climate change program has been under development for many years and regulations have been in effect for some time. State policy makers would benefit from an analysis of costs and benefits of this regulatory regime and how alternative approaches would affect the California economy and our living environment. California has justified the implementation of AB 32 in large part as an example for other states to follow. Seeing as few have taken us up on that challenge, it seems prudent to assess the usefulness of continuing to lead where others are reluctant to follow. An independent analysis can help the Board make informed decisions so we can ensure the state is choosing the least costly route that allows for maximum environmental benefit. Other states and nations are closely watching California, and it only makes sense to develop an alternative that others will follow.

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The CalChamber is committed to working on the cost-effective, common sense and legally-supported implementation of AB 32 and ensuring that we remain competitive in the world while reducing global greenhouse gas emissions. We hope we can continue to provide constructive feedback throughout this process as it is in the benefit of all California businesses and consumers that we get this right.

We appreciate your consideration and the opportunity to comment. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Amy Mmagu', with a stylized flourish at the end.

Amy Mmagu
Policy Advocate

AM:ms