



July 8, 2016

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

RE: COMMENTS ON THE “2030 TARGET SCOPING PLAN UPDATE CONCEPT PAPER”

Dear Chairwoman Nichols:

The California Chamber of Commerce appreciates the opportunity to comment on the ‘2030 Target Scoping Plan Update Concept Paper’ released in June 2016. 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 affected by climate change regulations, while many other smaller members will likely experience indirect impacts in the form of new costs passed down from upstream fuel and energy providers.

We appreciate the CARB’s commitment to participation of stakeholders early in the process. The “2030 Target Scoping Plan Update Concept Paper” provides an opportunity for early and informal engagement in the process.

AUTHORITY FOR POST 2020 REDUCTIONS

The 2030 target scoping plan concept requirements are stated to create a path towards reducing greenhouse gas (GHG) emissions 40% below 1990 levels by 2030 in accordance with Executive Order B-30-15, towards a goal of 80% below 1990 levels by 2050. However, CARB has not been given authority to implement further reductions in GHGs beyond the stated mandate under AB 32 which is to achieve a 1990 GHG emission level in the state by 2020. The scoping plan update under development shifts the focus to reductions beyond 2020 to a 2030 goal which goes beyond the scope of authority that the regulatory agencies hold.

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quite clearly that the “statewide greenhouse gas emissions limit shall remain in effect unless otherwise amended or repealed.”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 GHG 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.

GHG REDUCTIONS AND COST-EFFECTIVENESS

It is critical that when looking at GHG reductions, that cost-effectiveness and technological feasibility be considered. The concept paper describes synergies and integrated systems to reduce carbon emissions, yet there is a lack of detail of how this will be achieved. While we appreciate that GHGs are being considered with a holistic approach, there needs to be a greater understanding of how, where and what emissions reductions are being achieved and through which mechanism. The paper also notes that existing policies are helping California businesses compete in a global economy and creating new investments and jobs, however, to date, there has not been a comprehensive economic analysis of our climate programs.

ECONOMIC ANALYSIS

Addressing the costs and benefits of climate change are important to businesses and individuals in the state. California's climate change program has been under way for many years. State policy makers and regulators would benefit from a marginal cost analysis of this regulatory regime and how alternative approaches would affect the California economy and our living environment.

A retrospective analysis falls far short of a useful look-back at AB 32 and other climate change programs. In order to guide future climate change policies, an analysis of whether the regulations implemented to date have exacerbated or prevented emissions or economic leakage outside our borders is crucial, in addition there needs to be an analysis to understand the specific consequences to economic sectors negatively impacted by emissions reductions programs. It is imperative that an analysis be used to guide climate policies, rather than the policies be set; then the evaluation conducted. We are years into our current climate policies, yet have no analysis to use as a guide for this scoping plan.

REVIEW

In conjunction with economic analysis, our climate change policies need robust and regular oversight. Informational hearings need to accompany our climate policies to date and policies under consideration for post-2020. Each regulation should be reviewed on its' own merits to ensure that it is achieving its' intended outcomes while ensuring it is being done so in a cost-effective manner.

In addition, the 2008 Scoping Plan included a peer review document. This 2008 Scoping Plan Peer Review provided valuable feedback for CARB's initial Economic Analysis of the Scoping Plan. This included a cost of regulations in comparison to the cost of consumer goods, impacts of increased energy costs, impact on state competitiveness and the lack of a cost-effectiveness analysis. This should be a consideration for the scoping plan update.

LINKAGE

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 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.

THE POSSIBLE POLICY SCENARIOS SUGGESTED IN THE CONCEPT PAPER VARY WIDELY

Each of the 'high-level' scenarios provided by CARB need careful consideration and review to understand fully how they would impact industries throughout the state. As there is little information provided in the concept scenarios with no technical or cost effectiveness analysis it is difficult to provide meaningful feedback or support for any of the scenarios.

We are committed to working on the cost-effective implementation of legally supported climate change programs in the state while 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 large, sweeping loop at the end.

Amy Mmagu
Policy Advocate