June 23, 2022

California Air Resources Board
1001 I Street
Sacramento, CA 95814
SUBMITTED ONLINE VIA: http://www.arb.ca.gov/lispub/comm/bclist.php

Re: Comments on the Draft 2022 Climate Change Scoping Plan

Dear Members of the Board:

On behalf of the California Building Industry Association ("CBIA") and the above-listed organizations, we are grateful for the opportunity to provide these comments on the Natural and Working Lands Scenarios ("Scenarios").

CBIA is comprised of approximately 3,000 member companies employing more than 100,000 people who are dedicated to meeting California's housing needs. As Governor Newsom has repeatedly recognized, we have housing needs for all income levels of Californians that are far above our current production levels.

California homebuilders are proud to provide housing that has the lowest carbon footprint in the country. California's building codes result in a new home that is more than 70% more energy efficient than a home built 20 years ago in this State and 50% more efficient than homes built in other states. In addition, new California homes come with solar roofs and electric vehicle ready charging capabilities. New homes will also contain at least one heat pump appliance and be prewired for all-electric appliances through this year's building cod adoption. Our water efficiency measures, both within and outside of homes also help reduce energy consumption as well as save water. As a result, a new home has a 53% smaller carbon footprint than the same size existing California home. California's new residential projects are more protective of the environment than anywhere else in the country. Moreover, some of our new master-planned communities have also produced projects that have net zero greenhouse gas emissions and have been proven to provide greater protection from wildfires than existing homes in the built environment.

Individual Choice

The last page of the Draft Scoping Plan ("Draft") briefly discusses how the success of the Draft will depend on choices made by individuals as members of the body politic and as consumers. From the regulated community's perspective, this is the determining factor in the success or failure of the concepts proposed in the Draft. Businesses in California are in close daily contact with consumers and are constantly looking to what consumers want and what they can afford. CARB's efforts should therefore focus on consumers' fiscally constrained preferences. If they are not aligned with the goals of the Draft, CARB should work to determine why that is and to remove the obstacles to achieve the Draft's goal, and CARB will find that the regulated community will follow. After all, we are in business in large part to serve the needs of our customers.

<u>Individuals as Consumers</u>

For most businesses, they begin with the demographics of consumer demand for their products. It is no different for homebuilders. We must provide a home with the features consumers want at a price they can afford. Before starting a project, our members do demographic studies on what consumers want and what they can afford. Based on that research, we design and build projects.

Our members build low-rise, mid-rise, and high-rise multifamily residential projects and low-rise attached and detached homes. The market is roughly split in half between attached and detached homes. These are driven by consumers' fiscally constrained actual choices in the marketplace.

The reasons for these choices are not always price – though price is certainly a factor – but include other factors such as yards, crime, safety, health, household size, privacy, quiet, schools and many other considerations. In households with more than one income-earner, location may be a compromise between multiple places of employment. Moreover, consumers have choices to move to other states where homes do not have California's low carbon footprint and have been demonstrating their willingness and ability to do so. We encourage CARB to account for this form of leakage and encourage CARB to maintain flexibility in achieving the Draft's carbon reduction goals rather than being prescriptive about *how* it is to be achieved.

Individuals as Voters

Individuals also exercise their choices as members of the body politic. Because every project requires approval from many different public agencies in a public forum, individuals – often those who have a home – form opposition to new housing projects.

The tools they have are very strong and give them an outsized influence on where and how projects are designed and built. As the Draft notes (see, Appendix D - Local Action) those tools include CEQA litigation, but they also include the ability invalidate project approvals through referenda or initiative. While polls may indicate support for encouraging local governments to change land use and transportation planning so that people could drive less[1], the actions of individuals belie that. When a high-density housing project next to where they live is proposed, they turn out to oppose it and if they don't get what they want, they resort to the courts or the ballot-box. Most people are for more housing in the abstract, they are just opposed to it in the concrete.

Additionally, they vote on funding for transportation improvements, e.g., local sales taxes and the statewide gas tax, school bonds, water bonds and other public infrastructure fundraising measures. These measures are designed to be a mix of types of projects to get sufficient support from voters and therefore reflect where electorate is on these issues.

Sustainable Communities

The building industry was a significant participant in the shaping of SB 375 which established Sustainable Communities Strategies (SCS) as a part of Regional Transportation Plans. The shaping of the legislation required a lot of compromise among many groups and managed to achieve a delicate balance for which the participants were identified as the "Coalition of the Impossible". Other members included representatives of local government, environmental organizations, and regional governments. One key element of that balance was that local government's land use authority would remain under their control. Projects that were approved consistent with an SCS would receive a relatively small incentive: the environmental document prepared pursuant to CEQA would not be required to reference, describe, or discuss (1) growth inducing impacts; or (2) any project specific or cumulative impacts from cars and light-duty truck trips generated by the project on global warming or the regional transportation network.[2] However, the threat of CEQA litigation remained for projects consistent with the SCS.

As a member of the Regional Targets Advisory Committee, we noted that to achieve the ambitious goals of an SCS, obstacles would need to be removed and additional funding would be needed. CEQA, ballot-box planning – both by initiative and referendum, NIMBY opposition and others have emerged as some of the most powerful obstacles. We appreciate CARB's identification of some of these in Appendix D[3] and we encourage CARB to support removing these obstacles. Just setting higher targets will not work without removing obstacles.

[1] See, fn. 19, Appendix E.

[2] The SB 743 VMT regulation has undermined and reduced the value of this "streamlining" by eliminating the benefit promised by the second incentive. CARB should support an exemption from the VMT regulation for projects that are consistent with an SCS.

[3] We also appreciate CARB's recognition to barriers to housing projects in Appendix E. See, Appendix E, p. 25.

Appendix E – Sustainable Communities Objectives and Actions

Consistent with consumer surveys, we believe that providing alternative transportation choices to driving is good for California provided it is not accomplished through prohibiting road construction or removing lanes,[4] unless and until alternative transportation options have been constructed meeting the consumers' preferences outlined below. Providing alternative transportation options will likely require a new funding source which is why we support pricing strategies, but only if they replace SB 743 requirements on new development.

Our comments on some of the specific proposals are set out below.

1. Reimagine roadway projects that increase VMT in a way that meets community needs and reduces the need to drive. Current project pipelines, plans, regulations, and funding programs at all levels of government need to be reviewed to reimagine and rescope road projects that increase single-occupancy VMT. A first action on this front would be adjusting the present project pipeline of State transportation investments and reconfiguring Caltrans' planning processes to rescope VMT- and GHG-increasing projects (Action A). Caltrans and other State agencies have committed to working with stakeholders to evolve projects in their design and suite of investments to address access and connectivity challenges while ensuring their alignment with the State's climate and equity goals, and other key outcomes. See, Appendix E, p.13. Adjust the present project pipeline of State transportation investments and reconfigure Caltrans planning processes to reimagine and rescope VMT- and GHG-increasing projects. See, Appendix E, Action A., p.16.

   Comment: The projects in the pipeline are in response to community needs. Taking projects out of the pipeline disrupts the will of California voters expressed in their approval of local sales tax and the statewide gas tax. If the Legislature does not keep faith with the voters, it will negatively impact the ability of government at all levels to obtain voter approval for future revenue increases, not only for transportation, but for all other infrastructure needs.

   This provision also appears to prevent GHG increasing projects. However, sometimes expanding roadways, including single occupancy vehicle lanes, are the most environmentally beneficial alternative from a GHG perspective, not to mention from a wetlands, protected species or habitat preservation perspective. In some cases, removing this option would require motorists to dive farther on surface streets, increase idling at intersections, and convert Natural and Working Lands resulting in more GHG emissions.

   Additionally, a prohibition on projects that include any increase in GHG emissions would present safety risks to Californians. For example, safety improvements for emergency evacuations from dam failures (e.g., Oroville in 2017) or other flood events, wildfires (e.g., Paradise in 2018), earthquakes or other emergencies would be preventing from getting relief and result in trapping residents during these emergencies.

   The polling information in Appendix E[5] shows that individuals do not favor providing alternative modes of transportation *if* it requires reducing road space from cars:

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[4] Fang, Kevin. 2020. "Surveying Silicon Valley on Cycling, Travel Behavior, and Travel Attitudes." See page 43. Mineta Transportation Institute. Available at: *https://transweb.sjsu.edu/research/1947-Survey-Silicon-Valley-Cycling*.

[5] See, Appendix E, p. 9 (fn. 18).

> While respondents generally think increasing the use of other modes is a good thing, creating or improving infrastructure for other users may be problematic when, as it often does, it requires reallocating road space away from cars. Respondents (+21) generally felt that their communities need more car lanes on city streets, and by an even greater margin (+41) they think their communities need more car parking.[6]
>
> While respondents generally agreed that an increase in pedestrians, cyclists, and transit riders is a good thing for drivers, most respondents also reported wanting more infrastructure for cars. Table 16 shows that across most social groups, there was strong net agreement that respondents' communities needed more lanes for cars, specifically on city streets, as well as more car parking. Support for more parking was particularly strong.[7]
>
> Presumably, one might agree that other users are beneficial to drivers if they think the use of other modes would reduce the number of other drivers competing on the road. One might disagree, if they think other users and their infrastructure get in their way or take space from them.[8]

We encourage CARB to respect these consumer/voter choices as it increases alternative transportation choices for Californians. That's not to say do not pursue increasing transportation choices but more a caveat about *how* to do it. This will take a more balanced approach.

2. More broadly, in order to advance this objective and others below, the State should implement the full suite of recommendations in the Climate Action Plan for Transportation Infrastructure (CAPTI) and apply the CAPTI framework to other transportation investments to prioritize allocation of transportation funding based on projects' climate, equity, and safety impacts (Action B). See, Appendix E, p.13. Implement the full suite of recommendations in the CAPTI and apply the CAPTI framework to other transportation investments to prioritize allocation of transportation funding based on projects' climate, equity, and safety impacts. See, Appendix E, Action B., p.16.

   Comment: One objectionable recommendation in the CAPTI provides:

   > Addressing safety through the multidisciplinary Safe System Approach that employ tools for speed management, such as road diets, conversion of intersections to roundabouts, and signal coordination to slow speeds.

   The Town of Paradise implemented measures to slow traffic as recommended in CAPTI and the result was that many people died trapped in their cars as they tried to leave the town. See, *Paradise narrowed its main road by two lanes despite warnings of gridlock during a major wildfire*, Los Angeles Times (https://www.latimes.com/local/california/la-me-ln-paradise-evacuation-road-20181120-story.html).

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[6] Fang, Kevin. 2020. "Surveying Silicon Valley on Cycling, Travel Behavior, and Travel Attitudes." See page 5. Mineta Transportation Institute. Available at: *https://transweb.sjsu.edu/research/1947-Survey-Silicon-Valley-Cycling*.
[7] *Id. At p. 43.*
[8] *Id. At p. 42.*

In addition to presenting deadly safety risks, the polling information notes how "road diets" have become a lightning rod in local communities:

> In areas that are already developed, creating infrastructure that specifically serves cyclists, pedestrians, and transit users usually requires re-allocating road space that is currently devoted to cars. Given the heavy use of cars, projects creating facilities for other users have often led to heated opposition, such as in the case of the "road diet" project on Lincoln Avenue in San José. In some cases, opponents "fighting to preserve a way of life" have even launched recall efforts of pro-road-diet public officials. Given this "bikelash," respondents were asked a few questions exploring the relationship between drivers and cyclists.[9]

For safety and consumer choice reasons, we do not believe that the "road diet" directive of CAPTI should be applied in trying to reach the goals.

3. Another key action would be removing California Constitution Article XIX restrictions on using gas tax monies for transit operational funding or other sustainable transportation-related uses (Action D). See, Appendix E, p.14. Remove California Constitution Article XIX restrictions on using gas tax monies for transit operational funding or other sustainable transportation-related uses. See, Appendix E, Action D., p.16.

   Comment: As noted above, changing the rules of the game after the voters have acted will likely appear to the voters as a bait and switch. This would negatively impact the ability of government at all levels to obtain voter approval for future revenue increases, not only for transportation, but all other infrastructure needs. While we support expanding transit operations, we believe that new broad-based funding sources will be needed.

4. Eliminating State funding of infrastructure, development, or leases outside of infill areas that do not demonstrate clear alignment with State guidelines on VMT, climate, and equity outcomes. (Action B). See, Appendix E, p. 27. Eliminate State funding of infrastructure, development, or leases outside of infill areas that do not demonstrate clear alignment with State guidelines on VMT, climate, and equity outcomes. (For examples of this, see Appendix D (Local Actions)). See Appendix E, Action B., p.29.

   Comment: Infill is too narrow a scope for this restriction. As noted in Appendix D, there are ways to design new development projects, especially for master-planned communities, that can achieve these goals without meeting the narrow definition of infill areas. Projects and plans that align with State climate goals as identified in Appendix D – Section 3.2 – pp.10 – 13 or otherwise through CEQA should not lose State funding.

   Additionally, the criteria for projects that meet these criteria significantly increase the cost of housing, see "establishing labor standards" (Appendix E, p.30) that does not have an impact on meeting our climate goals and setting a minimum of at least 20 percent of the units affordable to lower-income residents (Appendix D, p 10). Yet the Draft does not propose any cost savings to offset these increases making it more likely that fewer affordable and market rate units will be produced and those that are produced will require many super-wealthy occupants to make the project feasible. The VMT regulation

[9] Fang, Kevin. 2020. "Surveying Silicon Valley on Cycling, Travel Behavior, and Travel Attitudes." Page 42. Mineta Transportation Institute. Available at: *https://transweb.sjsu.edu/research/1947-Survey-Silicon-Valley-Cycling*

(14 CCR section 15064.3) only grants a *presumption* that projects within one-half mile of either an existing major transit stop or a stop along an existing high quality transit corridor will have not have a significant impact on VMT. We encourage CARB to support an exemption from VMT, not just a presumption of compliance, from the VMT regulation for projects already identified in section 15064.3 and for projects consistent with an SCS or in a Transit Priority Area.

5. The State could support those efforts by establishing a requirement that all local general plans demonstrate consistency with the assumptions and growth allocations in regional RTP/SCSs at least every 8 years consistent with existing RHNA and housing element update timelines (Action E). See Appendix E, p.27. Establish a requirement that all local general plans demonstrate consistency with the assumptions and growth allocations in regional RTP/SCSs at least every 8 years consistent with existing RHNA and housing element update timelines. Appendix E, Action E, p.29.

   Comment: This top-down approach to land use decisions would be a reversal of the foundation on which SB 375 was built and would face fierce opposition without delivering more projects that are consistent with the SCS. If the goal is to try to get more projects approved that are consistent with the SCS, then we think a carrot rather than a stick approach would be more successful. Currently, RTP/SCS are subject to CEQA and CEQA litigation against the adoption of an SCS has significantly delayed use of SCS by project applicants. Projects should be allowed to rely on the SCS until a new SCS is approved regardless of litigation. Any project for which an application is submitted during that period should be protected from future changes.

   As CARB notes "a greater portion of entitled units faced litigation in infill jurisdictions and high-resource areas than in exurban jurisdictions and low-resource areas." (Appendix D, pp. 6-7.). We certainly agree. Greater incentives are needed to overcome the added cost and risk associated with meeting the consistency requirement for SCS. Those incentives should include:

   1. Projects consistent with the SCS (which already requires that the project be consistent with the environmental document for the SCS) should be exempt from CEQA.
   2. Projects consistent with the SCS should be removed from the constraints of an initiative or referendum.

   It is unrealistic to expect that merely setting more stringent targets will have any greater chance of success if we don't remove the obstacles currently hampering the existing targets.

   We have always maintained that SB 375 would be the slowest way to reduce GHG emissions because it takes so long for projects, whether transportation, residential, or non-residential, and plans to obtain approvals (including litigation delays). Therefore, projects consistent with an SCS should be fast-tracked. Housing delayed is housing denied.

   We encourage CARB to support our recommendations.

<u>Vehicle Miles Traveled</u>

SB 743 established a VMT requirement, but only for new construction projects or plans. As a result, the buyers or renters of new homes have a significantly increased mortgage or rent burdens. Recently, the County of San Diego proposed a VMT fee that required payment of a $2 million per home VMT fee. However, an existing home across the street would pay nothing while VMT associated with both residences

is the same. The resident of the new residential project does not know they have paid for the VMT mitigation, and the existing resident doesn't even know what VMT is. This is neither equitable nor likely to result in reduced VMT for all Californians. We only add about one-half of one percent to the housing stock per year and we expect new home production to decline significantly this year due to a more than doubling of mortgage rates. We can no longer rely on such a small segment of the population.

Pricing strategies may provide a broader-based solution *but only if they are not in addition to the SB 743 VMT requirements imposed on new development*. Residents of new homes should not pay twice. Pricing strategies should target the behavior intended to be changed. If people don't see a connection between their actions and an effect, there is little chance of achieving the Draft's goals. Revenue from pricing strategies should be used to reduce VMT by increasing alternative transportation choices, incentivize housing in location-efficient places, promoting mixed-use development, and funding multi-modal transportation, all of which will reduce GHG emissions.

We struggle to understand why CARB is proposing to increase the stringency of the VMT reductions (and speeding up its target date) when the Draft admits that we are not on track to achieve the VMT reduction called for in the 2017 Scoping Plan? We could understand that if the previous target was being met it or even if VMT was declining, these results might merit increasing the stringency, but the opposite is occurring.[10]

Of course, providing transportation options to reduce VMT does not necessarily mean consumers will choose to use them. The consumer survey referenced on page 9 of Appendix E provides the factors that consumers use to determine their means of transportation. [11] In order of importance, they are:

<u>First Tier (supermajority and in descending order)</u>

- Fastest time possible
- Safety from crime
- Ease of use
- Safety from crashes
- Enjoyable/non-stressful travel

<u>Second Tier (less than half and in descending order)</u>

- Environment
- Financial cost
- Desire to exercise

We believe this helps to explain some of the drop in ridership for transit.[12] Providing transportation options that meet these requirements is an essential part of increasing consumer choices for transportation that they will use.

The survey does note:

[10] Draft, p. 89
[11] Fang, Kevin. 2020. "Surveying Silicon Valley on Cycling, Travel Behavior, and Travel Attitudes."pp. 21-22. Mineta Transportation Institute. Available at: *https://transweb.sjsu.edu/research/1947-Survey-Silicon-Valley-Cycling*
[12] Draft, p. 155

Considering that the goals for California's transportation system generally include reducing automobile vehicle miles traveled (VMT) and promoting shifts away from private motor vehicle use, the results to several questions point to barriers in achieving these goals. In particular:

- 89% said they need a car to do things they like
- 87% feel they need a car to carry shopping or other people
- 67% indicated that they enjoy driving.[13]

We think that CARB should focus on consumer preferences and removing barriers as it considers ways to address VMT reductions.

Local Actions

We appreciate the recognition of master-planned communities in Appendix D as a model for future, net-zero development. See, Appendix D, pp. 12-13. Master-planned communities can produce the right mix of uses, location and density for a healthy and equitable jobs-housing balanced community. While it is not possible for all developments, it is a promising pathway to achieving the Draft's goals.

Similarly, we appreciate the criteria for infill developments that are clearly consistent with the State's climate strategy for CEQA purposes. Hopefully, opponents of these projects will appreciate the contribution made by these projects in achieving our climate goals and avoid resorting to litigation. See, Appendix D, pp. 11-12. We encourage CARB to advocate for removal of the barriers identified above to allow these projects to move forward.

We further appreciate the flexibility shown by noting that even projects with some (but not all) of these attributes may well be consistent with the State's climate strategy. Moreover, flexibility is preserved by the Draft's indication that this is a recommendation only, not a requirement and lead agencies have discretion to develop their own evidence-based approaches. See, pp. 11-12, and 23.

The Draft also mentions other options such as air district-adopted thresholds of significance.

However, there are places where the use of infill is inappropriately limiting and creates the implication that the other types of projects mentioned above do not qualify. Infill is about circumstances surrounding a location however, it is possible to achieve net zero GHG in non-infill locations, as master-planned communities have demonstrated. Some areas in the Draft that use infill too narrowly are:

- VMT Reduction (Appendix D, p.5)
- Buildings & Infrastructure (Appendix E, p 6)[14]
- Improve alignment of land use planning and development with climate and equity goals (Appendix E, p. 11)[15]

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[13] Fang, Kevin. 2020. "Surveying Silicon Valley on Cycling, Travel Behavior, and Travel Attitudes." Pages 2, 24, and 26. Mineta Transportation Institute. Available at: *https://transweb.sjsu.edu/research/1947-Survey-Silicon-Valley-Cycling*

[14] Compact dense residential projects can and are built in non-infill sites with all of the benefits listed for this category.

[15] The master planned communities identified in Appendix D not only result in net zero GHG emissions but also result in the production of 5500 affordable homes.

- Future growth focused on infill sites. Accelerate infill development in existing transportation-efficient places and deploy strategic resources to create more transportation-efficient infill locations. (Appendix E, p.26)[16]

We believe that these benefits should be recognized for all projects that are consistent with, or supportive of, the State's climate goals, especially for all the project types referenced in section 3.2 of Appendix D.

Natural & Working Lands

In principle we generally agree with the goal of managing some of California's natural and working lands to sequester carbon. As our previous comment letter noted (which we incorporate herein by this reference), it is important that these goals be accomplished through the following:

- Voluntary cooperation of landowners in managing the lands targeted for conservation, protection, or acquisition
- Robust monitoring of the management activities to ensure they achieve the GHG reduction goals
- Sufficient land will be available to accommodate California's growing population and economy. Some land in every category type will need to be converted.
- Analyze and mitigate for potential VMT increases resulting from the establishment of management activities that increase commute distances.

According to the Natural and Working Lands Climate Smart Strategy, more than 93% of California is considered Natural and Working Lands. This comprises all of California that is not already developed.

However, while the Draft indicates that the goal is to conserve or protect approximately 2.5 million acres annually, it is unclear that is the total number of acres that will be managed between the adoption of the Plan and the 2045 target or whether every year an additional 2.5 million acres will be managed. Could you please clarify?

We also wonder about the wisdom or prohibiting land conversion of these areas that are net emitters of GHG. The average cost per ton of GHG emissions reductions are the highest of all measures: $3,250 per ton. The second most costly reduction is $745 per ton – less than one-quarter the cost. Other options for carbon reduction are much lower than that. Since we need to achieve reductions as fast as possible and consumers will be paying for this on top of high inflation, we encourage CARB to allow the regulated community the flexibility to use the most economically efficient option to achieve GHG reductions.

Capacity and Demand: Can our Grid Handle Rapid Implementation of these Policies?

<u>Background</u>

The State of California is rapidly moving towards the decarbonization of new buildings and transitioning the transportation sector to zero carbon. At present, the typical mixed-fuel, two-story production-style home with no electric vehicles uses electricity for 55% of its energy needs (HVAC, lighting and plug loads) and natural gas for 45% of its energy needs (water and space heating, clothes drying and cooking). Changing this example to an all-electric home with no electric vehicles will roughly double the electrical load. Adding

[16] Shouldn't net zero projects also be accelerated? These projects are just as consistent with, and supportive of, State climate goals.

two electric vehicles in the garage will increase daily electrical consumption by another 50%-100% (depending on vehicle use patterns of the occupants).

What does this mean for the new home in terms of electricity consumption? While this home will use this energy in a very efficient manner compared with homes built in the 1950's-1980's, **the new home of the (near) future will be consuming roughly three times more electricity than the typical mixed-fuel home (with no EVs) uses today.** Also, some of this additional load will occur during California's summer peak-load period. While energy efficient, electric induction stoves are still power-intensive appliances and cooking meals for dinner will just add to the peak load. And now that space heating will be provided by electric heat pumps, we can expect to see peak loads stretch out to all twelve months of the year.

On-site and utility scale energy storage can certainly help harmonize load and capacity, the very real short-term concern is supply-chain issues and the high cost associated with battery technology. At present, a two-battery wall in the garage can easily cost $20,000-$30,000, if you can get the batteries. And with the rest of the country beginning to consider rooftop solar and battery storage, supply chain issues will be with us for some time.

This should not be interpreted to discount the benefits of decarbonization. Reducing carbon emissions is a very worthwhile policy that should be pursued. However, great care should be taken to ensure our electric infrastructure is ready to handle this increased demand safely and cost-effectively **before** the warning lights go on.

Industry Concerns

CARB predicts unprecedented load growth (Draft, p. 156) while retiring 6,000 MW of firm and dispatchable resources over the **next five years**. The report also indicates:

- The need to add 7,000MW of renewables and 2,000MW of battery storage between now and **2045** (Draft, p. 146).
- 30% of our electrical supply currently comes from out-of-state sources (Draft, p. 157)

Putting all of this together raises the critical concern that load will out-pace capacity on a regular basis for years to come, especially for the short-term leading up to 2030 as we accelerate electrification of our new and existing building stock and especially the transportation sector. Once again, these are laudable goals, but the acceleration of electrical load prior to having assured capacity on-line seems reckless. That statement is not made lightly. California's electrical grid needs to be updated and fire hardened. This will take time and considerable funding. But, not doing this before greatly increasing load patterns will further stress on an already aging grid and risk the increase of electrical transmission failures which are often associated with disastrous wildfires.

A similar load versus capacity during peak loads will happen within older urban settings when gas appliances are replaced with electric appliances (space and water heating, clothes drying and especially cooking). Many of our older urban settings were built 50-80 years ago and are currently at or near capacity given the original electrical demand for which these urban grids were designed.

Suggestion

California needs to consider a more robust level of incentivizing battery storage technology at both the micro level (homes, apartments, and commercial buildings) as well as utility-scale. During the peak load

hours, battery storage may well rival energy conservation as a method of reducing grid stress. California must "capture" this cheap solar power being generated during the mid-day hours so it can be used to moderate our peak loads later in the day. Providing serious incentives (tax credit, tax deductions, grants, compliance credit with the energy standards, etc.), is a great way to get California's citizens directly involved in the grid harmonization we so desperately need **now**.

One last note, Alternative 2 (Draft, p. 45) assumes a high level of consumer adoption of clean fuel appliances. While this may be true for space and water heating, this is not the case for cooking. Roughly 70% of potential home buyers feel very strongly about maintaining gas-fueled cooking. Put differently, they strongly oppose being required to use electric cooking appliances. In terms of consumer acceptance of all-electric homes, the tipping point seems to rest with the lack of (current) consumer preference for electric induction stoves.

Conclusion

As business members of the regulated community, we exist to provide a product to consumers based on their wants and their financial ability to pay for our products. Our concerns with some of the provisions of the Draft are born out of our understanding of our customers rather than a philosophical opposition to GHG emission reductions as our history demonstrates. It is unreasonable to expect business to produce a product for which there isn't a viable market. Moreover, some of the proposals in the Draft will require voter approval. Here again our experience with things like gas tax measures among others teaches us that compromise will be necessary and moving too fast to achieve the goal can break our society. Expanding consumer choices rather than removing options while increasing costs should be the path to follow. We encourage CARB to increase flexibility by allowing the regulated community to use the least cost option in achieving the goals. And finally, we request CARB to join us in advocating for the removal of barriers to achieving these goals.

We are grateful for the opportunity to comment on the Draft Scoping Plan look forward to continuing to work together on our common goal.

Nick Cammarota
Senior Vice President and General Counsel
California Building Industry Association

On behalf of the organizations listed below:

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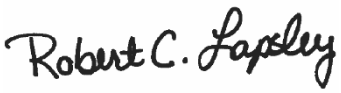
President and CEO
California Business Properties Association
Building Owners and Managers Association of California (BOMA)
Commercial Real Estate Development Association (NAIOP of California)
Institute of Real Estate Management (IREM)



Robert C. Lapsley
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<u>United Chamber Advocacy Network (UCAN)</u>
El Dorado County Chamber of Commerce
El Dorado Hills Chamber of Commerce
Elk Grove Chamber of Commerce
Folsom Chamber of Commerce
Lincoln Area Chamber of Commerce
Rancho Cordova Area Chamber of Commerce
Rocklin Area Chamber of Commerce
Roseville Area Chamber of Commerce
Yuba Sutter Chamber of Commerce

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