

June 24, 2022

The Honorable Liane Randolph, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: DRAFT 2022 SCOPING PLAN**

Dear Chair Randolph,

On behalf of the California Chamber of Commerce (CalChamber) and the other organizations listed below, we thank the California Air Resources Board (CARB) for the work done on the 2022 Scoping Plan. We support climate change laws and regulations that are cost-effective, technology-neutral, and promote the use of market-based strategies to reduce GHGs. California is not alone in the effort to combat climate change and we need to ensure that our efforts are successful to serve as a model for others to follow. Accordingly, we urge CARB to adopt Alternative 4 or potentially an Alternative 5, to strike a balance between California's aggressive climate goals with a feasible implementation plan that protects consumers/ratepayers from exorbitant costs, attracts continued investment to California businesses, and promotes a robust economy in our state. Below are the key pillars that we support and should be included in the final plan.

**Market Based Solutions**

Cap-and-trade is one of the most cost-effective and reliable programs that forms the bedrock of California's carbon emissions reduction solutions.

Cap-and-trade is technology-neutral, provides market certainty and encourages investment. Cap and trade should be extended without constraints as a compliance option to provide additional industry assistance to California businesses that are most susceptible to "leakage" — climate parlance for the unfortunate fact that environmental regulations sometimes create incentives for businesses to relocate their operations — and emissions — to a less-regulated state.

**Electrification**

Energy reliability and affordability should be paramount concerns given the proposed large-scale change that relies heavily on electrification and aggressive reduction of natural gas. The cost implications for ratepayers are significant. Cost containment must be a priority as the state emerges from the economic hardships of the pandemic, not to mention California's already high cost of living. And, with the emerging technologies like carbon capture and sequestration, as discussed below, the opportunity to maintain reliable and affordable sources of energy, such as natural gas, in California's portfolio can be done in coordination with reducing emissions.

The required build out of energy infrastructure to meet the demand also depends upon the State and local governments' ability to streamline the CEQA process and address permitting issues, which cause significant delays for critical projects.

Further, the state should establish policies to spur continued innovation and allow time for the scalability for products to become commercially available.

**Proposed Reduction/Elimination of In-State Oil Production Despite Continued Need**

The current proposal includes an aggressive goal to ban all in-state production of fossil fuels and transition cars, trucks, buses, trains, airplanes, and boats away from petroleum fuels, while at the same time demand for petroleum in the state continues to grow. The proposal recognizes that California will need to continue

to import oil from out of state to meet continued in-state demand. California is not alone in its effort to combat climate change and our focus should not be based solely on how our actions impact emissions here in California, but also, how our actions impact emissions outside our borders. California arguably has the most environmentally protective laws and regulations in the country, that heavily focus on combating climate change. As the plan acknowledges, despite the ban on the sale of new combustion engine vehicles in California in 2035, there will still be an ongoing need for oil and gas in our state in many sectors of our economy. We believe it would be more cost effective and environmentally responsible – not to mention less economically disruptive in certain regions of California – to increase oil production in our state under the protection of California’s environmental laws, rather than import from other states or countries that do not address GHGs. CARB should consider the emissions created by California’s import of oil to meet demand versus increased production in state.

### **Proposed Limitation on Housing Development and Vehicle Miles Traveled Is Concerning:**

The Plan sets a significant reduction of Vehicle Miles Traveled (VMTs), which will have a significant impact on all Californians, including their ability to get to work and school. The Plan acknowledges the State is not on track to meet the 2017 VMT reduction goals and attributes this failure to policies that overly focus on single family housing and zoning. Our concern is that if the State is not on track to meet the existing goals, it is not feasible to include more stringent VMT reductions in the current proposal.

The transportation components of the Plan, calling for even more dramatic reductions in vehicle use and increases in transit use, continue the failed trajectory of prior Scoping Plans. Its reliance on existing high-quality transit service intervals eliminates the vast majority of even California’s urban neighborhoods from being consistent with the Plan. The absence of any mobility consideration for goods, services or people other than climate, equity and safety assures more congestion - more air emissions, longer duration trips, more fuel use - with unacknowledged adverse economic and health costs that cannot be balanced with assumptions regarding more biking and walking. The Plan puts all infrastructure funding, for transportation as well as other services, at increased risk of CEQA litigation and higher GHG/VMT mitigation costs.

The Plan’s transportation prescriptions stifles innovation. For example, the Plan constrains the burgeoning autonomous industry without consideration as to whether or not the VMT from this in the future, which likely includes all ZEV fleets, emits GHGs. This policy is based upon a housing and transportation perspective that people should live in high density apartments and ride public transportation. While we encourage increased options for public transportation, that is not feasible in all areas of California.

The Plan’s attempt to address housing will exacerbate the housing shortage and affordability rather than provide a meaningful solution. Changes to the CEQA process include disfavoring all but high-density development and prejudicing against other types of development. This undercuts local government’s ability to balance what is best for the community as well as ensure cost containment. The concepts also include withholding state funding for infrastructure, development, or leases outside of infill areas that do not demonstrate clear alignment with State guidelines on VMT, climate, and equity outcomes. This costly housing and public transit prescription will likely accelerate employee migration to other states. This leakage will potentially increase emissions in other states that do not have the same environmental protections regarding housing and transportation. We are not in this alone and need to be sensitive as to how our actions impact increased emissions in other areas.

### **Technological Innovation is a Critical Component to Success**

We applaud CARB for recognizing Carbon Capture Sequestration (CCS) technologies as a part of our pathway to reach our carbon goals. CCS is a critical tool that can accelerate and reduce carbon emissions, including generating negative emissions, from many hard-to-abate and other energy intensive industries such as refining, steel, petrochemicals, power generation, dairies, and cement manufacturing. It is imperative that CCS technology be available to all hard-to-abate sectors.

We also appreciate CARB's recognition of hydrogen as another tool and encourage going further in the expansion of renewable hydrogen as a fuel for transportation, buildings, and industries. California can leverage the skills and infrastructure from our robust oil, gas and utility sector as a backbone for distribution of renewable and clean hydrogen throughout the state. Repurposing infrastructure also preserves ratepayer investments in the multibillion-dollar pipeline network while allowing the rapid scaling of hydrogen production and off-takers throughout the state. This avoids the environmental and economic impacts of leakage that will result if we do not provide viable and economically sound solutions for every segment of every sector. While the existing infrastructure will surely be helpful, we share similar concerns as set forth above with electric infrastructure challenges, the need for expedited permitting and CEQA streamlining to ensure we are able to build out the additional hydrogen infrastructure needed.

There are many technologies being developed that need to be scaled, which include renewable diesel, renewable natural gas, battery storage, and others that deserve more time for additional technological developments that will help to reduce emissions but also protect the economy.

Lastly, as the plan highlights, partnership with the private sector is critical. We stand ready to help decarbonize the state and look forward to working with the California Air Resources Board, the Legislature, and the Governor on our state's climate goals. For these reasons, we urge the Board to adopt Alternative 4, or even consider an Alternative 5, which is the most feasible approach of all scenarios to achieve carbon neutrality.

Sincerely,



Ben Golombek  
Executive Vice President and Chief of Staff for Policy  
California Chamber of Commerce

On behalf of the following organizations:

California Building Industry Association  
California Business Properties Association  
Carlsbad Chamber of Commerce  
Citrus Heights Chamber of Commerce  
El Dorado County Chamber of Commerce  
El Dorado Hills Chamber of Commerce  
Elk Grove Chamber of Commerce  
Folsom Chamber of Commerce  
Fountain Valley Chamber of Commerce  
Garden Grove Chamber  
Greater Conejo Valley Chamber of Commerce  
Harbor Association of Industry and Commerce  
Laguna Niguel Chamber of Commerce  
Lincoln Area Chamber of Commerce  
Lodi Chamber of Commerce  
Long Beach Chamber of Commerce  
Los Angeles Chamber of Commerce  
Oceanside Chamber of Commerce  
Palos Verdes Peninsula Chamber of Commerce  
Rancho Cordova Area Chamber of Commerce  
Redondo Beach Chamber  
Rocklin Area Chamber of Commerce  
Roseville Area Chamber of Commerce  
San Fernando Valley Chamber of Commerce  
San Pedro Chamber

Santa Maria Valley Chamber of Commerce  
South Bay Association of Chambers of Commerce  
Torrance Area Chamber of Commerce  
United Chamber Advocacy Network  
Walnut Creek Chamber of Commerce  
Yuba Sutter Chamber of Commerce

cc: Members, California Air Resources Board ([arbboard@arb.ca.gov](mailto:arbboard@arb.ca.gov))