

22 October 2021

IETA COMMENTS ON CARB SCENARIO INPUTS TECHNICAL WORKSHOP (2022 SCOPING PLAN UPDATE)

The International Emissions Trading Association (IETA) welcomes this opportunity to submit feedback to the California Air Resources Board (CARB) on the 30 September 2021 workshop “2022 Scoping Plan Update - Scenario Inputs Technical Workshop.”

As the leading international business voice on climate markets and finance, IETA's non-profit organization represents over 190 companies, including many facing climate risks and opportunities across California. IETA's market expertise is regularly called upon to inform market-based policies that deliver measurable greenhouse gas reductions and removals, address economic competitiveness concerns and balance economic efficiencies with social equity and co-benefits. Our mission is to support broad and functional carbon markets, guided by the principles of efficient, low-cost, measurable climate outcomes while ensuring environmental integrity.

As stated in prior comment letters (8 July 2021 and 2 September 2021), **IETA recommends that CARB's 2022 Scoping Plan explicitly model a cap-and-trade scenario with caps declining to net zero by 2045.** This scenario, further outlined in IETA's 2020 Paper “[Achieving Carbon Neutrality in California](#),” would center cap-and-trade as the “workhorse” measure and strategy for achieving most of the abatement required to achieve carbon neutrality in California. As this paper indicates, a flexible Cap-and-Trade program that includes the use of net emissions through offsets, carbon removal and sequestration can provide the most cost-effective abatement—a factor that should be guiding the decision-making on the scenarios and the Scoping Plan more generally. If CARB does not consider cap-and-trade to be this cornerstone measure, it relegates the state to choosing from a suite of second-best, less efficient options. This would unnecessarily increase California consumer costs and ultimately lower the probability of measurably achieving carbon neutrality. Continued reliance on alternative direct policies would also forego opportunities that higher allowance prices afford, including more revenue for the State to spend on addressing the climate challenge while protecting its disadvantaged communities.

At the 30 September workshop, CARB staff presented four proposed modeling scenarios: two that achieve carbon neutrality by 2035 and two that achieve carbon neutrality by 2045. IETA believes that the modeled scenarios must include feasible pathways to carbon neutrality, adhere to existing science, and be cost effective. The existing body of work that CARB is relying on as a policy and technical foundation for the Scoping Plan Update show that reaching Carbon Neutrality by 2045 would be challenging but technically feasible.¹ However, the proposed Scoping Plan Scenario alternatives that show carbon neutrality by 2035 do not appear to be technically feasible and cost effective. In addition to being highly prescriptive, these

¹ This includes the [2021 SB 100 Joint Agency Report, Achieving 100 Percent Clean Electricity in California: An Initial Assessment](#); the AB 74 Carbon Neutrality Studies: [Driving California's Transportation Emissions to Zero](#); and, [Enhancing Equity While Eliminating Emissions in California's Supply of Transportation Fuels](#).



scenarios would likely result in significant economic impacts and emissions leakage. In particular, the exclusion of CCS as an option is especially concerning as it contradicts the known science and takes a potentially powerful option off the table for offsetting emissions from hard to decarbonize sectors.

While IETA recognizes the urgency of climate action, the most recent studies and assessments indicate that pursuing carbon neutrality by 2045—powered in large measure through market-based reductions—provides the greatest opportunity for success at the lowest cost.

We look forward to close and frequent engagement with CARB staff and other stakeholders over the coming months. Please direct comments or questions to IETA's West Coast Representative, John Blue (blue@ieta.org).