September 21, 2015

Chair Mary Nichols
California Air Resources Board
1001 I St.
Sacramento, CA 95812

RE: Proposed Funding Guidelines for Agencies that Administer California Climate Investments

Dear Chair Nichols, Board Members, and Staff,

On behalf of Sierra Business Council (SBC), a non-profit network of 4,000 business, local government and community partners working to foster vibrant, livable communities in the Sierra, we thank you for the opportunity to provide input on the September 4, 2015, *Proposed Funding Guidelines for Agencies that Administer California Climate Investments*.

The guidelines, as proposed, provide useful direction to administering agencies and potential Greenhouse Gas Reduction Fund program applicants. We especially appreciate the additions and clarifications you made regarding adaptation and resilience as eligible co-benefits. We offer the following comments as a means of further clarifying contents of the guidelines document.

Benefit and Co-Benefit Quantification

While we recognize that CARB was not able to include specifics in all instances, we strongly believe that in the case of non-urban forest management, the proposed guidelines must provide more detail on how GHG reduction benefits and co-benefits are going to be addressed for project evaluation, prioritization and selection purposes – and by when. The risks are too high not to expedite this process. While a "quantification work plan" (p. 1-16) and "contracts to leverage academic and external expertise" (p. 1-18) are necessary, an outline of the process and a specific timeline for developing quantification methods should be included as part of this 3-year guidance document. The growing number of fast-moving, high-severity fires over the past couple of decades puts a fine point on the need to act now, both to avoid added emissions and the loss of stored carbo,n and to minimize loss of life, property and economic stability (among other impacts) caused by these extreme "mega" fires.

Without vetted quantification guidelines or methodologies, we are unable to compare potential project benefits within or across programs. Such information is necessary to: a) fairly assess and score individual projects; b) measure project outcomes; c) evaluate program performance, both individually and collectively; and d) provide a basis for annual budget decisions for the 40% of the GGRF that is not continuously appropriated. In the absence of such data, some people have questioned the validity of spending GGRF funds on non-urban forest projects, even though forest health is one of the project types under the Natural Resources investment category.

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One way to improve the body of science on forest treatment/fuel reduction/restoration work is to fund research that would contribute much-needed data on existing or new quantification strategies. We recommend augmenting Guiding Investment Principle #1 (pp. 1-21 – 1-22) to prioritize GHG reduction projects that also fill quantification methodology data gaps. Until we have accepted methodologies across all sectors – including protocols to measure co-benefits – we won't know whether we are funding projects that achieve the multiple outcomes and priorities called for in SB 32, AB 1532, AB 857 and SB 375.

Evaluation and Scoring

In addition to needing a clearer timeframe for when GHG reduction and co-benefit quantification methodologies will be available across all investment categories, we also need more explicit guidance in the Transparency and Accountability sections (pp. 1-25 – 1-26) and the Program Design and Materials sections on how co-benefits should be taken into account in the evaluation and project selection process, especially in relation or comparison to GHG reduction benefits. As we pointed out in previous comments, such information is necessary so that project proponents understand how co-benefits will be scored and can build them into their projects appropriately. SBC strongly believes it is within ARB's statutory responsibility to provide guidance on this issue so that co-benefits are fully considered and can be tracked and reported consistently across all climate investment programs.

Also, regarding Administrative Policies and Procedures under the Program Design section (pp. 1-31 – 1-32), we believe it is important to require in this guidance document that scoring data, by section, be available after funding decisions are made in order to increase transparency and provide necessary information to identify areas (programmatic and geographic) in need of additional assistance.

Disadvantaged Communities

As stated by the Governor, vulnerable people living in rural communities will feel the effects of climate change disproportionately to many other state residents. While they may not be affected by risk of toxic exposures in the same way as urban disadvantaged communities might, they are affected just as severely by other criteria, such as financial hardship, low population density, long distances to goods and services, etc. As a result, we reiterate comments submitted previously regarding the need for a system that can more equitably distribute the state's climate investments across all geographies, whether that is a change in DAC criteria/definition to account for geographic discrepancies (for example, adding wildfire emissions to air quality attainment and other calculations) or some kind of dedicated pool for rural communities within each applicable investment program.

Sincerely,

Kerri T. Timmer

Kerri Timmer
Government Affairs Director