California Farm Bureau Federation
Governmental Affairs Division
1127-11th Street, Suite 626, Sacramento, CA 95814 · Phone (916) 446-4647

Agricultural Council of California

July 8, 2016

Ms. Rajinder Sahota
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted electronically via:
www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm

RE: 2030 Target Scoping Plan Update Concept Paper

Dear Ms. Sahota,

The California Farm Bureau Federation and Agricultural Council of California (Ag Council) appreciate the opportunity to comment on the Air Resources Board's (ARB) 2030 Target Scoping Plan Update Concept Paper, which outlines a strategy for how to achieve GHG reductions of 40 percent below 1990 levels by 2030.

Statutory Authority
As noted in the Concept Paper, California's current climate program relies on a mix of an economy-wide cap with a market-based allowance trading system, accompanied by a suite of sector specific policies to reduce its greenhouse gas (GHG) emissions to 1990 levels by 2020. Legislative approval is critical for moving forward on any post-2020 goals and developing 2030 strategies is premature given the lack of statutory authority. According to an April 2016 opinion from the California Office of Legislative Counsel, the ARB's statutory authority in this area extends only to maintaining emissions at 1990 levels, with no existing authority to reduce emissions below that level. Therefore, in order to provide clarity to the program and related markets, the ARB must seek legislative authority to move forward in implementing a post-2020 program.

Cost Benefit Analysis
Before any additional GHG emission reduction targets are set, there must be a credible and independent marginal cost benefit analysis on the strategies adopted thus far in order to inform and guide greenhouse gas emission reductions post-2020. This will allow educated decisions that provide appropriate guidance to regulatory agencies and effectively oversee agency implementation to ensure that the costs and benefits of policy choices are realized.

California is still in the infancy of the climate change program enacted under AB 32, with the major rulemaking for reducing GHGs coming online in 2011. We have yet to see the full costs associated with its implementation, nor have we seen the impacts on jobs and businesses. We strongly believe that we need much more information in the way of costs, technological feasibility and an assessment of risks before we can take on potentially significant new and seemingly unachievable mandates.

Natural & Working Lands: Targets and Inventory

We are interested in ARB's recognition of the significant work to lower emissions in the agricultural and natural lands sector. We welcome any support that helps us remain competitive globally while reducing emissions and sequestering carbon at the same time. We encourage ARB to advance funding opportunities, including, but not limited to, use of Cap and Trade proceeds to assist public-private partnerships to enhance carbon pools in natural and working lands. Collaboration will be key when developing an accounting framework and methodology for a comprehensive inventory of GHG fluxes from California's natural and working lands. Since policies and their associated co-benefits for agricultural lands will be considered as part of the integrated strategy outlined in the Concept Paper, it is imperative that targets in this sector are done carefully, and we must first understand the long-term impact of various policy scenarios. Depending on how and if the state proceeds post 2020, we would want to work closely with ARB and the other appropriate state agencies on the Natural and Working Lands ideas replicated in each of the four concepts.

Choosing a Path Forward: Four Proposed Concepts

It is important to have a thorough economic and implementation analysis of each component of the current GHG strategy before the state embarks on any of the four proposed concepts.

Concept 1: This would be the closest proposal to business as usual under AB 32 and would clearly need legislative authority to continue past 2020. Cap and trade reporting is very onerous for small agricultural processors. If cap and trade is continued, a review of unintended consequences from criminalizing reporting and compliance obligation errors needs to be addressed. The additional staff requirements to conduct record keeping and certification of measurement equipment are burdensome to smaller capped entities. The reduction of electrical usage in combination with the mandates of the renewable portfolio standard is a double whammy that has significant impact. The state is conducting many GHG emission reduction complementary measures at once. Various State agencies are not acknowledging the compliance burden to manage these various efforts required at facilities with limited staff. This issue needs evaluation.

Concept 2: The industrial source focus would increase the monitoring, reporting and emission reductions with no flexibility provided in cap and trade to utilize offsets and allowances. It would put in place facility caps on agricultural operations that compete globally with other worldwide operations and have no similar mandates.

Concept 2 is a recipe for leakage. It also proposes to enhance the proposed Short Lived Climate Pollutant Strategy. We have provided previous comments on this matter and such enhancements are not achievable.

Concept 3: While it is understood that transportation is the largest part of the state's GHG inventory, it is the backbone of our economy. Goods movement and transportation are necessary to a healthy environment for every level of society. It is not clear where the funding for 100,000 zero emission vehicles and equipment would come from to meet the Sustainable Freight Strategy by 2030. It is not acceptable to assume these could in the form of mandates on industrial entities coupled with individual rules on each facility to require emission reductions during scheduled maintenance. It also proposes to enhance the proposed Short Lived Climate Pollutant Strategy. Again, we have provided previous comments on this matter and such enhancements are not achievable

Concept 4: More information on how a carbon tax would be implemented would be needed before we could provide any input on how this would impact the agricultural community. Our concern, as with any California GHG program, is how this impacts competiveness with other states and nations.

In closing, we recognize the importance of reducing emissions with incentives while continually evaluating cost-effectiveness and feasibility. This is important for measuring accurate progress in meeting the state's goals as well as coordination between state agencies to avoid regulatory duplication. Lastly, please take into account the numerous other climate programs and mandates farmers are subject to as this is just one piece of the larger climate narrative and farmers have made much progress related to on-farm conservation practices.

We appreciate your consideration and the opportunity to comment. Should you have any questions or need anything further from us, please contact Cynthia Cory at ccory@cfbf.com and Rachael O'Brien at rachael@agcouncil.org.

Sincerely,

Cynthia L. Cory
Director, Environmental Affairs
California Farm Bureau

Emily Rooney
President
Agricultural Council of California