



To: Rajinder Sahota, Branch Chief / Cap-and-Trade Program
California Air Resources Board

Fr: Climate Change Policy Coalition

Date: December 16, 2016

Re: CCPC Comments 2030 Target Scoping Plan Concept Paper
[December 2, 2016]

The Climate Change Policy Coalition (CCPC) is a coalition of business and taxpayer groups working for effective implementation of California's climate policies. Our goal is to provide a constructive voice in program and design updates as ARB staff recommends them and they are considered and/or adopted by the California Air Resources Board (ARB).

CCPC believes the best path to achieve the state's long-range environmental goals is through an integrated and flexible policy framework that optimizes technologically feasible, cost-effective, and sustainable greenhouse gas (GHG) emission reductions in all programs and sectors.

The habitual use of a 15-day comment period(s) for stakeholder input in the development of these economy changing climate policies does a disservice to the integrity of the policy-making process. Thus leaving stakeholders with the perception that ARB is not interested in considering suggestions from the regulated industries and other parties as to the best mix of measures that will constitute the best climate change policies for the State.

The original Scoping Plan -- and now its update -- the 2030 Scoping Plan -- is intended to be the blueprint for our state to continue reductions of our GHG emissions. The current concepts being offered will negatively affect all Californians by raising myriad of costs such as energy, housing, goods, and services. Such burdens can only result in a slowing of the economy and it is why CCPC advocates for a mix of measures that will safeguard jobs, protect consumers from higher cost-of-living expenses (*as noted above*), and that enacts attainable environmental goals.

As the 'blueprint' is further refined into the 2030 Scoping Plan we suggest ARB reexamine the measures under the mandate set forth in AB 32 to develop the most cost-effective techniques to reduce GHG emissions.

The Alternatives presented over the past few weeks are clearly insufficient and fail to substantially address the magnitude of the problem presented by the newly adopted state emission reduction goals. The Alternatives rather, seem designed to raise further concerns among stakeholders.

Placing a fourth scenario with a greater reliance on the cap-and-trade program should be included among the current scenario options. Such an approach would, as we enter into much more ambitious GHG reduction goals, embrace greater reliance on a well-designed cap-and-trade program which does result in direct emission reductions balanced with cost containment measures such as readily available access to offsets. This type of scenario could be designed by including existing statutory mandates and capturing the balance of emissions through the cap-and-trade program. Since California is now choosing to pursue more aggressive GHG emissions reduction targets than the rest of the country this type of scenario option would provide the ARB Board and state policy makers a more comprehensive suite of choices for reducing statewide GHGs at least cost.

That seamless transition from the current programs and the 2030 Scoping Plan cannot occur without a more thorough approach to 'Energy Intensive Trade Exposure [EITE]' evaluations and the proper recourse necessary to the current studies and a more exacting analysis of the role AB 197 will play in our climate change policies.

At least one 2030 Scoping Plan Scenario Workshop needs to be held for staff and stakeholders to compare and contrast the most efficient program designs. We continue to urge the Board to direct the ARB staff to conduct stand-alone workshops on the scoping plan/cap-and-trade scenarios so stakeholders may constructively contribute to the program design. We also believe much more work needs to be conducted with regard to the studies ARB is currently using and how they influenced the current economic modeling. The studies own authors have placed numerous caveats within the studies that should be the catalyst for additional review and examination. We believe California's economy, information flow, shipping and manufacturing is increasingly global and this will include the addition of potentially high costs of carbon to reach the 2030 goal. Relying on studies that use data from 20 years ago does not seem to be a logical approach given California's future goals and economic position globally.

Heightened program review is warranted to protect against unintended impacts to the economy and jobs. Robust and regular oversight and informational hearings must accompany any post-2020 climate policies. We believe ARB should, at a minimum, review each current regulation resulting from AB 32 and determine if, (1) the regulation has accomplished the intended objectives or, (2) if the regulation has failed to achieve its goal and may simply have placed undue burdens on California's businesses and consumers without reducing our GHG emission levels.

The updated 2030 Scoping Plan needs to include a provision that includes a review Peer Review document -- similar to the 2008 Peer Review document. The 2008 Scoping Plan Peer Review document provided valuable feedback when evaluating the ARB's initial Economic Analysis of the Scoping Plan. Nationally recognized experts on environmental and economic issues raised valid points upon the release of the initial Scoping Plan. We urge the same type of review for the 2030 Scoping Plan to include: (1) cost of scoping plan regulations with regard to the increase in pricing of consumer goods and services; (2) the impact of increased energy and housing costs that will affect California companies and families; (3) the impact on California's competitiveness; (4) the lack of a cost-effectiveness analysis and, (5) technology and commercial scalability review.

A requirement that emission targets sync with similarly stringent commitments by other states and countries. While we appreciate the efforts made by the Administration and the ARB to promote and encourage other states and nations to be more aggressive in their climate change policies, the fact remains there is much to be accomplished on this front. Any emission reductions anticipated beyond 2020 should be analyzed and reported in the context of California's reductions against worldwide carbon emission projections.

Reinstate the Economic and Technology Advancement Advisory Committee (ETAAC) to advise the Board and staff on investment in and implementation of technologies that will be necessary if California has any reasonable expectation for reaching its 2030 goals; and,

Establish an Industrial Advisory Board so industry and manufacturing can play a more significant role in the state's efforts to meet its 2030 and beyond goals. Partnering with industry in the state's effort to craft regulations that will promote economic expansion while reducing emissions will aid in program development earlier in the process that can help the program succeed. An Industrial Advisory Board is a good step toward ensuring that both economic prosperity and environmental sustainability can be achieved.

Since Governor Pat Brown, California has worked to avoid an environmental versus business endgame; we need to ensure all needs are being met in a balanced manner to achieve the highest policy and environmental integrity. ARB and stakeholders all have a stake in the integrity and the success of the program.

We stand firm that the recommendations in the 2030 Scoping Plan must be further vetted. Ultimately we must move forward with California's climate change policies that do not create unintended environmental and economic consequences.

CCPC looks forward to working with ARB staff to improve the 2030 Scoping Plan and amendments the cap-and-trade regulation to ensure California's

climate change policies objectives are met. Should you have any questions or need anything further from us, please feel free to contact Shelly Sullivan at (916) 858-8686

cc: Mary Nichols, Chair, California Air Resources Board
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