

November 13, 2015

**Chairperson Mary Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95814**

RE: Cap-and-Trade Auction Proceeds Draft Second Investment Plan

Dear Chairperson Nichols:

The Sacramento Metropolitan Air Quality Management District would like to thank you for ARB's hard work to make the Cap-and-Trade Auction Proceeds Second Investment Plan possible and applaud you for the bold vision put forward.

We offer like the following comments about the plan.

- **Allow Regions to Norm CalEnviroScreen Scores for Formula Funding** – For funding that comes to a region or agency by formula, it would be helpful to allow CalEnviroScreen to be modeled for that region alone, and then allocating funding to EJ communities using that model. This would help fill in gaps to allow a more even distribution of funding within a region, while staying within the prescribed percentage for determining the score.
- **Connect with Local and Regional Projects, Initiatives and Collaboratives** – To assist the State in implementing the Cap-and-Trade Auction Proceeds Second Investment Plan, the State must connect with local and regional projects and initiatives. Existing regional organizations, such as Capitol Region Climate Readiness Collaborative (CRC) and our colleagues from the Alliance of Regional Collaboratives for Climate Adaptation (ARCCA) – the Bay Area Climate and Resiliency Project, the Los Angeles Regional Collaborative, the San Diego Climate Collaborative, and the Sierra Climate Adaptation and Mitigation Partnership – are key players in their respective localities, providing guidance to decision-makers and helping to organize and streamline climate action. As state agencies move forward on implementing the Second Investment Plan we encourage you to work with these and other regional entities to better connect with local governments and agencies and prioritize the work according to their input and local knowledge.
- **Wood Heating Device Change Outs** - SMAQMD supports a wood heating device change out program like the one included in the document. This type of program would benefit residents throughout California, including rural and low income communities that rely on wood heating for a large percentage of their heating requirements, through a voluntary program that would replace inefficient and uncertified heating devices with certified devices.

- Changing an uncertified device to a certified device can provide quantifiable reductions of greenhouse gases and short-lived climate pollutants as well as providing long-term climate benefits and short-term health benefits. The Sacramento Metro AQMD, along with the California Air Resources Board and other local air districts, have developed a series of emissions calculations showing emissions reductions associated with replacing older uncertified wood heating devices with either Phase II certified devices or with devices that utilize gas, pellets, or electricity¹. Based on these calculations, we believe that a program designed to replace uncertified wood stove with new certified catalytic wood stove would result in significant emissions reduction, primarily in carbon dioxide, methane, and nitrous oxide. Additional reductions of PM2.5 would also be realized, which includes reductions of black carbon.

- Under the wood heating device change out concept, CAPCOA and the local air districts could administer a program consisting of the following:
 - Determine funding levels for individual air districts based on factors such as population, use of wood heating devices and amount of wood used for primary and secondary home heating, socioeconomic considerations, strength of existing wood heating/outdoor burning regulations and outreach programs, and the ability of an air district to manage a change out program.
 - Receive funding from the Greenhouse Gas Reduction Fund and provide funding to individual air districts.
 - Analyze opportunities, if feasible, to limit incentives to heating devices meeting Washington State or US EPA 2020 New Source Performance Standards.
 - Review district policies and procedures for change out program implementation. Assist districts without wood stove change out programs in developing policies and procedures, including incentive amounts for different categories of changeouts.
 - Track individual district progress in expending funds, the types of projects funded, the amount of funding provided to low income or environmental justice communities and estimated emission reductions. Aggregate data into one report.

- **CAPCOA/Air District Administration of Other GGRF Funding** – SMAQMD, along with other CAPCOA air districts, would like to offer assistance in administering other Greenhouse Gas Reduction Funds (GGRF) funding, including but not limited to funding for Low Carbon Transportation (LCT). The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and the Clean Vehicle Rebate Project (CVRP), are examples of successful LCT programs that are operating effectively under a third-party administrator. Similar success could be achieved by applying this approach to other GGRF funding concepts that were listed in the draft investment concepts with potential recipients including local governments and air districts (Figures 12, 14, and 16). Local air districts have been successfully implementing various air

¹ Quinn, 2015, "RWC Changeout GHG & Criteria Emission Reduction Calculation"

quality incentive programs (e.g. the Carl Moyer Program, and Proposition 1B Goods Movement Emissions Reduction Program) for decades that serve as program administration models that could be adopted for GGRF programs and improve streamlining, efficiency, and local project implementation. Air districts have: acquired many years of experience administering incentive programs, experienced staff, established fiscal and programmatic policies, extensive knowledge of local industries and Disadvantaged Communities, access to local funding sources, familiarity with emissions control technologies, and developed comprehensive local stakeholder networks. We are ready to work with ARB, and other state agencies administering GGRF funds to further develop these programs to maximize their effectiveness and meet state and local air quality and climate goals.

In closing, we look forward to working with the Air Resources Board on this and on other programs to help California meet its climate and public health goals. If you have any questions, please contact Larry Greene, Executive Director at 916-874-4802.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry F. Greene". The signature is fluid and cursive, with a large initial "L" and "G".

Larry F. Greene

Executive Director/APCO

Sacramento Metropolitan AQMD