



Mary Nichols, Chairman
California Air Resources Board
1001 I Street
Sacramento, CA 95812

September 10, 2018

RE: DRAFT Cap-and-Trade Auction Proceeds Third Investment Plan

Dear Chairman Nichols,

On behalf of the California Climate and Agriculture Network (CalCAN), thank you for the opportunity to comment on the draft Cap-and-Trade Auction Proceeds Third Investment Plan. We are a coalition of the state's leading sustainable and organic agriculture organizations and farmer leaders working together to advance the powerful climate change solutions of a sustainable agriculture. We write to offer the following comments on the draft Plan:

1. Prioritize Multiple Co-benefit Sustainable Agriculture Programs

Under Governor Brown's leadership, a suite of Climate Smart Agriculture programs was developed to support farmers in their efforts to save water and energy on farms, protect at-risk agricultural lands, increase carbon sinks in agricultural soils and reduce potent methane emissions from dairies and livestock operations. The programs - the State Water Use Efficiency and Enhancement Program (SWEET), Sustainable Agricultural Lands Conservation Program (SALCP), Alternative Manure Management Program (AMMP), and Healthy Soils – not only reduce greenhouse gas emissions from agriculture, but also improve air and water quality, enhance wildlife habitat and provide agronomic benefits to farmers. As a consequence these multiple-benefit climate change investment programs are in high demand from farmers and supported by many in the environmental and public health communities.

However, in 2017 and 2018, two Climate Smart Agriculture programs – Healthy Soils and SWEET – had their Greenhouse Gas Reduction Fund budgets cut or eliminated as climate investments shifted to other agricultural programs that do not offer the same level of multiple co-benefits for the climate or our communities. We suggest re-prioritizing investments in Climate Smart Agriculture programs, like Healthy Soils and SWEET, that meet the co-benefits criteria of AB 1532 and the sustainable agriculture investment criteria of AB 398.

Among the newer GGRF investments in agriculture is for farm equipment upgrades. We support funding farm equipment upgrades, but strongly suggest that existing fee-based funding under the Carl

Moyer program is a more appropriate funding source than the use of cap-and-trade auction proceeds for these upgrades that may not significantly reduce greenhouse gas emissions from diesel-based farm equipment. We also have not come close to spending down the nearly \$200 million in GGRF investments in farm equipment upgrades since the funding became available to local air districts this summer.

2. Develop multi-year funding commitments.

Virtually all Climate Change Investment programs would benefit from the certainty of sustainable funding, and Climate Smart Agriculture is no exception. Further, we believe those indicators for long-term investment need to be initiated by the Administration, which has tremendous influence over the final annual expenditure plan adopted each Fiscal Year. In this regard, the Administration has gone from proposing \$20 million for the Healthy Soils Program in 2015 to zeroing the program in 2017 and restoring funding to just \$5 million in 2018. Similarly the Administration supported investments in SWEEP of over \$67 million since 2014, but has since zeroed out GGRF funding for the program beginning 2017. This creates tremendous uncertainty and hurts the ability of local technical assistance providers to work with farmers to develop projects.

While CalCAN took no position on the recently passed Wildfire package on the Governor's desk, we are pleased to see the first step toward long-term funding commitments through multi-year investment that will be made in healthy forests. We encourage ARB to work with the Administration to put forward similar commitments for Climate Smart Agriculture, urban forestry, wetlands, and more in the next proposed expenditure plan. We will not be able to meet our new Natural and Working Lands greenhouse gas reduction target without multi-year funding commitments.

We appreciate ARB's ongoing work to meet our ambitious but necessary state climate change goals.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeanne Merrill".

Jeanne Merrill
Policy Director