September 15, 2014

Cynthia Marvin

Chief, Transportation and Toxics Division

California Air Resources Board

1001 I Street

Sacramento, CA 95812

RE: Draft Interim Guidance to Agencies Administering GGRF Monies

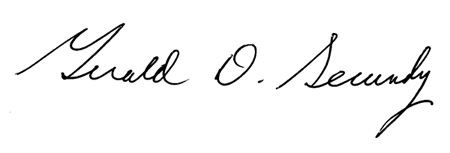
Dear Cynthia,

On behalf of the members of the California Council for Environmental and Economic Balance (CCEEB), we wish to provide you with comments on ARB’s draft interim guidance to agencies administering Greenhouse Gas Reduction Fund (GGRF) monies regarding investments to benefit disadvantage communities pursuant to SB 535 (De León, 2012). CCEEB is a non-profit, non-partisan association of business, labor, and public leaders, which advances balanced policies for a strong economy and a healthy environment. Many CCEEB members own or operate facilities regulated under AB 32’s “cap.” As regulated entities whose compliance obligations fund GGRF investments through the cap-and-trade auction—and that are primarily responsible for meeting statewide AB 32 GHG reduction goals—CCEEB members have a direct interest in how GGRF monies are spent.

While the interim guidance does well to summarize statutory requirements under SB 535, very little mention is given to the overarching statute AB 32 (Nuñez, 2006) and no mention is given to the mandate that ARB must achieve “**maximum technologically feasible and cost-effective greenhouse gas emissions reductions**.” Indeed, this provision was so important to the Legislature when enacting AB 32, the bill mentions it a total of eight times. We therefore conclude that GHG reductions are the primary purpose of all AB 32 programs and policies, including cap-and-trade and use of auction proceeds. Additional environmental and economic benefits, or co-benefits, were meant to be maximized only “as appropriate” and for the benefit of all California.[[1]](#footnote-1)

CCEEB believes that the interim guidance should explicitly state that agencies administering GGRF must, as their highest priority and most important criterion, seek to maximize technologically feasible and cost-effective GHG emissions reductions, even as agencies work to achieve SB 535 investment requirements to the benefit of disadvantaged communities. CCEEB does not see these as mutually exclusive concepts. Yet this goal of maximizing GHG emissions reductions seems to get lost in the draft guidance amidst its robust discussion of how projects can “address a key factor that caused the areas(s) to be identified as a disadvantaged community,” or to “work together to provide multiple benefits in disadvantaged communities.” We ask that the link back to maximizing GHG emissions reductions be made explicit in the interim guidance, and that administering agencies make this the priority in investment decisions. We also ask that ARB include guidance on how administering agencies are meant to quantify GHG emissions reductions and evaluate cost effectiveness of project proposals. This part of the guidance should not be postponed until 2015 after projects have already been selected for funding.

Respectfully,



Gerald D. Secundy

CCEEB President

cc: Mary Nichols, ARB chair

Members of the Air Resources Board

Matthew Rodriquez, Cal/EPA secretary

Richard Corey, ARB executive officer

Edie Chang, ARB deputy executive officer

1. AB 32 (Nuñez, 2006), Section 38570 (b)(3). [↑](#footnote-ref-1)