



To: Mary Nichols, Chair
California Air Resources Board

Fr: California League of Food Processors

Date: April 10, 2017

Re: CLFP Comments ‘The 2017 Climate Change Scoping Plan Update – The proposed Strategy for Achieving California’s 2030 GHG Target 2030 Target’ [January 20, 2017 Document & March 28, 2017 Scoping Plan Update Workshop Materials]

The California League of Food Processors (CLFP) appreciates the opportunity to provide comments on the 2017 Climate Change Scoping Plan Update – The proposed Strategy for Achieving California’s 2030 GHG Target 2030 Target.

CLFP represents 47 industrial food processors in California. Food and beverage processing in California accounts directly for \$25.2 billion in value added and 198,000 direct full- and part-time jobs. Food processing reverberates through local and regional economies. On average for every \$1 of value added in food and beverage generated results in \$3.25 dollars in additional economic activity. Each job in food and beverage processing generates 3.84 jobs in total.

CLFP believes the best path to achieve the state’s long-range environmental goals is through regulations that recognize the enormous pressure that the state is putting on companies subject to the Cap-and-Trade and that the Scoping Plan should provide a clear plan for the development of an integrated and flexible policy framework that optimizes technologically feasible, cost-effective, and sustainable greenhouse gas (GHG) emissions reductions in all programs and sectors.

CLFP believes Alternative 3 provides the most reasonable chance of success for achieving the state’s post-2020 environmental goals

Should the state decide to enact a Cap-and-Trade as one of the mechanisms designed to meet the goals under SB 32, the options offered in the Alternative 3 (All Cap-and-Trade) appears to provide the most cost-effective means of meeting the objectives set forth for the Scoping Plan Update.

In general, CLFP supports the current program and designed methodology for allocating allowances to the industrial sectors and would like to see it supported in the 2017 Scoping Plan Update in the event the Cap-and-Trade is to continue post-2020.

Over the past two compliance periods food processors, as well as other industrials, have gained a measure of confidence in the operations of the Cap-and-Trade market in its current form. However, the proposed assistance factors based on the two ARB-commissioned leakage studies (Fowlie et al. 2016, Gray et al. 2016) have reintroduced the uncertainty that has plagued business and industry since the beginning of this program.

In CLFP's opinion, none of the proposed alternatives offers any significant improvement over the current market mechanism and, in fact, would likely result in increased costs and increase the risk of leakage.

Additionally, CLFP is somewhat disappointed to learn that the economic analysis has yet to be completed and is anticipated to be released in the final 2030 Target Scoping Plan. Meaningful stakeholder input depends on the availability of these types of analysis in a timely fashion. CLFP agrees with numerous other stakeholders that the ARB should release the full economic modeling and staff analysis for Alternative 3, as soon as possible and provide a full 45 days for stakeholder and Board member consideration of this information, as well as allow staff a reasonable period of time to respond to comments and revise the relevant Scoping Plan documents.

CLFP looks forward to continued engagement on these vital topics.

cc: California Air Resources Board Members
Dr. Steve Cliff, Senior Advisor to the Chair
Richard Corey, Executive Officer
Edie Chang, Deputy Executive Officer