



November 18, 2008

Mary Nichols
Chair, California Air Resources Board
Sacramento, CA 95814

City of San Francisco Comments on AB 32 Draft Scoping Plan

Dear Chair Nichols:

The City and County of San Francisco (CCSF) appreciates the opportunity to provide comment on the AB 32 Draft Scoping Plan released by the California Air Resources Board (CARB).

While our State would have benefited from stronger overall greenhouse gas (GHG) emission reduction goals in AB 32, the implementation of AB 32 provides the potential to implement unprecedented reductions in California's greenhouse gas emissions. As you know, a strong scoping plan is critical to the successful implementation of AB 32. Accordingly, our city is submitting suggestions that we believe can strengthen this implementation process.

Overall, we applaud increased sectoral emission reduction targets since the beginning of the scoping process, as well as the recognition that local governments are essential partners in the fight against global warming. However, we believe that these targets must be strengthened. For example, more than doubling the land use goal, from 2 MMTCO₂ to 5 MMTCO₂, is an important step forward, but clearly insufficient to meet California's emission reduction goals. We also believe that the comments of environmental justice advocacy and public health organizations must be more fully addressed in the scoping plan.

We are also concerned that the proposed scoping plan is missing tools, mandates, incentives and specific guidelines that will help local governments implement, enforce and scale up existing efforts to reduce greenhouse gas emissions. The proposed scoping plan actually takes a step *backwards* from the previous draft of the scoping plan in reducing the local government reduction target from 2 MMTCO₂ in 2020 to zero. However, even amidst this retreat from a local government reduction target, many ways exist in which the AB32 Scoping Plan can directly enable and empower local government in our efforts to address climate change. Specific recommendations toward this end are categorized into applicable sections below.

Thank you for your consideration and your commitment to implement AB 32 as expeditiously and as broadly as possible.

Sincerely,

A handwritten signature in black ink, appearing to be "Gavin Newsom", written over a horizontal line.

Gavin Newsom
MAYOR

LOCAL GOVERNMENTS

The City agrees that many of the proposed measures to reduce GHGs rely on local government actions. Many cities and counties have committed to developing and implementing Climate Action plans. CCSF has signed on to the U.S. Conference of Mayors Climate Protection Agreement, and in coordination with ICLEI's Cities for Climate Protection, developed a Climate Action Plan. CCSF has set an aggressive target of reducing communitywide GHGs twenty (20) percent below 1990 levels by 2012. In addition, CCSF registers its municipal operations emissions with CCAR. However, many cities have not made these commitments. By only "encouraging" local governments to develop reduction goals for municipal and community emissions that parallel the State's commitments, the California Air Resources Board is missing a vital opportunity to leverage local governments to reduce the State's greenhouse gas emissions.

Specific recommendations include:

- **Set Standards for Local Governments:**
 - **Protocol:** Require local governments to report annually on their emission reductions using the Local Government Operations Protocol.
 - **Municipal:** Require rather than encourage local governments to set and implement reduction goals for municipal emissions.
 - **Community:** Require rather than encourage, local governments to set and promote reduction goals for community emissions.
- **Adopt the Indirect Source Rule (ISR)** CARB should adopt a statewide Indirect Source Rule for carbon dioxide. ISR creates a local revenue fund to help local governments implement Climate Action Plans. Rural non-MPO counties are excluded from SB 375, so ISR would be the only tool that rural counties can use to address the GHG impacts of land use.
- **Assignment of Responsibility:** For clarity, list recommendations to specific agencies: CPUC, CEC, Regional Air Districts, CalTrans, etc. and to Local Governments as a group. Recommendations should state clearly what action is expected or needed of each entity.
- **Work with Local Governments to Create Appropriate Local Tools:** Section II.B, "The Role of Local Governments: Essential Partners" states that ARB is developing various tools and guidance for use by local governments. However, in order to develop appropriate tools, ARB needs to actively engage local governments in this policy development process. Recognition programs and repositories for best practices may not be what is most valuable to local governments, and ARB should collaborate with Local Governments to identify the most valuable tools for local carbon emission reductions.

STANDARDIZE GHG ACCOUNTING AND INVENTORY METHODOLOGY

While CARB has expressed hesitancy in requiring GHG reporting, it is important that quantification methodologies be as standardized and consistent as possible. It will be very beneficial to future GHG reduction policies at both state and local levels if local and regional governments are required to 'get their houses in order' prior to regional emissions assignment by the Metropolitan Planning Organizations (MPOs). Preexisting and aligned

local GHG inventories will greatly increase the efficiency of regional inventories and work to prevent potential conflicts in regards to jurisdictional assignment of responsibility for emissions. CCSF encourages both CARB and CCAR to continue to involve local government stakeholders in development and implementation of the Local Government Operations Protocol, and in development of a communitywide emissions protocol.

Specific recommendations include:

- **Mandatory Emissions Reporting:** Recommend that all local governments track their emissions using methodologies in compliance with the CARB, CCAR and ICLEI Local Government Operations Protocol.
- **SB375:** The Scoping Plan relies heavily upon SB375 in addressing transportation related emissions. Requiring local GHG inventory reporting will empower regional MPO's and their local government entities to better implement SB375 as it comes online.
- **Cap and Trade:** Requiring mandatory GHG inventory reporting will better prepare localities for interaction with the state and WCI cap-and-trade market as it is developed.
- **Emissions Accounting Related to Land Conservation**
 - **Emissions Savings from Smart Growth:** In addition to reducing Vehicle Miles Traveled, smart growth also reduces greenhouse gas emissions by preserving landscapes that sequester carbon, such as forests, agricultural lands, and oak woodlands. ARB should strengthen requirements and policy tools to advance smart growth.
 - **Avoided Emissions from Change in Land Use:** CARB should establish guidelines for quantifying the emission reduction benefits of preserving these landscapes, and for mitigating the GHG emissions from change in land use and consequent loss of sequestration capacity.
 - **Sustainable Forests:** SB 375 and other land use measures should be coordinated with the Sustainable Forests measures to avoid duplicative efforts and maximize benefits in both sectors.
 - **Emissions Boundaries and Regional Responsibilities:** Many of California's carbon-capturing landscapes are outside of MPOs, and therefore are not covered by SB 375. CARB should ensure that additional policy measures are adopted that apply to these rural counties. There are a number of possible mechanisms for implementing this strategy, including SB 375, CEQA, and Indirect Source Review.
- **Emissions Accounting Related to Landfills**
 - **Mandatory Reporting:** Improve GHG inventory and other landfill emissions models through mandatory reporting and better quantification of fugitive emissions.
 - **Secondary and Material Accounting:** Emission reduction / offset protocols should be established for manufacturing with secondary materials including: avoiding methane at landfills, reducing GHG emissions from agriculture, and upstream GHG reductions from recycling.
- **Green Building** The Scoping Plan acknowledges that the 26 MMTCO₂E GHG emissions reductions estimate from Green Buildings measures (GB-1) "are

accounted for in the electricity, waste, and water sectors", Appendix C, pg C-148. CARB should remain vigilant to minimize double counting.

ENERGY EFFICIENCY

The first "key element" of the Scoping Plan's Recommendations is to "expand and strengthen existing energy efficiency programs as well as building and appliance standards". However, the Proposed Scoping Plan does not state what these standards may be. The sooner specific standards are set, the better able local governments will be to implement and enforce greater energy efficiency measures.

Specific recommendations include:

- **Mandatory Performance Standards:**
 - **Residential:** A mandatory or suggested minimum HERS (or similar) rating should be required to be achieved by existing residential buildings by a specified date.
 - **Commercial:** A mandatory or recommended minimum energy performance standard for all commercial buildings should be established, not simply an audit as is required under the Million Solar Roofs program. (Standards could be a checklist, e.g. Berkeley's CECO, or a broader approach, e.g. ASHRAE 100)
- **Agency and Coordination:** It should be made clear whether CARB or CEC is to be the lead agency in harmonizing the various policy directives listed in Appendix C pg. C-105 (e.g. California Green Building Initiative, West Coast Governors' Global Warming Initiative, Energy Action Plan, and AB 109) into regulations.
- **Combined Heat and Power:** One of the current barriers is IOU interconnection requirements. Are the ideas for addressing barriers (pg. 44) intended to address this barrier? If so, particular state agency should be identified to address this issue.
- **Collaborate with local governments on innovative financing:** Develop statewide bond pools to minimize the burden of administrative overhead and assist cities and counties to maximize the impact of tax-lien financed energy efficiency and renewable energy installations (the "Berkeley Model") under AB 811. Additional resources from the State (e.g. training for local government plan checkers and designers) to support improved code compliance are also needed.
- **Title 24:** It is assumed that the revised energy efficiency codes and standards will continue under the rubric of Title 24. It is important that future green building regulations recommended by the Scoping Plan (through the Green Buildings Standards Code) are linked to Title 24 code, and include requirements that buildings achieve energy efficiency *beyond* this code.

RENEWABLE PORTFOLIO STANDARD

CARB has acknowledged that there are significant obstacles to the achievement of a thirty-three (33) percent RPS. CARB has recognized that having sufficient electric transmission lines to renewable resource zones and system changes to allow integration of large quantities of intermittent wind and solar generation will be necessary to achieve

the RPS goal of thirty-three percent. We echo this sentiment and would like to see the following areas addressed in efforts to facilitate the new RPS.

Specific recommendations include:

- **Transmission Infrastructure:** In order to achieve the RPS goal, significant transmission infrastructure improvements must be identified, funded and expedited.
- **Distributed Generation:** Provisions for distributed solar (and other renewable energy) generation should be included. The State should address utilities current limits on the amount of distributed generation allowed on a power feed and identify a particular agency to address this issue. CCSF is interested in the concept of feed-in tariffs and its ability to increase opportunities for renewable generation.

RECYCLING & WASTE

The proposed Scoping Plan is a significant improvement over the draft scoping plan in that Zero Waste and High Recycling now accounts for 9 MMTCO₂ of the 10 MMTCO₂ total potential for recycling. We do, however, believe that this total should count towards the AB 32 goal, since we are much more likely to achieve these reductions if they are part of the goal. We also strongly encourage the California Air Resources Board to work with the California Integrated Waste Management Board to quickly implement programs that will help achieve these reductions. For example, mandating commercial recycling for businesses in California will help us quickly achieve significant potential reductions. The appendices released this past summer estimate that the contribution from commercial recycling alone can be as high as 6.5 MMT.

Specific recommendations include:

- In addition to mandatory commercial recycling, ARB should also consider adopting the other recommendations of the ETAAC committee (Economic and Technology Advancement Advisory Committee). These other recommendations are:
 - **Mandated multi-family recycling**
 - **Disposal Limits on Recyclables:** Disposal limits for readily-recyclable materials like cardboard
 - **Compost:**
 - **Regulatory Barriers:** Remove barriers to composting by addressing regulatory hurdles, provide financial incentives for composting and use of compost, and increase market demand through local and statewide procurement efforts.
 - **Greenwaste:** Eliminate diversion credit for greenwaste used as alternative daily cover.
 - **Agriculture:** Reduce emissions from synthetic fertilizers/pesticides and energy-intensive irrigation by increasing agricultural application of compost, including through financial incentives and demonstration projects.
- **Early Action Measures:** Ensure the effective and comprehensive implementation of already-adopted Early Action Measures on landfill gas collection.

TRANSPORTATION

For California to achieve its 2050 target, we must achieve VMT reductions of approximately 10% by 2020 and 20% by 2030. The current 5 MMT target equates to a 4% VMT reduction by 2020 – less than half of what is needed to keep California on track. Simply put, ARB must include more aggressive implementation steps toward achievement of VMT reduction.

Specific recommendations include:

In its discussion of the implementation of SB 375, the Scoping Plan should specifically list the following tools as among those that Metropolitan Planning Organizations should use:

- **Feebates:** The Scoping Plan should specify that feebates will be employed, without any uncertainty, as part of the emissions reduction plan for transportation, specifically in regards to light-duty vehicles.
- **EV Charging and New Building Construction:** Require all new construction that includes parking facilities (residential and commercial) has the proper wiring for easy installation of 220-volt chargers for plug-in vehicles. This will facilitate a rapid development in the use of plug-in hybrid and full-battery electric vehicles as they increasingly become available to vehicle owners.
- **Un-bundle parking (Transit Oriented Development TOD):** Paying for parking separately from Housing or Office Space. **Implementation of Smart Parking Pricing:** Incentivize local governments to make Smart Parking Pricing mandatory. Charge users directly for parking facility use, often with variable rates.
- **Mandatory Pre-Tax Transit:** Employees save by using pre-tax dollars for their commute expenses, and employers get the advantage of reduced payroll taxes. Making this program mandatory for employers to offer would encourage the use of driving alternatives.
- **Car free Tourism:** Encourage car free, carefree transportation to and around California Tourist destinations

CAP & TRADE

As stated in the Proposed Plan, CARB mandates the implementation of a broad-based California cap-and-trade program to provide a firm limit on emissions and that it be linked with other Western Climate Initiative Program ("WCI") partners. The California program as envisioned by CARB, with support from both the CPUC and CEC, recommends a firm cap on eighty-five (85) percent of the state's greenhouse gas emissions and must be no greater than the 2020 emissions goal. The program would achieve that goal with a combination of allowances and offset. CCSF supports the cap and trade concept and stated reduction targets although it has yet to be determined how a cap and trade or an alternative regulatory mechanism would be implemented.

Specific recommendations include:

- **Carbon Accounting:** Guidance on what carbon accounting standards/system will be used under the cap-and-trade program is needed to help local governments be ready to interact with the compliance market or corresponding carbon offset programs.
- **Allowance Distribution and Revenue:** An area where the cap and trade mechanism may impact local governments and utilities is through the distribution of allowances and the distribution of revenues generated from those allowances. CCSF will remain involved in this process to ensure that the allowances (and or offsets) and revenues that the City may be entitled to under the cap-and-trade program will materialize in a way that is fair to the City and the taxpayer.