

THE SACRAMENTO MUNICIPAL UTILITY DISTRICT

Bud Beebe
08-10-2
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Oral Version - Beebe - [3 minutes]

Items for CARB public comments to be presented Nov 20th with written follow-up

We appreciate the hard work that the ARB staff has done in putting together a comprehensive approach to meeting the AB32 targets. SMUD supports the electric sector programmatic measures; the 33% RPS, the energy efficiency targets, the California Solar Initiative, and the need for allowance trading.

[Don't start Cap & Trade without Transportation Sector] With respect to cap and trade, one of the most important considerations that the ARB has maintained throughout the development of the Scoping Plan has been one of fairness. We applaud this. However, the scoping plan shows the electric sector and industrial sectors subject to a cap in 2012, but the transportation and natural gas sectors not until 2015. Not requiring allowances to be held by transportation and natural gas amounts to preferential treatment and places considerably more burden for paying for AB32 upon the electricity and industrial sectors. This is a fairness issue that cannot be overlooked.

[Specific inclusion of some early offset programs needed now.] The PSP makes the case that inclusion of emissions offsets will help mitigate allowance prices under cap and trade. Today, the carbon offset industry in California is truly just getting started. Available protocols that *might* enable compliance are limited. Development of projects under those limited project types are very preliminary, and projects take years to provide first reductions. SMUD has had some experience with this through our voluntary customer carbon offset program for which we are developing two dairy digester projects and are soliciting additional offsets through competitive bids. But to truly help, ARB could accelerate its carbon offset protocol process and fast-track adoption of regulations under H & S Code § 38571 to verify and enforce reductions so that verified offsets can be banked early and used for compliance in 2012.

[Linear reducing cap not practical] As required, the Scoping Plan identifies sufficient Greenhouse Gas emission reductions to enable California to meet its emissions goal by the year 2020. However Figure 1 of Appendix C shows, significant mandatory reductions are expected to occur even in the earliest years of the program and continue evenly throughout the period. We are unaware of specific investigations that show how the Scoping Plan programs will produce this linear reduction of emissions with time. It's clear that such investigations will be needed before setting yearly emission caps. Simply assuming that a linear reduction in emissions is achievable is insufficient, and could well increase costs unnecessarily.

Thank you for your consideration of our comments, these and some additional suggestions will be submitted in written form. Thank you.

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