

BAY AREA COUNCIL Andrew Michael  
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Mary Nichols

Chair, California Air Resources Board

Sacramento, CA 95814

**Bay Area Council Comments on AB 32 Draft Scoping Plan**

Dear Chair Nichols:

The Bay Area Council appreciates the opportunity to provide comment on the proposed scoping plan recently released by the California Air Resources Board. We applaud the greater emphasis on the role of land use to reduce greenhouse gas emissions, and the recognition that local governments are essential partners in the fight against global warming. More than doubling the land use goal, from 2 MMTCO<sub>2</sub> to 5 MMTCO<sub>2</sub>, is an important step forward.

We recommend that the Cap and Trade on Greenhouse Gas Emissions be implemented with urgency in conjunction with the Western Climate Initiative. The Cap and Trade Market will provide an economic incentive for emissions reduction and the income derived from such trade can further innovation and technology implementation to reduce energy use and emissions.

The recommendations on implementing the Low Carbon Fuel Standards and reducing emissions of future cars taken together will save money on fuel for growing distribution fleets and protect our businesses and the California economy from volatile gasoline prices.

However, the draft scoping plan reduces the local government reduction target from 2 MMTCO<sub>2</sub> in 2020 in the draft scoping plan to zero in the Proposed Scoping Plan.

The ARB should re-consider providing reductions from local governments in their accounting or sector specific policies by including real tools, mandates, incentives and specific guidelines that will help local governments enforce and scale up existing efforts, thus enabling them to act as allies in statewide ghg reductions.

The Bay Area Council comments on supportive actions are broken into applicable sections and are as follows: Overview, The Goals, Mandatory Reporting, Implementing a Cap and Trade System, Coordinate Investments in Clean Tech and Energy Efficiency, Relevant Fee and Public Goods Charge in Transportation and Water, and Early Action Credit.

Andrew Michael  
VP SUSTAINABILITY  
BAY AREA COUNCIL

BAY AREA COUNCIL STATEMENT ON  
SCOPING PLAN TO ADDRESS CLIMATE CHANGE  
AND GREENHOUSE GAS EMISSIONS IN CALIFORNIA

OVERVIEW:

The Bay Area Council supports California taking leadership to address climate change. The Council represents CEOs from the largest employers with an estimated 495,000 in employment in the Bay Area.

Climate change is a global issue requiring a response from all nations that contribute to global warming. California and its businesses can play a global leadership role in modeling what can be done, how it can be done, employing the latest clean technology and energy efficiency technologies that can shift the globe to a non-fossil fuel based economy.

If it were a nation, California would be ranked in the top 10 of the world and the Bay Area itself with 155,000 companies would be ranked 29<sup>th</sup> behind Saudi Arabia.

Scientific evidence has shown global warming accelerating at a rapid pace. Recent studies have corroborated that the ice belt is melting much faster than previously reported. Human activity is a significant contributor through increasing greenhouse gas emissions.

The economic opportunities for addressing climate change indicate growth will occur in new industry sectors, new jobs will be created and additional revenues for the state and businesses will be realized. One analysis economic model analyzed eight policies the state could undertake to reach half of the 2020 target. That goal would result in an additional 20,000 jobs for the state and an increase in the gross state product of \$60 billion. The authors concluded that the entire target could probably be met with a net gain as well but did not provide specific numbers. Alex Farrell, an assistant professor in the energy resources group at UC Berkeley co-lead one study with W. Michael Hanemann, an economist who directs the Climate Change Center at U.C. Berkeley.

Conversely, if leadership is not applied from the business community at this time, the world may soon pass the tipping point with significant negative economic and environmental consequences to California and the world.

We support the California's leadership in addressing climate change with AB 32 setting the bar and SB 375 a land use strategy that must be employed to prevail on reducing greenhouse gas emissions and achieving the reduction targets. The Bay Area Council supports the following goal and strategies to meet the targets for which the Scoping Plan is geared:

- The Goal: Bay Area Council does think the state should strive to reduce greenhouse gas emissions. The targets to reduce greenhouse gas emissions in California to meet targets of 2000 level emissions by 2010, 1990 level emissions by 2020, and 80% below 1990 levels in 2050 are forward thinking and essential. And we think reaching for these targets will have an economic

benefit in the state generating jobs and economic activity and facilitating the growth of the clean technology and alternative fuel sectors.

- **Mandatory Reporting:** The Bay Area Council supports the comprehensive and rigorous reporting of climate change emissions by the largest contributors of emissions to enable the state to track its success at meeting the targets. Initially, it will be most cost-effective to have energy, oil, oil refining, cements, and land fill businesses report on their emissions. Clear and transparent protocols and accounting methodologies need to be developed and applied. The California Climate Action Registry currently provides the best protocols and infrastructure to support this reporting. Full credit and recognition needs to be provided to businesses that have historically implemented energy efficiency and pollution prevention measures. The Bay Area Council supports AB 32, the California Global Warming Solution Act of 2006, establishing actual limits on the state's global warming pollution, and developing a mandatory reporting system to track progress toward those limits. The Bay Area can continue to be a world economic leader by establishing an enforceable statewide limit on global warming pollution. It is the market signal needed to promote innovation and growth in the clean technology, manufacturing and energy sectors and keep California businesses competitive in a carbon-conscious global marketplace.
- **Access to Markets for Emission Reductions and Cap and Trade:** The reporting should be a precursor for California businesses to participate in market-based cap and trade system that financially benefit business performance for reducing greenhouse gas emissions. California businesses should have access to a growing global credit and trading market for emission reductions through the Western Climate Initiative (WCI). The WCI, like other Cap and Trade Systems in the European Union, unites six western U.S. states and four Canadian provinces for a regional greenhouse gas emissions reduction program.
- **Investments for improved performance and reduce emissions:** Emphasize investments in cost-effective energy and water efficiency and in cleaner energy technologies and resources as a means to achieve targets. A coordinated investment strategy coupled with financial means should be implemented to provide incentives for industry to develop emission reduction technologies for use in California and abroad, thereby maintaining California's lead in technology development.
- **Public Goods Charge or Fee for Transportation and Water Use:** SB 375 provides a direction to address a huge gap in the greenhouse gas emissions picture – that derived from transportation sources rather than a single sector. The Bay Area Council supports strengthening the qualifying criteria for Sustainable Community Plans – so that only communities (especially cities) achieve significant emission reduction in transportation based on approved land uses. Cities qualifying their land uses based on their net impact on regional greenhouse gas emissions targets should qualify for transportation and related infrastructure funds. Moreover, funds collected for transportation should directly benefit those who are paying the fees. The fee should be based on consumption and the most significant contributors to climate change emissions. The funds should push the development and adoption of energy efficiency and emissions reduction technologies while providing an economic incentive. OTHERWISE THE FEES WOULD AMOUNT TO TAX INCREASE, The Bay Area Council also supports a public goods charge on water use to improve water efficiency and reduce the energy used to move water in the state. The fee or charge must directly benefit the water users as an incentive to conserve and improve their water use practices.
- **Early Action Credit:** Advanced action by businesses and other institutions to reduce climate change contributing emissions should be given credit and provided a verifiable system so that proactive companies are not penalized for their action. It is likely regulations will be imposed on greenhouse gas emissions at some time in the future. Credit should be given to direct emissions reductions and consideration should be given to companies for indirect emissions reduction.

↓ Any fee must translate into verifiable benefits and reduction of GHG emissions, otherwise the fee will just increase cost of housing and business.

It is essential that the economic, job and environmental benefits for Californians be maximized, and any economic disadvantages be minimized to meet the greenhouse gas reduction goals.

## SPECIFIC SCOPING PLAN RECOMMENDED ACTIONS:

### Overall Greenhouse Emissions Reduction Goals

By 2020, to reduce greenhouse gas emissions to 1990 levels California will need to cut emissions by 15% based on today's levels. This will require a concerted effort both within the largest emitting sectors and the largest emitting activities in the society at large, primarily our modes of transporting people and goods. On an individual basis each person will need to reduce on average the annual emissions attributable to their activities from 14 tons of carbon dioxide equivalent to 10.

The challenge is also a huge opportunity to transform California's economy into one that operates on clean and sustainable technologies. "so that all Californians are able to enjoy their rights in the future to clean air, clean water, and a healthy and safe environment (Scoping Plan, p ES-1)."

The Bay Area Council generally supports the Scoping Plans recommendations to reduce California's greenhouse gas emissions to 1990 levels by 2020. We want to assure that the rules of engagement allow for innovation and cost-effective strategies that can be employed by the business sector and others in society. The regulations must allow for operational effectiveness so the best and most cost-effective strategies can be employed. The cost effectiveness will be determined by the percentage of the market choosing a particular strategy and appropriate incentives to assist those to leap to the new economic structure. The Bay Area Council supports implementing the following recommendations to meet and exceed the greenhouse gas emissions reduction targets:

1. California Cap-and-Trade Program Linked to Western Climate Initiative Partner Jurisdictions  
Bay Area Council Support:

2. California Light-Duty Vehicle Greenhouse Gas Standards

3. Energy Efficiency

4. Renewables Portfolio Standard

Bay Area Council Support: Achieve a renewable energy mix of 33% by 2020

5. Low Carbon Fuel Standard

6. Regional Transportation-Related Greenhouse Gas Targets

As an advocate for the implementation of SB 375 (D-Steinberg), the Bay Area Council sees it as essential to pursue both a sector based strategy to reduce greenhouse gas emissions from the largest emitters and a cohesive strategy to reduce greenhouse gas emissions from the largest functional contributors of GHG, in this case from the transportation sector. Changing the pattern of land use can in fact reduce greenhouse gas emissions from the transportation sector. The Bay Area Council support verifiable measures of greenhouse gas emissions reduction from approved land use and development plans, as a condition for receiving transportation and infrastructure funding.

7. Vehicle Efficiency Measures

8. Good Movement

9. Million Solar Roofs Program

The Bay Area Council was part of the initiating coalition to move the Million Solar Roofs Program forward through funding incentives offered by the California Public Utilities over a 10 year period equivalent to \$ 2.5 billion.

10. Medium/Heavy-Duty Vehicles

11. Industrial Emissions

12. High Speed Rail

Bay Area Council has consistently supported studies and funding to develop a California high speed rail system.

13. Green Building Strategy

A majority of the physical structures that will be in existence in 2020 are now in existence.

Therefore, the Bay Area Council supports aggressive retrofitting for energy efficiency of existing buildings. We also propose that self-defined districts in cities be permitted to pool funds to build green infrastructure where people live and work.

14. High Global Warming Potential Gases

15. Recycling and Waste

16. Sustainable Forestry

17. Water

The Bay Area Council supports a public goods charge on water use to improve water efficiency and reduce the energy used to move water in the state. The fee or charge must directly benefit the water users as an incentive to conserve and improve their water use practices. Similar, to fees charged in the realm of transportation, the fees must be used to increase water efficiency and reduction of energy needed to move water.

18. Agriculture

19. VOLUNTARY AND EARLY ACTION REDUCTIONS

All segments of society, including sectors that are not capped for emissions, have a role to play in reducing the state's greenhouse gas emissions. Therefore, the Bay Area Council supports the plan to provide a "margin of safety" by increasing emission reductions in uncapped sectors to insure that the 2020 target will be met.

20. TRACKING AND MEASURING PROGRESS

21. STATE AND LOCAL PERMITTING CONSIDERATIONS

22. LOOKING FORWARD TO 2030: REDUCING CALIFORNIA'S EMISSIONS FURTHER