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Mr. James Goldstene
Executive Officer
California Air Resources Board
1001 I Street
P.O. Box 2815
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RE: Comments on Draft Scoping Plan

Dear Mr. Goldstene,

The California Air Pollution Control Officers Association (CAPCOA) has reviewed the Draft Scoping Plan released by the Air Resources Board (ARB) on June 25, 2008, including the Technical Appendices released on July 22, 2008, and appreciates the opportunity to offer comments.

In the Draft Scoping Plan, ARB has outlined a strategic vision for achieving the reductions in greenhouse gas (GHG) emissions required under AB 32 and the Governor's Executive Order S-3-05. CAPCOA recognizes the significance of the climate change problem, as well as the precedent setting nature of the ARB climate program. We believe it is critical the ARB program be both bold in vision and successful in implementation. We also believe the program must complement and integrate smoothly with the existing air quality management program implemented by the air districts and ARB, which leads the nation in public health protection. In support of these goals, we offer the following comments on your proposal.

The draft plan places a primary focus on a "Cap and Trade" program. CAPCOA understands the rationale for using this type of market mechanism. Indeed, both the South Coast AQMD and the San Joaquin Valley Unified APCD have extensive experience in developing and implementing this type of program, and most of our members have been verifying emission reduction credits and operating emissions trading banks for nearly two decades. In that context, we strongly believe an effective cap and trade program must have adequate safeguards to ensure that reductions are quantifiable and enforceable, and that the program will not lead to disparate localized impacts. At the same time, a robust program depends on a diversity of both market and regulatory measures. Thus, we recommend that ARB move some of the direct regulatory measures from the secondary list in Table 22 to the primary list in Table 2. This will provide an important backstop to ensure the emission reductions projected in the plan are realized. Further, if such measures are implemented early, they can enhance the predictability of costs and benefits, and allow for thoughtful and measured development and expansion of the market.

Regarding emission reductions from land use, CAPCOA supports the proposed framework recommending regional GHG targets and regional blueprint plans as the foundation for reducing vehicle emissions associated with existing and projected future land use development patterns. We also agree that transportation related emission reductions resulting from effective regional blueprints and local general plan updates will play a much larger role in achieving the 2050 goal than the 2020 goal. Nonetheless, the 2 MMTCO₂E reduction goal for this measure seems quite modest given the potential VMT reductions from compact development and other smart growth strategies cited in the available literature, and through the work many land use agencies throughout California are already engaged in with the Blueprint process. We urge ARB to give this target further consideration through additional evaluation. If this Plan is to set us on a course to achieve the GHG reductions needed in 2050, a robust program to reduce emissions associated with land use and VMT is absolutely critical. To enhance the integration of the climate program with the existing health-based air quality program, the regional targets should support the VMT reduction goals contained in State Implementation Plans and local Clean Air Plans.

To support reductions in GHG emissions associated with land use, CAPCOA has prepared a resource document called, "CEQA and Climate Change: Evaluating and Addressing Greenhouse Gas Emissions from Projects Subject to the California Environmental Quality Act" to assist local governments in this effort. We are compiling updated information on CEQA thresholds, analytical tools, and mitigation strategies and will provide this as an addendum next year. CAPCOA is also developing a model air quality element to address GHG emissions for General Plans. We have invited ARB and the Governor's Office of Planning and Research to participate in this effort, and we expect to release the model element by the end of this calendar year, or very early in 2009. The Association plans to continue its efforts in this area and will identify additional projects to support and assist local governments in their efforts to reduce GHG emissions.

CAPCOA strongly believes that all of the measures whose associated emission reductions are counted towards meeting the 2020 target must be enforceable. Based on our extensive experience with regulatory program implementation and enforcement, we have several recommendations in this regard.

First, we believe that all such "counted" reductions must be verified. The Plan should include a description of the mechanisms to quantify, track, and verify reductions as part of each measure. To improve the certainty of reaching the target, we also recommend that a periodic review of progress be made to the Board, and that a backstop measure (for example, an assessment on carbon emissions) be triggered by rule if reductions reach a specified shortfall.

Local air districts are able and prepared to assist in tracking reductions from a variety of sources, including land use and stationary sources. Some air districts are also interested in establishing local carbon exchanges that can promote early local reductions in emissions. The air districts are committed to ensuring that these local exchanges are fully compatible with adopted protocols and meet all requirements established by the ARB. In support of our commitment to assist ARB with development of emissions quantification protocols, districts are working on several protocols for specific source categories. A system that can accept reductions from other states should be able to do the same with reductions generated and recognized locally in accordance with the state requirements. We believe the Scoping Plan should specifically acknowledge that local districts are among the organizations that can issue certificates for GHG emission reduction credits

(ERCs), provided, of course, that we follow the specified protocols and requirements. The draft plan refers to CCAR and the Chicago Climate Exchange as examples of such organizations. Local air districts currently perform this function for criteria pollutant ERCs, and some districts have existing regulations that allow for the inclusion of GHG ERCs within their current banking programs; others have initiated rulemaking to do so. Participation by businesses in the local exchange programs will be voluntary.

CAPCOA strongly agrees with the analysis in the draft Plan that local air districts have an important role to play in enforcement of GHG requirements for stationary sources. Local air districts currently have upwards of 400 staff conducting field inspections, as well as engineers, air quality specialists and attorneys dedicated to enforcement of air quality requirements. Collectively, we conduct over 100,000 inspections each year. We look forward to working with ARB on the development and enforcement of Scoping Plan regulations.

Stationary source permits are a critical piece of the implementation and enforcement picture, including any caps established under the market system. It is important to note that the national Acid Rain program, frequently cited as a model for this effort, is implemented and enforced through the Title V permit program; local air districts implement this program in California. Permits also provide an important mechanism to ensure that new GHG-emitting equipment or projects at stationary sources meet state-of-the art emissions or efficiency standards. Currently, new and modified operations affecting criteria or toxic air pollutants at stationary sources are subject to review and, at specified emissions thresholds, must employ the best available technology to control emissions. The standard “best available control technology” is established in law and is a well-understood and effective tool to ensure that emissions associated with economic growth are minimized. CAPCOA is reviewing options for “best available control technology” for GHGs, or “GBACT” and intends to provide this analysis to the ARB.

The draft Plan correctly notes that GHG reductions at stationary sources are likely to also affect criteria or toxic emissions and, as such, will be subject to review. CAPCOA believes the benefits of this review should be maximized. This includes a GBACT review for new and modified sources at some specified threshold, as well as an analysis to ensure that the public health protection afforded by traditional air quality programs is not compromised, that the benefits of both programs are maximized, and that localized impacts of the project are appropriately addressed. In support of this effort, CAPCOA will develop a draft structure for this review and for the permit terms that would enforce associated requirements, and provide these to ARB.

CAPCOA provided comments on the Discrete Early Action Measures adopted pursuant to AB 32 in which we identified measures and programmatic actions to reduce GHG emissions. These included (1) prioritizing measures in the State Implementation Plan to maximize co-benefit GHG reductions; (2) reviewing existing district and ARB rules to identify simple amendments that could significantly enhance GHG emission reductions, and establishing something analogous to an “All Feasible Measures” test for GHG reductions; (3) requiring BACT on new and modified stationary sources of GHG; (4) leveraging mitigation requirements under CEQA; and (5) capturing voluntary early reductions. In responding to these comments, ARB indicated they would be addressed in the Scoping Plan; unfortunately, they were not. Although we have only included a few of those prior comments in specific detail here, we continue to believe that all are relevant and could provide important reductions in GHG emissions. As such, we recommend

ARB staff review them again for inclusion in the Plan and have attached a copy of our original letter for your convenience.

In closing, CAPCOA commends ARB for its landmark effort in producing a plan to reduce California's GHG emissions. We appreciate the opportunity to offer comments on the draft Scoping Plan, and to work in partnership with ARB to achieve this important goal. Additional, specific comments on the draft Plan are attached. If you have any questions or wish to discuss our comments, please contact me at (707) 433-5911.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Lee', with a stylized flourish at the end.

Barbara A. Lee
President

Attachment A

CAPCOA Specific Comments on the Scoping Plan

CAPCOA Comments on Scoping Plan Section II.B.: Emission Reduction Measures

The following comments provide supporting statements or suggested changes to several of the emission reduction measures specified in this section.

Cap and Trade

A significant portion of the emission reductions anticipated in the Scoping Plan are attributed to the Cap and Trade program proposed here. Regulatory measures for the industrial sector, which is responsible for 20% of the emissions, are under evaluation but have not been specifically proposed in the Plan. CAPCOA believes a balanced mix of command and control strategies and market measures is important to ensure a successful GHG reduction program. The highly successful history of air pollution control programs at both the state and local level is based on this formula and is a good demonstration of its effectiveness. Notwithstanding that perspective, we have the following comments on the proposed Cap and Trade program:

- Any offsets used by affected entities to meet the cap must provide real and verifiable emission reductions. As you know, many variables can affect the quality and permanence of proposed emission reduction credits. Air districts have extensive expertise in ERC program development and implementation and are willing to provide assistance in program design to help ensure effective implementation.
- Permits are a critical element of a viable and enforceable cap and trade program. The federal acid rain program is successful because it is implemented through the Title V permit process; it would not be enforceable otherwise. Air districts hold regulatory permits on all stationary sources that will be subject to the Cap and Trade program. As such, CAPCOA is working on a draft permit structure to present to your staff to provide some initial concepts on how such permits could be configured.
- Air districts should be afforded the same opportunity as other organizations (CCAR, Chicago Climate Exchange) to issue GHG emission reduction certificates if we follow the same protocols and requirements as other approved organizations. As you are aware, current demand for banking of voluntary credits is such that several air districts are moving forward with establishing GHG banking programs in advance of State program implementation. Consistency between the State program and air district programs for banking GHGs will be critical to ensure the viability of those credits.
 - In that regard, a specific definition of what is considered “Additional” for voluntary reductions is needed immediately to ensure that such reductions are properly credited.
- A majority of the Allowances available for the initial Cap period should be auctioned rather than freely distributed, with all allowances auctioned thereafter. CAPCOA agrees with the Market Advisory Committee recommendation that any free allocation of allowances be based on environmental performance benchmarks, and that the auction process be designed to encourage voluntary early reductions by firms, municipalities, and individual consumers. Funds generated from auctioned allowances should have a defined stream of expenditures to ensure their highest and best use in reducing emissions and funding adaptation measures for the most vulnerable and impacted communities.

Energy Efficiency

CAPCOA strongly supports the overall goal to reduce projected 2020 energy demand by 32,000 GW-hours and 800 million therms through increased efficiency and more stringent building and appliance standards. Air districts already have a long history of supporting the use of energy efficiency and green building strategies through local CEQA review of development projects. Energy efficiency and conservation will be the most cost effective strategies by cutting infrastructure costs and providing economic benefits to local government, businesses and individuals. In addition, reductions from this sector can be readily measured and documented and provide co-benefits for criteria and toxic pollutants. We have a few specific recommendations for improving the effectiveness of this measure:

- Enforceable regulations will be important to ensure this program provides the reductions estimated in the plan, as well as a long term commitment to provide the funds needed for implementation.
- Improving the energy efficiency of existing residential and commercial buildings is an important mechanism for achieving real emission reductions below baseline levels compared to just reducing the projected rate of growth in emissions. Thus, we support development of an environmental performance rating system for existing residential and commercial buildings as well as a requirement that energy audits be performed for all existing buildings over the next 10 years and at time of sale.
 - Providing incentives for energy providers and local government to implement aggressive energy efficiency retrofit programs beyond the requirements of this measure will help ensure the reductions assumed for this strategy are realized and will be essential to meeting the 2050 reduction goal.
- Indoor air quality concerns will become more prominent as building envelopes get tighter. This should be evaluated and mitigation measures proposed in the final Plan.

Renewable Portfolio Standard (RPS)

CAPCOA supports the goal of increasing the RPS to 33% by 2020. However, as proposed in the Plan, this measure accounts for 15% of the total reductions expected under the Cap and Trade program by assuming it will be 100% effective. Unfortunately, the current RPS requirement of 20% renewables by 2010 is far from achieving that goal: we currently have only 12% of qualifying renewables in the mix with only 18 months to go. Many barriers remain that must be overcome (transmission capacity and distribution, permitting issues, etc.) to achieve both goals, and there is no clear implementation mechanism in place to resolve those issues. Thus, though we strongly support the goal, CAPCOA believes the emission reductions allocated to this measure are overly optimistic. As discussed in the summary below, we believe a contingency plan containing specific measures and implementing mechanisms will be necessary to ensure the reductions projected in the Plan are achieved.

Low Carbon Fuel Standard

CAPCOA supports the goal of the Low Carbon Fuel Standard adopted by ARB to reduce the carbon intensity of transportation fuels. However, to ensure that local and regional air quality impacts are not exacerbated in the process and that energy reduction goals are actually realized, extensive analysis will be required prior to development of the implementing regulation, including the following:

- Evaluation of the toxic and criteria pollutant impacts of biofuels to ensure that public health is not compromised in implementing this measure.
- Analysis of the impact of biofuels on broader societal issues and how these might affect implementation effectiveness, such as the potential for the regulation to create “domino” effects on grains and crops that ultimately affect food availability and cost.
- Development of better tools to assess and audit land use implications of the various strategies, such as potential conversion of pastures, rainforests and other existing carbon sinks to fuel production and how that will affect the global carbon balance.
- Analysis of the potential to increase light-duty vehicle dieselization if a market-based, averaging mechanism for fuel carbon content is used to provide regulatory flexibility.

High GWP gases

CAPCOA strongly supports this strategy and believes that air districts will play an important role in its implementation. Our Enforcement Managers committee is currently working with your staff on implementation and enforcement mechanisms. We also believe there is an opportunity for early voluntary reductions in commercial & industrial systems for refrigerant switching, recovery and destruction and will work with your staff to further explore that potential.

Sustainable Forests

The forest sector may play a larger role in both sequestration opportunities and overall GHG emissions than indicated in the plan, depending on how our forests are managed in the future. For example, the amount of GHGs emitted by the recent fires in the northern part of the state equal the annual emissions of about 750,000 cars, while simultaneously destroying a substantial carbon sequestration resource. Advanced forest management practices could have a significant influence on California’s carbon balance through the potential to reduce wildfires and associated CO2 emissions, as well as enhance carbon uptake and sequestration. As recognized in the Scoping Plan, one key strategy for enhanced forest management is the utilization of biomass to energy. CAPCOA recommends the associated emission reductions from this measure be accounted for within the Forestry Sector rather than the Energy Sector to allow quantification of the numerous co-benefits that result. These include avoided or reduced intensity wildfires, stimulated vegetation growth resulting in more rapid uptake of atmospheric carbon, and the emissions avoided by substituting biomass feed stocks for fossil fuels in energy production. Active scientific research and protocol development is currently underway to quantify these and other related benefits. CAPCOA also recommends that public, federally managed forest lands be included in the plan to enhance the effectiveness of this measure.

Vehicle Efficiency Measures

CAPCOA supports this measure as a critical tool to reduce vehicle emissions. However, the mechanism for enforcing this measure is not specified. One method for enforcement and to enhance overall effectiveness is to require the Smog Check program be applied statewide to capture the GHG co-benefits that result from improved maintenance on a larger percentage of the statewide passenger vehicle fleet.

Goods Movement

Goods movement is one of the most important emission source categories in the Scoping Plan due to its impacts on both climate change and local and regional air quality. Accordingly,

strategies to reduce GHG emissions from this sector create opportunities for substantial air quality co-benefits by also reducing emissions of toxics and criteria pollutants, such as diesel particulate (PM), nitrogen oxides (NO_x) and reactive organic compounds (VOC). However, the discussion in the Scoping Plan highlights only two existing rules and energy efficiency as recommended measures. Several additional strategies should be considered that would reduce greenhouse gas impacts and have significant toxic and criteria emissions co-benefits in existing impacted communities, including:

- Reducing carbon black emissions: climate change benefits may be difficult to quantify but are considered significant, and would further enhance PM reductions, particularly diesel PM; ports, railyards and associated facilities cause some of the highest cancer risks in the state.
- Requiring substitution of alternative fuels to replace a defined portion of diesel use to reduce both GHGs and diesel PM (e.g. - GHG emissions from LNG are 20% less than diesel)
- Setting idling restrictions for cargo handling equipment to reduce fuel use as well as toxic and criteria pollutant emissions.
- Requiring electrification where possible for rail transport, drayage trucks and other equipment such as cranes.
- Requiring additional emission controls for marine vessels; only shore power is included in this measure now.
- Enhancing appropriate infrastructure, such as on-dock electric rail, to reduce truck drayage use and associated emissions.
- Increasing the fuel efficiency requirements for marine vessels.
- Trade corridors need to be specifically defined.

Heavy/Medium-Duty Vehicles

CAPCOA supports the strategies in this measure to achieve more fuel efficiency from medium- and heavy-duty vehicles. However, we believe these efficiencies could be significantly enhanced through the development of a fuel efficiency protocol. Once such a protocol is established, standards could be set and mandated, requiring vehicle manufacturers to respond with appropriate technologies. Thus, CAPCOA recommends this measure include the development and adoption of fuel efficiency protocols.

Million Solar Roofs

CAPCOA supports inclusion of this measure in the plan as one of several strategies to reduce reliance on fossil fuel power generation. However, the measure assumes the CEC goal of installing 3,000 megawatts of new, solar capacity by 2017 will be met and will achieve the full level of GHG reduction estimated. There is no discussion of the effectiveness of the program to date, nor any discussion of what program adjustments might be needed to ensure success. An evaluation of the progress of this program toward achieving that goal should be performed to gauge its effectiveness and determine if additional funding or other strategies are needed to achieve the goal. In addition, we believe the success of the program could be enhanced by incorporating the following requirements:

- Increase the funding eligibility criteria to require existing homes to meet Title 24 energy efficiency requirements and new construction to be at least 10% more efficient than Title

24 to receive funding. Doing so would require less solar to meet the same energy load and thus stretch limited public dollars further and allow more installations.

- Require utilities to purchase excess power from rooftop solar installations to provide an additional incentive to the public to install additional capacity where feasible. Many homeowners have the capability and desire to install solar systems that could generate excess power beyond their requirements, but the current cap on net metering is a significant disincentive. Removing that cap would remove the disincentive.
- Allow homes off the grid to participate in the program and take advantage of tax incentives. Many rural properties off the grid use propane and even diesel to generate electricity and heat, but are currently excluded from the program.

Local Government Actions

CAPCOA supports the framework established in this measure to use regional GHG targets and regional blueprint plans as the foundation for reducing vehicle emissions associated with existing and projected future land use development patterns. We also agree that transportation related emission reductions resulting from effective regional blueprints and local general plan updates will play a much larger role in achieving the 2050 goal than the 2020 goal. This is particularly relevant given that much of focus in this measure is on reducing the rate of emissions growth from new development rather than curbing emissions from existing development. Nonetheless, the 2 MMTCO₂E reduction goal for this measure still seems quite modest given the potential VMT reductions from compact development and other smart growth strategies cited in the available literature. We urge ARB to give this target further consideration through additional evaluation. In addition, we recommend the following elements be considered in drafting the final measure:

- Regional targets should support the VMT reduction goals contained in State Implementation Plans and local Clean Air Plans. Thus, air districts should be involved in the regional target setting process to ensure the resulting goals and implementation strategies don't conflict with attainment plans.
- Development and tracking of GHG emission inventories for all regional and local governments will be essential for the development of effective GHG reduction strategies to meet regional targets. Air districts currently track regional and local emissions of criteria pollutants and would be the likely agency to track progress toward achieving regional and local targets.
- Both VMT and per capita GHG emissions are appropriate metrics to use in setting reduction targets and measuring progress to achieve them, after taking into account projected differences in population growth patterns and economic output across the state.
- The Scoping Plan needs to better define how local climate action plans will integrate with regional blueprint plans and GHG reduction targets.
- Development of better models and other quantification tools for local land use decisions is essential to the implementation of effective regional and local plans. The models must be capable of evaluating consider specific project impacts and mitigations within the context of how the project integrates with the local general plan and regional blueprint.
- Several of the other measures under evaluation will be important to the long-term success of this measure and should be considered for incorporation in the final plan, including:
 - Indirect Source Review: ISR is an important implementation tool for achieving local reductions from development.

- Parking cash-out is a proven, viable and effective strategy that is currently not being implemented or enforced. An implementation and enforcement strategy for this existing statutory requirement should be included in the Plan, with a requirement that it start at the top with state facilities and employees setting the example.
- A strong commitment to funding, incentives and assistance programs is needed to help cash-strapped local governments prepare inventories and implement action plans; this would be a good use of auction funds or carbon fees.
- Putting public transit, biking and pedestrian infrastructure as a top priority in future transportation funding decisions is essential to implementation of this measure.
- CEQA will play an important role in implementation of this measure, so development and adoption of a statewide GHG significance threshold is critical.
- Local jurisdictions that have already moved forward in adopting climate action plans and reducing GHG emissions in advance of AB 32 should be given credit for those reductions, as well as incentives for achieving additional reductions. This would likely occur after regional and local GHG targets are established. Implementation would likely require the following elements:
 - GHG inventories must be completed by every local jurisdiction within the state to define the baseline from which reductions will be counted in each region.
 - Reductions already achieved by any local jurisdiction through a formally adopted climate action plan would be added to the baseline inventory and then later subtracted as a reduction toward meeting the local/regional target.
 - An ARB-approved protocol must be developed to establish the mechanism for calculating and crediting GHG reductions from municipal and community sources.
 - Any local jurisdiction that has already exceeded the regional/local target level of reductions, or that wants to achieve additional reductions beyond their target share, would be allowed to bank the excess reduction credits using the established protocols.
 - Those credits could be sold or leased to other jurisdictions within their regional target area that are unable to achieve the full level of reductions required of them.
 - Credits banked by a local or regional jurisdiction could not be sold to any jurisdiction outside the regional target area in which they were generated.
 - The mechanism for credit trading among local jurisdictions should occur outside the formal Cap and Trade program. Any entities regulated under the formal Cap and Trade program would not be allowed to purchase credits generated by a local jurisdiction.
- Finally, control over land use decisions should remain with local government, subject to the regional GHG reduction targets and an effective Blueprint planning process. Local planners and elected officials know the needs, goals and limitations of their individual jurisdictions and regions, and should remain empowered to implement programs that best meet their unique situations.

High Speed Rail

CAPCOA strongly supports efforts to improve public transportation in California and reduce our dependence on the automobile for travel. However, the information provided in Scoping Plan on

this measure is very general, with little information on its cost-effectiveness, quantification of emission reduction benefits or potential environmental impacts. These issues need to be thoroughly analyzed and discussed in the final plan to identify the potential benefits and impacts of this measure.

Recycling and Waste

This measure is primarily directed at landfill methane control; it does not include any of the other recommendations from ARB's Economic and Technology Advancement Advisory Committee (ETAAC) report. Landfill methane controls are currently in place and regulated by air districts at most of the larger landfills in the state. While CAPCOA agrees these controls are an important means of reducing GHGs, the potential negative impacts on criteria pollutant emissions have not been analyzed in the scoping plan. Many landfill gas destruction techniques generate significant quantities of NO_x, which can impede progress toward attainment of state and federal ozone standards. Thus, we have the following recommendations for this measure:

- The potential increase in NO_x and other criteria pollutant emissions from this control strategy need to be analyzed and identified in the scoping plan, with appropriate mitigations proposed.
- The recommendations on Waste Reduction, Recycling and Resource Management contained in Section 4. IV of the ETAAC report should be considered for inclusion in the final report, including:
 - Developing a suite of emission reduction protocols for recycling
 - Increase commercial-sector recycling
 - Remove barriers to composting
 - Phase out diversion credit for green waste alternative daily cover credit
 - Reduce agricultural emissions through composting

Agriculture

This measure proposes voluntary controls of methane from manure digester systems; it also mentions a few potential future strategies that could reduce N₂O emissions from nitrogen fertilizers and CO₂ emissions from farm efficiency improvements. Agriculture in California is a large source of GHG emissions, and CAPCOA supports measures to reduce their impact. However, no discussion is provided on the potential negative impacts on criteria pollutant emissions from digester controls, which could involve uncontrolled combustion if the emissions are flared. The Scoping Plan should identify these potential impacts and provide preferential treatment to control methods that do not increase NO_x and other criteria pollutants. We have the following recommendations:

- The potential increase in NO_x and other criteria pollutant emissions from this control strategy need to be analyzed and identified in the scoping plan, with appropriate mitigations proposed.
- No-NO_x control methods for digesters, such injection of dairy gas into natural gas pipeline system, should be evaluated and recommended as the preferred implementation method.
- Utilization of agricultural biogas for electricity generation using low-NO_x microturbines and fuel cells in the future should also be recommended as preferred.
- The potential for additional carbon sequestration from agricultural growing practices should be evaluated and discussed.

Carbon Fees

CAPCOA agrees that carbon fees are an important strategy for consideration due to their ability to affect consumer choices and drive consumption and investment toward more efficient and less GHG-intensive products. We believe that upstream fees are important because they would cover a very broad segment of emissions sources. However, \$10 to \$50 per metric ton of MMTCO₂E range of potential upstream fees discussed in the report are likely to primarily influence the investment decisions and fuel choices made by suppliers of goods; they appear to be too low to significantly influence consumer buying patterns. Thus, a hybrid approach combining both upstream and downstream fees may be needed over the long term. Regarding appropriate use of the fees generated, CAPCOA believes a defined list of proposed expenditure categories must be included in the measure. As previously mentioned, such a list should include funding support for local government to implement the requirements of the final Scoping Plan.

General Comments

As indicated in our specific comments above, CAPCOA strongly supports many of the measures proposed for implementation. The concerns we have raised on a few specific measures primarily deal with ensuring local air quality and progress toward attainment of state and federal health standards are not compromised as Plan is implemented. Overall, however, our recommended changes or additions to various measures are intended to help improve the effectiveness of the Plan. In that light, the following two general recommendations address the need to ensure that implementation of the Plan will achieve the needed reductions:

- The potential emission reductions estimated for many of the measures assume the reduction strategy described will be 100% effective. It is unrealistic to assume that non-technological measures that rely on voluntary citizen participation, such as the RPS standards and energy efficiency strategies, will be 100% effective. CAPCOA believes it important that the Scoping Plan also contain a list of contingency measures that are fully vetted and ready to be implemented should any of the recommended strategies fall short in achieving the projected reductions. Such a backstop will ensure that projected reductions are actually accomplished within the timeframes required under AB 32. A comprehensive statewide outreach program will be critical to effective implementation of this Plan. California's public will need to be convinced of the need for significant changes in personal travel behavior and consumer choices, participation in energy efficiency programs and other measures that are key to achieving the needed GHG reductions. A substantial funding commitment to develop and implement a comprehensive outreach plan will be needed to ensure its effectiveness. CAPCOA is ready to provide assistance to ARB in the outreach effort and direct our Public Outreach Committee to work with your staff in helping to make that happen.



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June 20, 2007

Dr. Robert Sawyer
Chairman
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

RE: Proposed Early Action Measures to Reduce Greenhouse Gases

Dear Dr. Sawyer,

The California Air Pollution Control Officers Association supports the adoption of discrete early action measures to reduce emissions of greenhouse gases. We believe all of the measures proposed by staff are appropriate, and we have identified others that we believe would achieve additional, important early reductions.

Early Action Measures are a very important part of the state's efforts to reduce greenhouse gases. Although AB 32 outlines a number of other program elements, this is the ARB's first regulatory effort under that bill. In addition to achieving early reductions, a robust list of measures will send a clear signal about the caliber of the program that the Board intends to pursue. In the same way that the Vehicle Climate Change Standards set the stage for motor vehicle emission reductions, your decision on the Early Action Measures will prepare the way for your larger program efforts. We urge you to show your vision and leadership and approve a strong set of discrete Early Action Measures.

In the staff proposal, three measures are identified as Discrete Early Action Measures with a timeframe for adoption and implementation, including a low-carbon fuel standard, reduction of HFC emissions from air conditioning service, and improved methane capture at landfills. CAPCOA supports inclusion of all of these measures. In fact, air districts regulate and require permits for most landfills, and we would be happy to assist ARB in the development and implementation of this measure.

The staff proposal identifies twenty-three source categories as “Group 2” for further review. We presume the results of this review will be incorporated into the Scoping Plan that is due in 2009. In our May 14, 2007, letter to Ms. Catherine Witherspoon, CAPCOA recommended that ARB consider moving some of these “Group 2” measures onto the formal list of Discrete Early Action Measures, or at least provide greater specificity as to the time frames anticipated for adoption of these measures. We still believe this is important. In particular, we believe the substantial emission reduction potential in the commercial refrigeration category (listed as >7.3 MMT) warrants consideration for the formal list, as well as reductions from heavy duty vehicles (listed as 3 MMT). To the extent that uncertainty remains about the cost-effectiveness or other parameters affecting the listing, the Board could consider listing the measures with the option for staff to return to the Board with a demonstration that one (or both) of the measures is not feasible for specified reasons. By including these two measures, with a total emission reduction potential greater than 10.3 MMT, the Board would increase the tons achieved by the Early Action Measures by anywhere from 50% to 100%.

CAPCOA also provided five recommendations for measures not included in the staff proposal. We believe these measures can be accomplished within the timeframes provided in AB 32, and that they meet the screening criteria outlined by staff on page 12 of the staff report. Chief among those criteria, these measures rely on mature technologies and options readily available at a reasonable cost. They have low or no potential adverse impacts on emissions of toxic or criteria pollutants, or on low-income communities or small businesses. And they can be developed and implemented with very small resource demands on the ARB staff.

Recommendation 1: Prioritize SIP rulemaking. CAPCOA recommends that ARB review proposed SIP measures and rank them on the basis of criteria pollutant reductions, public health protection, and greenhouse gas reduction potential. Rules that rank high in all three areas should be given higher priority in the rulemaking calendar. This additional review will not add substantially to workload already planned, but will define GHG reductions that can be achieved in the near term without compromising progress towards clean air or undermining protection of public health. *The Discrete Early Action Measure would be a list of SIP measures identified, to be approved by the ARB Board by a date certain (perhaps by the end of 2007), with the measures to be effective in 2010.*

Recommendation 2: Review Existing Rules. CAPCOA recommends that you perform a review of existing state and local rules, similar to an “All Feasible Measures” review that would identify existing rules that, whether expressly intended or not, result in significant reductions of GHGs. Rules that are so identified could be more quickly adapted for statewide implementation and adopted by the ARB. Some local districts have already adopted and implemented regulations intended to reduce GHG emissions; many others have regulations for criteria pollutants which, by virtue of the way the rules are structured, also secure significant collateral GHG reductions. CAPCOA is currently hiring a consultant to assist our Climate Protection Committee in undertaking this effort. We believe that with a modest investment of resources and working with our Committee, ARB could identify rules with potential for statewide GHG reductions. Because these rules have already been adopted and implemented, much of the preparatory work has been done and the feasibility and costs are well documented; this should shorten the both the time and resources needed for state rulemaking.

CAPCOA also recommends that ARB use a focused workgroup process to use district staff resources and expertise with specific source categories to identify discrete early reductions that could be achieved in each category. We believe this process could identify early reduction potential in the six categories ARB has identified for reporting and rulemaking, and could be used to accomplish some of the necessary steps to speed adoption by the ARB. The workgroup process could also be used to build on the review of local regulations (described above) and identify opportunities for additional reductions of greenhouse gases within the existing air pollution program structure. Some local districts have already begun this review and others plan to begin soon. CAPCOA believes a coordinated workgroup process that includes ARB could identify potential GHG reductions and secure them in the near term through local rule amendments that implement a consistent statewide standard – similar to a suggested control measure. *The Discrete Early Action Measure would be a list of measures identified, to be approved by the ARB Board by a date certain (perhaps early 2008), with the measures to be effective in 2010.*

Recommendation 3: Minimize Impacts of New Stationary Sources. CAPCOA recommends that ARB work with the districts to develop a coordinated approach to reviewing greenhouse gas emissions from significant stationary sources in categories that also emit significant amounts of GHGs. The most environmentally effective and cost effective emission reductions are those implemented before a project is built. The challenge of reaching the 1990 baseline will be easier to meet if we ensure that economic growth occurs along the path of least climate impact. Local air districts already require permits and preconstruction review for such sources, which provides an efficient and effective platform to identify and address GHG emissions from new or modified sources in categories of concern. ARB could establish a general framework for including a review of GHG emissions in local NSR. The framework should also identify appropriate mitigation strategies. This process would be analogous to the development of review programs for toxic air contaminants in the late 1980s and early 1990s. In fact, because of district obligations under CEQA, districts may be required to address GHG emissions associated with new permits regardless of any action by ARB. The outcome would be better coordinated with ARB participation at the outset to identify the scope of the review and the mitigations to be considered. *The Discrete Early Action Measure would be guidance to local districts, approved by the ARB Board, on reviewing new and modified stationary sources of GHGs.*

Recommendation 4: Leverage CEQA Mitigations. CAPCOA recommends that ARB work with local districts to coordinate approaches to review of GHGs under CEQA and capture the reductions that result from mitigation. Local air districts routinely review the impacts of a variety of projects under the CEQA. Local governments are contacting the districts with questions about how to incorporate climate change and address GHG emissions of projects, and especially seeking guidance on significance thresholds for projects. CAPCOA's Climate Protection Committee and Planning Managers Committee are working on this now, and we have invited ARB and OPR staff to join us in this effort. We believe that a focused effort to identify thresholds and mitigation measures could result in practical reductions in the near term through the CEQA process. *The Discrete Early Action Measure would be guidance to local districts, approved by the ARB Board, for reviewing projects under CEQA.*

Recommendation 5: Capture Voluntary Reductions. CAPCOA recommends ARB work with local districts to establish mechanisms to promote, track, verify, and capture voluntary reductions in GHGs. As you are well aware, there is tremendous interest in voluntary reductions on the part of business, local government, and the general public. CAPCOA believes this interest should be aggressively pursued. Several air districts are already working with local stakeholders to identify and organize voluntary reduction efforts. CAPCOA's Climate Protection Committee has been tasked with compiling voluntary reduction strategies and other materials to support individual districts in this area. We suggest ARB work with us to help compile that information, and that ARB rely on local districts to help form the reporting, verification, and tracking structure for early reduction efforts. We recommend ARB include milestones for implementing this in your final list of measures, and that staff work with local districts to identify associated emission reduction targets. *The Discrete Early Action would be guidance approved by the ARB Board for the review and approval (by ARB or the districts) of voluntary reductions, including the necessary protocols.*

In closing, CAPCOA applauds ARB's efforts to identify and secure early reductions of greenhouse gases under AB 32. We urge the Board to include additional Group 1 early action measures on your final list, and to establish time frames for adoption of the measures in Group 2 and Group 3. We specifically recommend that ARB include Discrete Early Action Measures to:

1. Establish a deadline to prioritize SIP reductions to maximize collateral GHG reductions and list those measures to be effective by 2010;
2. Establish a deadline to review existing local rules and identify potential statewide measures or local enhancements, and use district resources in workgroup efforts on specific source categories to identify near-term GHG emissions;
3. Coordinate with districts to develop a strategy to use existing permit programs to review and mitigate GHGs from significant stationary sources;
4. Coordinate with districts to develop guidance on review and mitigation of GHGs under CEQA; and
5. Rely on local air districts to implement early reductions through coordinated voluntary programs.

Thank you for your consideration of our recommendations.

Sincerely,



Larry R. Allen
President