State of California • Arnold Schwarzenegger, Governor
State and Consumer Services Agency
DEPARTMENT OF GENERAL SERVICES
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August 1, 2008

California Air Resources Board
California Environmental Protection Agency
Sacramento, CA 95814

Re: Draft Scoping Plan

Dear Air Resources Board,

The Department of General Services (DGS) appreciates the early opportunity to comment on the Climate Change Draft Scoping Plan. As you know, DGS participated in the Building and Fleet sub-groups of the California Climate Action Team in its work to develop this Scoping Plan to implement AB 32, but our comments herein generally pertain to the preliminary recommendations, analysis and implementation plans outlined in the Draft Scoping Plan, as it pertains to the State government sector.

The Climate Change Draft Scoping Plan declares that California State government is establishing a target of reducing its own greenhouse gas (GHG) emissions by a *minimum* of 30 percent below business-as-usual emissions by 2020 - approximately 15 percent below levels that will be achieved by existing efforts.[1] To achieve greenhouse gas emission reduction levels of this magnitude, the State would necessarily have to reduce GHG emissions significantly from its existing owned and leased buildings.

As the ARB is aware, buildings account for nearly 70 percent of all GHG emissions, and existing buildings account for approximately 92 percent of building energy usage as compared to that which is used by newly constructed buildings. Although green buildings are "constructed, renovated, operated and maintained using an integrated design process that creates and ensures a healthy and comfortable environment while maximizing energy and resource efficiency,"[2] DGS has had difficulty in recent years removing persistent impediments to achieving statistically significant GHG reductions from green buildings.

Foremost among the issues for DGS in implementing energy efficiency and GHG emission reduction targets has been the absence of authority to tap specific fund accounts of DGS or its client State agencies to pay for upgrades to existing buildings.

[1] See Draft Scoping Plan, p. 12

[2] See Draft Scoping Plan, p. 22

Existing buildings have the potential to produce the most significant reductions in GHG emissions and improvements in energy efficiency, but full achievement of the reductions under goals identified in Executive Order S-20-04 has been extremely challenging due to a lack of available funds and authority to spend the money for these purposes. What has happened is that energy efficiency or GHG retrofit measures are simply not financed unless the resultant energy savings will pay for the costs of implementation. This brings to light the need to account for GHG benefits in any scoping analysis. Achievement of the goals identified in the Draft Scoping Plan are likely to become all the more elusive to the State unless specific provisions are adopted that identify appropriate funding sources.

Buildings that are leased by the State present additional obstacles to full realization of emission reduction targets identified in the Draft Scoping Plan for DGS and other State agencies because the State does not own the buildings, and must negotiate the appropriate tenant improvements with building owners.

In light of these issues, DGS recommends that the Draft Scoping Plan be amended to clearly articulate that full achievement of the goals identified in the plan are wholly dependent on identifiable funding sources that are appropriated for the purposes of AB 32 implementation. On a technical note, DGS also suggests that conversion factors used to calculate GHG reductions attributable to energy efficiency be held constant in order to avoid interfering with budget planning for green building projects that would be implemented to achieve reductions.

Although DGS has been committed to and fully supports the notion that the State should set an example, we would recommend that this declaration of purpose in the Draft Scoping Plan be supplemented with language acknowledging that the State faces time and resource restrictions that are somewhat unique to the public sector. To cite a couple of examples, the State capital outlay process for building construction normally takes anywhere from 6 to 9 years, which could impermissibly lengthen the time that will elapse before emission reductions can be achieved with respect to new buildings. And State motor vehicle fleet officials must comply with a multitude of federal and state laws that dictate the procurement and management policies applicable to the State's fleet operations. Mandates such as this can serve to delay or perhaps run counter to GHG emission reduction goals specified in AB 32.

DGS respectfully requests your consideration of these issues as the Draft Scoping Plan is amended. We look forward to a continuing and supportive effort to assist the Climate Action Team in realizing the goals set forth in AB 32.

Sincerely,

William W. Semmes
Chief Deputy Director
Real Estate & Asset Management Services