Position: The Valley Industry and Commerce Association (VICA) supports the following principles and practices as they relate to the AB 32 Scoping Plan (released on June 26, 2008):

1. The market mechanisms and fee structures in the Plan should be designed to return revenues to the sectors and regions from which they originate. The Plan should protect against the redistribution of wealth and should focus revenues on reducing emissions and emission reduction costs, encouraging technology development and providing alternatives.

2. The Plan should place more emphasis on public transportation and rail transport as a means of reducing greenhouse gas emissions from mobile sources, which account for nearly 40% of the emissions in the State.

3. Tax credits should be provided for investments in energy efficiency and renewable energy.

4. In a cap and trade system, VICA supports allocation of credits instead of auction, especially during the first 10 years of the program, to give producers time to implement changes.

5. Emissions reduction programs should be phased in gradually in an effort to allow producers to adjust to new mandates to avoid shocks to any particular market.

6. More incentive based measures should be included in the Plan to induce not only compliance, but also encourage producers to go beyond 2020 targets.

7. The Plan should acknowledge and provide some form of credit for early actions.

8. The Plan as currently proposed focuses primarily on stationary sources and business for achieving the targets. Emission reduction requirements should be applied to all sectors in proportion to their contribution to the State's inventory to avoid overburdening individual sectors.

9. The use of offsets for compliance should not be limited to 10%. Offsets provide cost-effective emissions reductions and encourage innovation in all sectors. All verified offsets should be allowed to be used for compliance.

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10. The Air Resources Board should be the lead implementation agency for AB 32. The Plan should require that actions and programs developed by local or regional agencies are consistent with the State program and avoid duplication of effort.

11. When calculating cost effectiveness of a project, only green house gas emissions should be used and not co-benefits. Including co-benefits in the cost-effectiveness calculations skews results and may end up favoring technologies with low greenhouse gas benefits.

12. Instead of imposing mandatory audits and controls, the plan should allow the market to decide how best to develop and implement the most productive and cost-effective means of reducing greenhouse emissions.

13. Projects that comply with AB 32 guidelines should not be required to do a separate CEQA review or be subject to additional mitigation for greenhouse gases.

14. Eliminate the water sector public goods charge. This charge unfairly burdens urban water users and attempts to duplicate measures already being implemented by water providers.

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