COALITION FOR CLEAN AIR

April 11, 2017

Rajinder Sahota
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: ARB's Proposed 2030 Scoping Plan Scenario

Dear Ms Sahota,

Coalition for Clean Air (CCA) supports a Scoping Plan Scenario that will ensure California meets its 2030 climate protection standard, while also maximizing opportunities to address long-standing environmental injustices. These outcomes can be best achieved by a suite of measures that: (1) prioritize direct reductions in greenhouse gas (GHG) emissions from mobile and large stationary sources; (2) integrate air pollution abatement with climate protection actions; (3) supplement direct control measures with an emissions tax system covering GHGs as well as criteria air pollutants and toxic air contaminants; and (4) expand the scope of institutions involved in meeting the 2030 standard beyond state agencies. We appreciate that the Air Resources Board's Proposed 2030 Scoping Plan Scenario ("ARB's Proposed Scenario") incorporates many of the strategies listed above, and emphasizes emission reductions from the transportation sector because it is the largest contributor to climate disruption and poor air quality in California. Nonetheless, CCA cannot support ARB's Proposed Scoping Plan Scenario, mainly because it calls for the continuation of cap-and-trade whereas we oppose emissions trading programs.

Carbon Pricing Mechanism

We agree with ARB that meeting California's 2030 climate protection standard will be more arduous, technologically and economically, without a carbon pricing mechanism to complement direct control measures. However, CCA is opposed to ARB's Proposed Scenario, because it recommends continuing California's cap-and-trade program beyond 2020. Emission-trading schemes like cap-and-trade can limit the impact of mitigating localized pollution burdens and

could even exacerbate pollution hotspots in certain communities by facilitating the buying and selling of emission allowances.

Preliminary research has revealed income and racial disparities between the neighborhoods located near large-emitters (of GHGs and particulate matter) that saw an increase in emissions compared to facilities where emissions decreased over the same time period. Accordingly, cap-and-trade might worsen environmental injustices and including such a program in ARB's Proposed Scenario would run counter to the equity-oriented objective listed in the Draft Environmental Analysis (Objective 9, Appendix F). If ARB decides to extend cap-and-trade post-2020, the agency must redesign the program and pursue revisions identified in the Proposed Scenario, including, but not limited to eliminating or reducing the offset usage limit and the rate of free emission allocations to covered entities. ARB should also explore requirements on the location of offsets, such as mandating these projects occur in neighborhoods near covered facilities or in disadvantaged communities (DACs) in California. CCA also strongly agrees with the need for corrective action if criteria and toxic emissions increase at a covered facility, such as reduced an entity's allowances.

CCA favors a pricing mechanism similar to the cap-and-tax scenario described in Alternative 4, and appreciates that this type of program was analyzed in ARB's latest Scoping Plan document. To be more specific, CCA proposes a system that places a fee on emissions of greenhouse gases as well as criteria and toxic air pollutants. A cap on emission levels should accompany a fee, because a cap provides assurance that California will meet the 2030 climate protection standard while a fee or tax offers regulated entities greater certainty in the price of emission reduction compared to the allowance price under cap-and-trade auctions. CCA believes that Assembly Bill 197 (Eduardo Garcia, 2016) gives ARB the authority to explore and potentially pursue an emissions cap-and-fee (or cap-and-tax) system, because that kind of measure furthers the intent of the law to integrate the State's strategies for mitigating air and climate pollution.

Capping and placing a fee on air and climate pollutants would also bolster California's efforts to achieve deep reductions in emissions to meet federal, health-based air quality standards and generate revenue for incentive funding at the scale required to transform California's transportation, industrial, and energy sectors. Revenue from an emissions fee could and should be deposited into the Greenhouse Gas Reduction Fund and adhere to state laws regarding equitable climate investments within and benefiting disadvantaged and low-income communities (i.e., SB 535 and AB 1550). While cap-and-trade has been in place for a few years, a cap-and-fee system may be simpler and less costly for ARB to administer, and the agency should consider this issue when weighing the advantages of different Scoping Plan scenarios.

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Industry Sector Measures

CCA firmly supports a refinery measure along the lines of the one in ARB's Proposed Scoping Plan Scenario. This kind of measure presents an excellent opportunity for climate policy to complement efforts to improve air quality and public health due to the strong correlation in emissions of greenhouse gases, criteria air pollutants, and toxic air contaminants at refineries. Second, because refineries are often sited near disadvantaged communities, this measure could help direct attention to the long-standing environmental injustices associated with this type of large-scale industrial facility. ARB and local air districts must ensure community-based organizations (CBOs) have the means to actively participate in the rule-making process as this measure is developed and various regulatory pathways are examined. That is because the Californians most harmed by refineries deserve to help establish the intended outcomes of this measure as well as strategies and trade-offs involved.

CCA also supports many of the efforts identified by ARB to reduce greenhouse gas emissions from the industrial sector, such as increased deployment of renewably-powered fuel cells and Best Available Retrofit Control Technology mandates for large stationary sources beside refineries (e.g., food processors and cement plants). Fluorinated gases, or F-gases, are also critically important to control, because this is the fastest-growing stock of greenhouse gases and they have the highest global warming potential among GHGs. ARB should enact regulations on the sale or distribution of F-gases in California as described in its Proposed Scoping Plan document, and funding should be developed for an incentive program to replace F-gases in air conditioning and refrigeration systems across the state.

Transportation Sustainability

CCA is a strong proponent of all the ongoing and proposed Transportation Sustainability measures listed by ARB in its latest 2030 Scoping Plan document. We are especially supportive of raising the Sustainable Communities Strategies targets that California's metropolitan planning organizations (MPOs) must meet by 2035; please see the comments from ClimatePlan for more details on this and other land use-related measures. Additionally, CCA suggests two changes to other measures listed under *Vibrant Communities & Landscapes/VMT Reduction*.

First, ARB should add Regional Transportation Plan (RTP) Guidelines to the list of programs that state agencies will assist regional governments implement. The updated RTP Guidelines (adopted by the California Transportation Commission in January 2017) include several new references to advanced freight transportation technologies, and encourage MPOs to plan for and invest in infrastructure to support transportation electrification. Some MPOs have conducted plug-in electric vehicle (PEV) regional readiness plans already, with funding from the California

Energy Commission (CEC); however, MPOs need additional technical and financial resources to help facilitate the widespread electrification of freight and other heavy-duty vehicles.

Second, the measure regarding ARB's SB 350 study on barriers to ZE/NZE transportation options should explicitly call for implementation of recommendations identified in the report. Based on our positive experiences with this research project, including engagement with low-income and disadvantaged communities, this measure should also state an ongoing commitment to update the study periodically. These suggestions, which ARB may have committed to already, would send an important signal to underserved Californians that the agency is committed to removing barriers they face in accessing cleaner transportation choices. Moreover, transforming California's transportation systems to reach the State's energy and environmental goals will become more viable when the most disadvantaged households and neighborhoods have greater access to clean vehicles and other low carbon mobility options.

As stated previously, CCA supports the ongoing and proposed measures advancing clean vehicle technology and transportation fuels. Setting high standards for the penetration of advanced clean cars and low carbon freight transport and equipment in the California market is especially critical to continue improving the technology and lowering costs, at a time when federal agencies are backsliding on their responsibilities. Reducing emissions from transportation fuels and sustaining the market for low carbon fuels are also key elements of California's strategy to improve air quality, public health, and meet the State's ambitious 2030 climate protection standard. That is why it is crucial for ARB to extend the Low Carbon Fuel Standard (LCFS) past 2020, strengthen the LCFS to achieve an 18 to 25 percent reduction in carbon intensity by 2030, and begin adopting regulations to increase the recovery in California of renewable sources of natural gas (RNG) to fuel heavy-duty vehicles and equipment. While CCA supports greater in-state generation of low carbon transportation fuels, ARB must take steps to prevent, or at least minimize, the negative impacts of fuel production and distribution on communities living near such facilities. For instance, policymakers should safeguard against a concentration of Natural Gas and other fueling depots (even if the fuels are low carbon) in disadvantaged communities, because it would lead to increased truck traffic and attendant problems in areas already facing high cumulative environmental impacts.

ARB should also pursue the potential additional actions identified in its latest Scoping Plan document in order to achieve deep reductions in mobile source emissions. Developing a Low Emission Diesel Standard is urgently needed in order to make significant progress in the near-term on climate, air quality, and public health, while zero-emission technologies are developed for the heaviest-duty trucks and equipment types for which a zero-emission alternative does not yet exist. On the light-duty side, the policies listed to support 100 percent zero-emission vehicle

(ZEV) sales in California eventually are credible strategies for enhancing the desirability of ZEVs to consumers and accelerating market demand. ARB's SB 350 study will hopefully generate other, more specific policy ideas to ensure the transformation of the light-duty vehicle market is inclusive of low-income and disadvantaged community residents. In addition to supporting advanced technology vehicles, CCA agrees with the recommendation from Energy Solutions to establish standards on the rolling resistance of replacement tires sold in California. This potential new measure is projected to yield more than two million metric tons of GHG emission reductions annually, and deliver important air quality and cost-saving benefits to lower income car-owners who are more likely to be driving on replacement tires.

Just Transition

CCA agrees with and supports the Environmental Justice Advisory Committee's recommendation to begin planning for a just transition for incumbent workers in fossil fuel industries. Over time, these workers are likely to face a greater risk of unemployment due to changes in business operations or reductions in output to meet climate and clean air obligations. In addition to issues of fairness and equity, a just transition could yield environmental benefits if incumbent workers' accumulated knowledge and skills are leveraged in closely related occupations and industries that are aligned with a low carbon economy. California has proven that environmental protection and economic growth can be coupled and with great success on both fronts, and now is the time to ensure this extends to employment and people's livelihoods.

Sincerely,

S. Jatkar

Shrayas Jatkar, Policy Associate
Coalition for Clean Air