

BOARD MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

THURSDAY, NOVEMBER 20, 2008

9:00 A.M.

TIFFANY C. KRAFT, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 12277

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS

Ms. Mary D. Nichols, Chairperson

Dr. John R. Balmes

Ms. Sandra Berg

Ms. Dorene D'Adamo

Mr. Jerry Hill

Mr. Ronald O. Loveridge

Mr. Ron Roberts

Mr. Daniel Sperling

Mr. John Telles

STAFF

Mr. James Goldstene, Executive Officer

Mr. Tom Cackette, Chief Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Mr. Michael Scheible, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Kathleen Quetin, Ombudsman

Mr. Albert Ayala, Chief, Climate Change Mitigation and Emissions Branch, Research Division

Ms. Edie Chang, Chief, Program Planning and Management Branch

Mr. Chuck Shulock, Chief, Office of Climate Change

Ms. Monica Vejar, Board Clerk

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Alan Abbs, Tehama APCD
Mr. Rafael Aguilera, Verde Group
Ms. Vania Ahmadi, Healthy BBQ Communities
Mr. Azibuike Akaba, EIP
Ms. Martha Arguello, PSR, CA
Mr. David Assmann, Department of Environment
Mr. Francisco Alvarez, American GI Forum
Ms. Diane Bailey, Coalition for Clean Air
Mr. Andrew Barrera, TELACU
Ms. Nidia Bautista, Coalition for Clean Air
Mr. Bud Beebe, SMUD
Mr. Michael Beer, CBE
Ms. Susie Berlin, McCarthy & Berlin, LLP
Ms. Sara Birmingham, The Solar Alliance
Ms. Maria Birnueta, Center for Community Action and Environmental Justice
Mr. Arthur Boone, Northern California Recycling Association
Counsel Member Michael Brennan, City of Oakdale
Mr. Jack Broadbent, CAPCOA & Bay Area AQMD
Mr. David Brodwin, New Voice of Business
Mr. Cal Broomhead, City and County of San Francisco
Ms. Margo Brown, Chairman, California Integrated Waste Management Board

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Tony Brunello, Deputy Secretary for Climate, Resources Agency

Mr. John Busterud, Pacific Gas & Electric Company

Mr. Roberto Cabrales, Communities for a Better Environment

Mr. Frank Caponi, LA County Sanitation District

Mr. Tim Carmichael, Coalition for Clean Air

Ms. Carolyn Casavan, VICA

Ms. Claudia Chandler, Energy Commission

Mr. Luke Cole, Center on Race, Poverty, and the Environment

Mr. Marco Polo Cortes, San Diego County Hispanic Chamber of Commerce

Mr. Mark Cowin, Deputy Director, Department of Water Resources

Mr. John Cunningham, Contra Costa County

Ms. Phyllis Currie, SCPPA, Pasadena

Mr. Ron Davis, SCPPA Burbank

Ms. Kari Decker, APX

Mr. Terry Dressler, CAPCOA & Santa Barbara NCD

Dr. Michael Dorsey, UC Santa Cruz Environmental Studies

Mr. James Duran, Duran HCP

Ms. Eileen Dutton, ARMA

Ms. Amanda Eaken, Climate Plan, NRDC

Mr. Lamar Edwards, Wincentive Corp.

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Jon Ellison, Environmental Council of Sacramento

Dr. Bob Epstein, ETTAC

Mr. Hugh Ewing, EPFW

Mr. James Fine, Environmental Defense Fund

Mr. Tony Fisher, Anrafi Associates, LLC

Mr. Charles Frazier, Black Chamber

Mr. Socorro Gaeta, Fresno

Mr. Willie Galvan, American GI Forum

Mayor Paul Glaab, City of Laguna Niguel

Ms. Lynda Gilgun, Environmental Health Coalition

Mr. Larry Green, CAPCOA & Sac Metro AQMD

Ms. Margarita Guzman, Fresno

Ms. Elizabeth Hadley, Redding Electric Utility

Mayor Jon Harrison, City of Redlands

Mr. Chuck Helget, Allied Waste

Mr. Paul Helilker, Marin Municipal Water District

Mr. Shabaka Hery, Society for Positive Action

Ms. Cathy Hicks, Department of General Services

Mr. Andrew Hoerner, Redefining Progress

Ms. Bonnie Holmes-Gen, American Lung Association

Mr. Ruben Jauregue, LBA & LICI

Mr. Bob Johnson, UC Davis

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Leilani Johnson Korral, LA Department of Water and Power

Ms. Angela Johnson-Meszaros, Environmental Justice Advisory Committee

Mr. Andy Katz, Breath CA

Ms. Rachael Katz, Pacific Forest Trust

Counsel Member Janice Keating, City of Modesto

Ms. Susan King, California Nurses Association

Mr. Brandon Kitagawa, CAFA

Mr. Bill LaMarr, California Small Business Alliance

Mr. Nick Lapis, CAW

Mr. Jose Lara, Weedpatch

Ms. Barbara Lee, CAPCOA & Northern Sonoma County APCD

Mr. Ray Leon, Fresno

Mr. Bob Lucas, CCEEB

Ms. Linda MacKay, CRPE

Mr. Justin Malan, Local Environmental and Health

Mr. Roy McBrayer, Deputy to State Architect, Department of General Services

Mr. Richard McCann, ASPEN Environmental

Mr. Robert Meacher, Plumas County Supervisor

Ms. Irma Medellin, Lindsay

Mr. Pete Montgomery, CBIA

Sgt. Major Daniel Morales, American GI Forum, Sacramento

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Chris Morfas, Safe Routes to School National Partnership

Mr. Nettie Morrison, Allensworth

Mr. Michael Murray, Semptra Energy

Ms. Charlotte Myers, Catholic Charities, Diocese of Stockton

Mr. Brent Newell, Center on Race Poverty and the Environment

Ms. Ulla Nielsen

Council Member Lisa Novotny, City of Lakewood

Ms. Marybelle Nzegwu, Fresno

Ms. Eursoreina Ordaz, Arvin

Ms. Ana Orozco, Communities for a Better Environment

Ms. Calla Rose Ostrander, San Francisco of the Environment

Ms. Michelle Passelo, The Nature Conservancy

Ms. Amisha Patel, California Chamber

Ms. Kathryn Phillips, Environmental Defense

Mr. Ray Pingle, Sierra Club of California

Ms. Catherine Reheis-Boyd, Western States Petroleum Association

Ms. Maria Rivera, Fresno

Ms. Inez Rojas, Fresno

Mr. David Roland-Holst

Ms. Kyra Ross, League of California Cities

Dr. Trisha Roth, American Academy of Pediatrics

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Dorothy Rothrock, CMTA, AB 32 Implementation Group

Mr. Hank Ryan, Small Business California

Ms. Nancy Ryan, Ph.D., Chief of Staff for President
Peevey, California Public Utilities Commission

Mr. Seyed Sadredin, CAPCOA & San Joaquin Valley AQMD

Mr. Jim Sandval, Bay Area Clean Water Agencies

Ms. Sofia Sarabia, Fresno

Mr. David Schonbronn, Transportation Solutions Defense and
Education Fund

Mr. Gary Schoonyan, Southern California Edison

Mr. Will Seavey, MD, Physicians Social Responsibility

Mr. Malakai Seku-Amen, California State NAACP

Ms. Patty Senecal, International Warehouse Logistics
Association

Mr. Josh Shaw, California Transit Association

Ms. Polly Shaw, SUNTECH

Ms. Sarah Skikne, Corporate Research Analyst

Ms. Kari Smith, Sun Power Corp.

Ms. Gina Solomon, NRDC

Mr. Bill Sproull, Clear Edge Power

Ms. Alison Stoffer, California Small Business Association

Ms. Susan Strong, ACC, CPI, PIMA, SFPA

Mr. Robert Sudnick, Evergreen Oil

Ms. Rebecca Sutton, Environmental Working Group

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Diane Takvorian, Environmental Health Coalition

Mr. Jim Talbott, City of Guadelupe

Mr. Scott Tomashefsky, Northern California Power Agency

Mr. Jesus Torres

Mr. Matt Vander Sluis, Planning and Conservation League

Mr. Barry Vesser, Climate Protection Campaign

Mr. Barry Wallerstein, CAPCOA & South Coast AQMD

Ms. Laurie Wayburn, Pacific Forest Trust

Ms. Linda Weiner

Mr. Chuck White, Waste Management

Mr. David Wright, Southern California Public Power Authority

Ms. Kate Wright, Local Government Comission

Mr. Mike Zuckerman, Temple San Francisco

ALSO PRESENT BUT DID NOT TESTIFY

Ms. Aurora Alvarado, Plainview

Ms. Griselda Alvarado, Plainview

Ms. Imelda Alvarado, Plainview

Ms. Oralia Alvarado, Wasco

Ms. Valeriana Alvarado, Plainview

Mr. Juvenal Bermudez, Arvin

Ms. Ingrid Brostrom, Visalia

APPEARANCES CONTINUED

ALSO PRESENT BUT DID NOT TESTIFY

- Ms. Ana Cisneros, Plainview
- Mr. Luke Cole, San Francisco
- Ms. Angela Cuuillo, Arvin
- Ms. Alma Duran, Allensworth
- Ms. Caroline Farrell, CRPE
- Mr. Sammy Galves, Visalia
- Ms. Jennifer Giddings, Visalia
- Ms. Isabel Gonzales, Lamont
- Ms. Maria Hernandez, Lamont
- Ms. Carolina Holguin, McFarland
- Mr. Jesus Jaimes, Fresno
- Ms. Christina James, Fresno
- Ms. Knelda Leon, Fresno
- Mr. Jose Lona, Wasco
- Ms. Maura Lopez, Weedpatch
- Mr. Bravlio Martinez, Fresno
- Ms. Lupe Martinez, Fresno
- Ms. Maria Martinez, UFW
- Mr. Luis Medellin, Plainview
- Ms. Mariano Medina, Woodpatch
- Ms. Rosa Morales, Fresno
- Mr. Guadalupe Nunez, Plainview
- Mr. Moises Ochoa, Fresno

APPEARANCES CONTINUED

ALSO PRESENT BUT DID NOT TESTIFY

Ms. Ofelia Ochoa, Wasco
Ms. Maria Elena Orozco, Orosi
Ms. Raquel Ortega, Merced
Ms. Andrea Prado
Ms. Maria Prado
Mr. Alvaro Preciado, Fresno
Ms. Gloria Preciado, Fresno
Mr. Jose Reynoso, Fresno
Mr. Nick Robinson, Walmart Action Network
Ms. Carmen Rodriguez, Lamont
Mr. Jorge Salas, Plainview
Ms. Rosalinda Salas, Plainview
Ms. Daniela Sinumovic, Fresno
Mr. Mario Talavera, Fresno
Ms. Ana Torres, Fresno
Ms. Dolores Valdez, Wasco
Ms. Maria Villasenor, Fresno
Ms. Maria Ybarra, Arvin
Ms. Maria Yepez, Arvin

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 PROCEEDINGS

2 CHAIRPERSON NICHOLS: Good morning. And welcome
3 to this meeting of the Air Resources Board.

4 Somewhere in here I have a script I'm supposed to
5 read, but I don't know quite where it is at the moment.
6 So I'm just going to welcome you.

7 We do customarily begin our Board meeting with
8 the Pledge to the Allegiance to the flag. So let me ask
9 you to please rise.

10 (Thereupon the Pledge of Allegiance was
11 Recited in unison.)

12 CHAIRPERSON NICHOLS: Thank you.
13 Would the Clerk please call the roll?

14 BOARD CLERK VEJAR: Dr. Balmes?
15 Ms. Berg?

16 BOARD MEMBER BERG: Here.

17 BOARD CLERK VEJAR: Ms. D'Adamo?

18 BOARD MEMBER D'ADAMO: Here.

19 BOARD CLERK VEJAR: Supervisor Hill?

20 BOARD MEMBER HILL: Here.

21 BOARD CLERK VEJAR: Mayor Loveridge?
22 Supervisor Roberts?

23 BOARD MEMBER ROBERTS: Here.

24 BOARD CLERK VEJAR: Professor Sperling?

25 BOARD MEMBER SPERLING: Here.

1 BOARD CLERK VEJAR: Dr. Telles?

2 Chairman Nichols?

3 CHAIRPERSON NICHOLS: Here.

4 BOARD CLERK VEJAR: Madam Chair, we have a
5 quorum.

6 CHAIRPERSON NICHOLS: Thank you.

7 Before we begin our meeting this morning, I have
8 both a sad and pleasant duty. As most of you probably
9 already know, we are going to be losing a Board member due
10 to circumstances that were definitely within his control.

11 Supervisor Jerry Hill is going to be moving on to
12 the Legislature. And so this is his last Board meeting
13 today.

14 And we prepared a resolution, which I'm hoping
15 that my fellow Board members will be willing to sign.
16 Could be controversial. But I'd like to read it. And
17 then later on we'll all actually get a chance to sign it.
18 I think we'll have a little photo session during the lunch
19 break if you don't mind. But I do want to read the
20 resolution in public. So bear with me here. This is in
21 the form of an Executive Order.

22 "Whereas, Supervisor Jerry Hill was appointed
23 to the Air Resources Board in February 2007 by
24 Governor Schwarzenegger as a representative of
25 the Bay Area Air Quality Management District.

1 "And whereas, Supervisor Hill quick by became
2 recognized throughout ARB for his astute insight,
3 his encouraging nature, patience, personal
4 warmth, collegiality, and good humor even under
5 stressful circumstances.

6 "And whereas, the Board has benefited greatly
7 in its deliberations from Supervisor Hill's 17
8 years experience as a local elected official
9 having served as a San Mateo City Council member,
10 mayor, and county supervisor.

11 "And whereas, Supervisor Hill has represented
12 his Bay Area constituents with conscious and
13 diligence for the past 21 months through an
14 unprecedented and transformation period as ARB's
15 globally recognized environmental leadership in
16 many aspects of air quality protection extended
17 into climate change mitigation.

18 "And whereas, Supervisor Hill further made
19 clear his leadership in advocacy for clean air
20 and community health, serving as Chairman of the
21 Bay Area Air Quality Management District.

22 "And whereas, having been elected to the
23 California State Assembly on November 4th, 2008,
24 Jerry Hill leaves his serve to ARB in the highest
25 possible regard of his colleagues to continue his

1 public service.

2 "Now be it resolved, that the Board members
3 on behalf of all ARB express their heartfelt
4 appreciation to State Assembly Member Elect Jerry
5 Hill for his distinctive and devoted service to
6 the health, welfare, and safety of all
7 Californians by his service to this Board.

8 "Be it further resolved, the Board wishes all
9 possible success to Assembly Member Hill and
10 looks forward to opportunities for continued
11 collaboration to advance the causes of clean air
12 and a healthful environment."

13 Do I have a unanimous motion to approve? I
14 believe I do. We are so happy.

15 (Applause)

16 CHAIRPERSON NICHOLS: It comes with the usual
17 valuable plaque. We'll all sign it and give it to you to
18 hang on your office wall. I hope it will be there. Thank
19 you.

20 All right. Now let me just make a couple of
21 logistical announcements. As I'm sure most people already
22 know, if you want to testify on any item, you need to sign
23 up with the Clerk of the Board. You don't have to include
24 your name, although it helps us if you do.

25 We are going to be imposing to begin with a

1 three-minute time limit. And we have the option to impose
2 further limits on testimony if things gets to be
3 repetitive.

4 But we mostly want to hear from you in your own
5 words. And particularly for those who have written
6 testimony, please assume that we have your written
7 testimony and it will be in the record and the Board
8 members will read it. So when you speak, if you can cut
9 to the chase, we would appreciate that very much.

10 For this meeting, we have translation services
11 available in Spanish for those who need it. There are
12 headsets available outside the meeting room at the
13 attendants sign-up table.

14 And now in the translator will repeat my remarks
15 in Spanish.

16 (Thereupon translation was made in Spanish.)

17 CHAIRPERSON NICHOLS: Thank you.

18 For safety reasons I need to remind you that
19 there are emergency exists at the rear of the room. In
20 the event of a fire alarm, we're required to evacuate this
21 room immediately and go down the stairs and out of the
22 building. When the all-clear signal is given, we return
23 to the hearing room and resume the hearing.

24 I think that's it for housekeeping announcements.

25 Our first item this morning is on the topic of

1 the impacts of climate change in California. It's a
2 matter have good fortune we have this presentation
3 available today before we go into our hearing on the AB 32
4 Scoping Plan.

5 So now I will turn the program over to our
6 Executive Officer.

7 EXECUTIVE OFFICER GOLDSTENE: Thank you, Madam
8 Chairman. Good morning, members.

9 That the globe is warming is no longer a matter
10 of debate. The International Panel on Climate Change has
11 concluded that this warming is largely driven by human
12 activities, such as the burning of fossil fuels.

13 As you heard last month from our sister agency,
14 the Office of Environmental Health Hazard Assessment,
15 California is already experiencing higher temperatures,
16 rising sea levels, and earlier snow melt due to climate
17 change.

18 Recognizing that additional global warming is
19 inevitable, the Governor directed the secretary of the
20 California Environmental Protection Agency to lead a
21 multi-agency effort to regularly assess the impacts of
22 climate change on California and to examine options that
23 would best prepare our state to respond to the most
24 adverse consequences.

25 Today, Dr. Albert Ayala will present an overview

1 of our ongoing research and the research of others
2 providing an update on the science we're receiving on the
3 impacts of global warming on California.

4 Dr. Ayala.

5 (Thereupon an overhead presentation was
6 presented as follows.)

7 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

8 CHIEF AYALA: Thank you, Mr. Goldstene. Good morning,
9 Madam Chairman and members of the Board.

10 On behalf of a team of scientists from our
11 various State government agencies and academic
12 institutions conducting climate change research, I'm
13 pleased to offer to you this brief update on what we
14 expect a warming world will mean for us right here in our
15 state.

16 Some of the work I will discuss is preliminary
17 and still in progress, but the relevance of the
18 observations merit your consideration.

19 In the next 15 minutes, I will review recent
20 findings concerning what we foresee as the most critical
21 impacts to California's ecosystems, public health, and the
22 economy.

23 --o0o--

24 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

25 CHIEF AYALA: Unequivocally, the world is getting warmer

1 CHIEF AYALA: Global greenhouse gas emissions are on the
2 rise. This slide shows in the solid green curve present
3 day carbon dioxide emissions and in the dashed green curve
4 the path to future reductions necessary to achieve the
5 climate stabilization target.

6 This curve is compared to the emissions trend for
7 two scenarios identified by the Intergovernmental Panel on
8 Climate Change.

9 The business-as-usual emissions scenario, the red
10 curve is characterized by continued heavy reliance on
11 fossil fuels.

12 The most optimistic of the IPCC future scenarios,
13 the blue curve, assumes global emissions peaking around
14 the year 2050 and then decreasing to about current levels
15 by the end of our century.

16 --o0o--

17 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

18 CHIEF AYALA: Unfortunately, we are releasing greenhouse
19 gas emissions at an ever-increasing rate. The one percent
20 per year growth in emissions observed in the 1990s has
21 turned to about two to three percent in the current
22 decade.

23 This increasing trend, despite international
24 discussion to curb the use fossil fuel, tracks with it a
25 corresponding increase in atmospheric carbon dioxide

1 concentrations. Aggressive and coordinated action for
2 emission reduction is urgently needed.

3 --o0o--

4 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

5 CHIEF AYALA: Climate change is already happening. Over
6 the past 100 years, the statewide average temperature has
7 already increased by more than a degree Fahrenheit. This
8 doesn't sound like much, but it has resulted in a
9 seven-inch rise in sea level, less snow melt during spring
10 and summer, spring blooms advanced by ten days, and longer
11 and more active wild fire seasons.

12 --o0o--

13 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

14 CHIEF AYALA: Recognizing California's vulnerability to
15 the impacts of climate change, the Governor by Executive
16 Order in June 2005 in addition to calling for greenhouse
17 gas emission reductions for our state also asked for a
18 period update on climate change science. The Executive
19 Order called for the California Environmental Protection
20 Agency to prepare biennial science reports to document
21 impacts on climate sensitive sectors, such as the state's
22 water supply, public health, agriculture, coast lines, and
23 forestry.

24 About 80 State agency, university, and national
25 laboratory scientists produced the first report in '06,

1 which was peer reviewed through the Office of the
2 President of the University of California. The '06
3 climate scenarios reports provided a valuable initial
4 overview of climate impact on key sectors in the state.

5 --o0o--

6 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

7 CHIEF AYALA: The 2008 climate impact assessment, our
8 second report to the Governor to be released early next
9 year, builds on the '06 study to improve our projections
10 of expected climate change in California, translates these
11 physical and biological impacts into sectoral economic
12 impacts, and develops and evaluates strategies for key
13 sectors or regions for adapting to climate change already
14 underway.

15 Allow me to share some highlights of the
16 assessment.

17 --o0o--

18 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

19 CHIEF AYALA: The scenario analysis is based on several
20 widely accepted global climate models to project the
21 California future around the end of the century ranging
22 from scenarios such as usual to aggressive worldwide
23 implementation of clean fuels and technologies.

24 As illustrated in this slide, the impacts are
25 categorized into three warming rages. The various impacts

1 were identified under a business as usual future is no
2 surprise.

3 What is significant and serious is that important
4 affects are predicted, even at the lower warming range
5 corresponding to a temperature increase of three to five
6 and a half degrees Fahrenheit.

7 This lower warming range is based on the most
8 optimistic of emissions scenarios. The projected impacts
9 of the medium and higher warming ranges are quite severe,
10 including a temperature increase of over 10 degrees
11 Fahrenheit.

12 --o0o--

13 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH
14 CHIEF AYALA: The Sierra Nevada Mountain snow pack is
15 California's main water reservoir and higher temperatures
16 equate to more rain and less snow.

17 As shown, the state may be facing a future with
18 as much as 70 to 90 percent reduction in the Sierra Nevada
19 snow pack. California's water delivery and usage is
20 delicately balanced. Any major changes in rainfall, snow
21 pack, and timing would have serious ramifications.

22 For instance, climate change would result in the
23 need for more irrigation coming from a less reliable water
24 supply.

25 --o0o--

1 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

2 CHIEF AYALA: Sea level rise is one of the most obvious
3 and severe impacts of a warming world. As global warming
4 continues, California's coast line regions will be
5 increasingly threatened by more intense storms and warmer
6 water temperatures.

7 This slide illustrates how in the extreme the San
8 Francisco Bay coast line will be impacted by an expected
9 sea level rise by 55 inches by the end of the century.

10 Currently, many areas that are vulnerable to
11 inundation are protected by levees or are wetlands that
12 are only occasionally inundated by high tide. Sea level
13 rise will add pressure to existing levees and increase the
14 risk of breaching.

15 Given the high level of development along the
16 San Francisco Bay and much of California's coast line, sea
17 level rise is a significant threat to valuable
18 infrastructure in the state. These regions face key
19 decisions about where people will be able to live and
20 build.

21 --o0o--

22 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

23 CHIEF AYALA: Sea level rise impacts are not confined to
24 the bay area. Climate models and wave forecasts analyzed
25 by the Scripps Institute of Oceanography project

1 inundation in six areas around San Diego. The study
2 results from Mission Beach are illustrated here.

3 In the extreme, the results shown in this slide
4 indicated that by mid century we can expect an additional
5 increase of 12 to 18 inches of sea level rise. This will
6 result in serious flooding in low lying areas with
7 permanent beach loss and increasingly frequent intrusion
8 into near shore streets, recreational areas, ecosystems,
9 and wetlands. High tidal fluctuations would inundate
10 portions of Sandy Beach and parts of Mission Beach park.

11 Serious economic and environmental consequences
12 can be expected, though studies have not yet specifically
13 quantified those impacts.

14 --o0o--

15 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH
16 CHIEF AYALA: Global warming will also impact California's
17 agriculture which is regarded as one of the world's most
18 productive and diverse growing regions.

19 California produces 50 percent of the nation's
20 fruits and vegetables.

21 One area particularly vulnerable concerns wine
22 grapes. It's been predicted by the end of the century
23 warmer temperatures could cause grapes to ripen one to two
24 months earlier, impairing grape growth and reducing grape
25 quality throughout the state.

1 Impacts on other crops are also expected. Rising
2 temperatures will reduce the number of chill hours or cool
3 overnight temperatures that plants need for proper growth.
4 As a result, the central valley may no longer be a prime
5 growing region for some crops such as almonds, peaches,
6 and apricots.

7 --o0o--

8 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

9 CHIEF AYALA: The IPCC has recently stated that projected
10 climate induced changes are likely to affect the health of
11 people, particularly those with existing problems that are
12 less able to adapt through increases in disease and injury
13 due to heat waves, floods, storms, fires, and droughts.
14 Climate change will certainly make it more difficult to
15 meet air quality standards as it will lead to elevated
16 levels of air pollution.

17 The relationship between heat related death and
18 climate change is widely established now. As temperatures
19 rise, Californians will face greater risk from
20 dehydration, heat stroke, exhaustion, heart attack, and
21 respiratory distress caused by extreme heat.

22 Recent events serve as sobering reminders that
23 the impact of wild fires are not confined to structures.
24 Public health is also compromised when fires are
25 increasing magnitude, intensity, and duration lead to

1 large plumes of smoke that engulf entire population
2 centers.

3 In California, we know that low socioeconomic
4 status and minority communities are potentially more
5 vulnerable to health impacts associated with increasing
6 temperatures due to less access to cooling centers, air
7 conditioning, and health care.

8 In the next four slides, I will expand on these
9 points.

10 --o0o--

11 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

12 CHIEF AYALA: Because of California's already severe air
13 quality problems, an important question is whether future
14 climate change will undermine our air pollution control
15 efforts.

16 As you can see, there is a clear linear
17 relationship between increasing temperatures and
18 increasing ozone concentrations. These measurements are
19 taken from records for Riverside, which is in the peak
20 ozone area down wind of Los Angeles, and for Fresno, the
21 main population center of the San Joaquin Valley.

22 --o0o--

23 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

24 CHIEF AYALA: Researchers at the University of California
25 at Berkeley evaluated the affects of future changes in

1 This study highlights regions where climate change will
2 result in greater temperature increase and changes in
3 precipitation.

4 Southern California, parts of the US, southwest,
5 northern Mexico look to be hardest hit.

6 Let me make one last point about wild fires and
7 their impact on health.

8 This year's California wild fire season has been
9 extremely active. 2008 is on a record setting course in
10 terms of the number of fires and the number of acres
11 burned.

12 In the summer, more than 2,000 fires were burning
13 simultaneously. The fires can turn our air no an
14 unhealthy stew of smoke and ash and force cancellation of
15 other athletic events and other outdoor activities.

16 Unfortunately, we should expect a larger number
17 of them and more severe concurrences with global warming.
18 Our '06 scenario assessment suggests that large wild fires
19 could become up to 55 percent more frequent toward the end
20 of the century.

21 Wild fires have severe consequence for human
22 health because they emit fine particulate matter that can
23 travel long distances.

24 Scientists at the National Center for Atmospheric
25 Research studied the California wild fires in '07 and

1 found that fires repeatedly caused ground level ozone to
2 spike to unhealthy levels across a broad area, including
3 much of rural California and neighboring Nevada.

4 --o0o--

5 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

6 CHIEF AYALA: As the latest economic study from U.C.
7 Berkeley shows, the cost of global warming to California
8 will be high if we don't take action. Global models have
9 produced estimates of the total economic impacts of
10 unmitigated climate change through 2100 that range from
11 2.5 to 5 percent of total economic output, which for
12 California can mean hundreds of billions of dollars.

13 These costs are due to impacts such as coastal
14 flooding, agriculture, energy, our water supply, public
15 health, and air quality. Mitigating those impacts can be
16 done at a fraction of the cost of doing nothing.

17 And in an effort to begin to build our state's
18 resilience to changes in our climate, the California
19 Resources Agency is developing a climate adaptation
20 strategy for our state.

21 Last week, the Governor issued an Executive Order
22 more explicitly directing State agencies to plan for sea
23 level rise and climate change.

24 --o0o--

25 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

1 CHIEF AYALA: The longer we delay making reductions in our
2 greenhouse gas emissions, the more aggressive those
3 reductions are going to need to be, demanding a larger and
4 costlier effort on our part.

5 As the blue curve in this graph shows, if our
6 national emissions start to rise soon and continue at a
7 rate of approximately three percent per year, we can still
8 keep carbon dioxide atmospheric concentrations at a level
9 that may allow us to stabilize our climate.

10 But if we delay and continue on the path we're
11 on, it will be much more difficult and costly to achieve
12 the more than eight percent per year reductions that will
13 be needed. The longer we wait to take action, the more
14 costly the task of reducing emissions will be.

15 --o0o--

16 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

17 CHIEF AYALA: Let me conclude now. Climate change is
18 already evident in our state and observed local changes
19 are consistent with the emerging scientific evidence from
20 across the globe that human activity is responsible.

21 California is already affected by increasing
22 temperatures, sea level rise, and early snow melt.

23 Climate induced warming will make achieving
24 health-based air quality standards more difficult and
25 costly. However, taking early and significant actions to

1 reduce greenhouse gas emissions can help avoid the most
2 catastrophic effects and doing so at a lower cost.

3 --o0o--

4 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

5 CHIEF AYALA: Thank you. This concludes this climate
6 science update presentation.

7 CHAIRPERSON NICHOLS: Thank you.

8 I see from the acknowledgement we had many
9 contributors to this work. It's a real synthesis of a lot
10 of different findings.

11 Do Board members have any questions or comments
12 about this?

13 Yes, Ms. Berg.

14 BOARD MEMBER BERG: Thank you very much.

15 I appreciate the update. This is fabulous
16 information. I just have a couple of questions.

17 On the CO2 emissions growth acceleration on slide
18 three, is California trending in that same two to three
19 percent a year growth?

20 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

21 CHIEF AYALA: Unfortunately, yes. The latest information
22 we have is consistent with what we show here.

23 BOARD MEMBER BERG: And also then on the wild
24 fires, is that 2000 number or the increase that is sited
25 in the study, are those wild fires caused by nature, net

1 of human cause?

2 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

3 CHIEF AYALA: I believe it's both. It's nature and
4 lightning strikes as well as other occurrences.

5 BOARD MEMBER BERG: So things like arson and
6 those types are also included in these numbers?

7 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

8 CHIEF AYALA: It was primarily natural causes, lightning.

9 BOARD MEMBER BERG: Yeah. That would be
10 important, because that would be a cause of the
11 environment. Thank you so very much.

12 CHAIRPERSON NICHOLS: I have a couple of
13 announcements I need to make.

14 First of all, the fire marshals have told us that
15 we are at or possibly over capacity in this room.

16 There are arrangements for people to listen
17 outside. The meeting is broadcast. And there's actually
18 a screen I believe in which you can watch the proceeding.

19 It's also helpful if people that are standing
20 will take seats. I seek quite a number of vacant seats
21 around, some of them with backpacks or purses on them or
22 other articles as opposed to people. I would very much
23 appreciate it if you're planning on staying with us for
24 more than a minute or two, if you would try to find a seat
25 and join us. I know people like to have a little more

1 space, but the seats are big enough I think that you won't
2 be too uncomfortable.

3 I've also been asked by the sound engineers to
4 ask people if you can possibly keep your cell phones off
5 as opposed to just quiet. The amount of microwave
6 radiation that's coming into this room is actually
7 interfering with the sound and regarding quality. So
8 appreciate it if, unless you absolutely need to be using
9 the phone, you could just keep it off.

10 I think that's it for the housekeeping at the
11 moment.

12 And I'd like to now move to the next item.

13 BOARD MEMBER TELLES: The slide that shows the
14 emissions growth accelerating, those are estimated
15 emissions, I presume? It's on page 2.

16 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH

17 CHIEF AYALA: The solid curve is observed emissions up to
18 about 2006. And from there on, you're correct. Those are
19 projected.

20 BOARD MEMBER TELLES: But even the actual
21 emissions are kind of estimated emissions.

22 My real question is does the state of California
23 have any system in place where you actually measure the
24 CO2 that's produced by the state?

25 RESEARCH DIVISION CHIEF CROES: The emissions are

1 based on fuel use. So that's actually very easy to
2 measure.

3 There are around the world measurement stations
4 for CO2 that in a sense verify the emission estimates
5 based on the fuel use data.

6 BOARD MEMBER TELLES: Is there a network in
7 California where -- I've read some things about you can do
8 these computer modeling systems and monitoring CO2 and
9 kind of actually come up with an estimate what your actual
10 CO2 production in a region is. Is that being done?

11 RESEARCH DIVISION CHIEF CROES: Yes. There's
12 actually the US network of CO2 monitors, and there's
13 actually a website where you can see what emission are for
14 particular regions.

15 CLIMATE CHANGE MITIGATION AND EMISSIONS BRANCH
16 CHIEF AYALA: And specifically here in California, we have
17 about five or six different efforts that are looking at
18 CO2 and other greenhouse gases.

19 BOARD MEMBER TELLES: Thank you.

20 CHAIRPERSON NICHOLS: Any other questions before
21 I close this item?

22 All right. Thank you very much for the
23 presentation. We'll take just a second to shift personnel
24 for the next presentation.

25 We are about to launch into our presentation on

1 the AB 32 implementation plan. This is an important step
2 forward in the Air Resources Board's efforts to carry out
3 our responsibilities under the State's Global Warming
4 Solutions Act of 2006.

5 We begin the hearing today and will be taking
6 testify formerly on the proposed Scoping Plan. We will
7 not be acting at this Board meeting. We will be holding
8 the hearing record open and hoping to reach a final vote
9 at the December Board meeting.

10 We are, however, hoping to get as much testimony
11 in today as we can, because we know there is a great deal
12 of interest.

13 And also because although the proposed plan has
14 been out for quite some time and of course was based on
15 the draft plan to a very considerable extent, there are
16 still a number of items I know that Board members are
17 going to be interested in adding in the resolution and
18 possibly even to the plan itself before it's finally
19 adopted. So the more time we have to null on these
20 things, the better off we will be.

21 I'm just going to turn this over to the staff to
22 make the presentation here. But I do want to say that I'm
23 continually impressed. And I had the opportunity
24 yesterday and the day before to sit with about 700
25 international delegates to the Governor's Global Climate

1 Summit in Los Angeles and to talk to and listen to
2 governors of a number of other states, representatives,
3 and governors of states and provinces from Brazil and
4 China and from India, from other -- well, several Canadian
5 provinces, Mexico. I'm afraid I'm going to leave somebody
6 out and cause an international incident.

7 But the point of the breath of that is just to
8 say that California's leadership on this issue is
9 recognized from around the world. And it's a both
10 exciting and also humbling to realize the extent to which
11 the decisions that we make and deliberations that we're
12 going through are being watched by other people.

13 And everything that we are grappling with here
14 really is relevant to the issues that are being faced of
15 working with respect to this global problem, including of
16 course the fact that in addition to a global crisis of
17 climate, we're also facing right now a very severe global
18 downturn in the world's economies. So we are at a point
19 where the decisions that we make are critical and need to
20 be approached in a very thoughtful and careful way.

21 I am very impressed by the amount of
22 consideration and the amount of input that we have had
23 from all sectors in our state. And I know we are going to
24 be hearing more about this.

25 But despite the fact that not everyone is in

1 agreement about every aspect of this plan, I have not yet
2 heard from a single California entity, governmental or
3 non-governmental business, or advocacy group that has been
4 saying don't do anything.

5 I think it's not only the fact that AB 32 is the
6 law, but a real testament to the people of California that
7 they recognize that we have an historic role to play here
8 and that we need to carry it forward.

9 So with that spirit and really with a great deal
10 of pride in what we're embarking on, I would now like to
11 ask Mr. Goldstene to start the presentation.

12 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
13 Nichols.

14 I also attended the climate summit, and I was
15 excited by the expression of hope that permeated the
16 conference as well as the clear willingness to dive into
17 what must be done to reach our goals worldwide. And it's
18 very exciting that our Scoping Plan is providing the
19 leadership for so many around the world as we many embark
20 on our efforts to implement AB 32.

21 This is the second of three Board meetings at
22 which we are discussing the proposed Scoping Plan. Last
23 month, staff reviewed some of the key elements of the
24 plan.

25 Today, staff will provide a brief overview of the

1 plan and then will work on the major issues of comment
2 that we've received. We ask today that the majority of
3 the testimony on the plan occur at today's meeting as the
4 Chairman already indicated.

5 Next month at the December Board meeting, we'll
6 ask the Board for approval of the proposed Scoping Plan.
7 We request that only new witnesses or new material be
8 brought up at that Board meeting since the December 11th
9 meeting serves as a continuation of this item.

10 We've continued to work on analyzing the economic
11 effects of the plan. And today's presentation had provide
12 additional information to the Board in that regard.

13 Now Ms. Edie Chang from our Office of Climate
14 Change will begin the staff presentation. Ms. Chang.

15 (Thereupon an overhead presentation was
16 presented as follows.)

17 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

18 CHANG: Thank you, Mr. Goldstene. Good morning, Chairman
19 Nichols and members of the Board.

20 The previous science presentation demonstrated
21 the important impacts climate change will have on
22 California.

23 Just last week, US Berkeley and Next 10 released
24 a study that made clear what the high costs could be for
25 California. Among other findings, the report noted the

1 more than half of California's four trillion dollars worth
2 of real estate assets are at risk from extreme weather
3 events, sea level rise, and wild fires.

4 This study reminds us of the purpose of AB 32:
5 To serve as the cornerstone of California's efforts to
6 address climate change and to implement bold and forward
7 looking steps to reduce greenhouse gas emissions and do
8 our part to prevent the most severe impacts of climate
9 change.

10 In October, we provided an overview of the
11 proposed Scoping Plan, and we laid out the mix of
12 measures, policies, regulations, and approaches that will
13 enable California to cut emissions by 30 percent by 2020.

14 Today, we'd like to focus on several additional
15 perspectives: Including how California's efforts fit into
16 regional, national, and international activities, and
17 highlighting some of the more significant comments we've
18 received and that you will likely hear in today's
19 testimony.

20 --o0o--

21 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
22 CHANG: AB 32 and the Scoping Plan represent a pioneering
23 effort to address climate change. The plan lays out a
24 balanced approach of market-based regulations and source
25 specific requirements to achieve both cost effective

1 emission reductions and to help spur the transition to a
2 sustainable low-carbon, clean energy economy.

3 California's long-standing pollution control
4 programs have demonstrated that strong environmental
5 regulation and economic growth can go hand in hand.

6 For instance, we have led the nation in energy
7 efficiency over the past 30 years, holding per capita
8 electricity use constant in our state while national per
9 capita usage has grown by almost 50 percent.

10 California's building and appliance efficiency
11 programs have generated more than \$50 billion in savings
12 in the process.

13 At its core, the Climate Change Program is about
14 reducing energy consumption, and steering California
15 toward cleaner energy sources. This shift will provide us
16 with greater energy security, release us from a dependence
17 on expensive imported oil, and improve our environment and
18 public health.

19 Anticipating a new administration in Washington,
20 D.C., the work underway to refine the design of the
21 Western Climate Initiative, and the international efforts
22 to renew the Kyoto protocol, the ARB has developed the
23 Scoping Plan with a full awareness of its impact on
24 related climate change plans and initiatives whether in
25 other states or provinces, in other continental regions,

1 or in other countries.

2 --o0o--

3 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

4 CHANG: To stabilize the climate, we must partner with the
5 rest of the country and the rest of the world in
6 developing and deploying the strategies and policies to
7 achieve deep reductions in greenhouse gas emissions. For
8 this reason, it is very important that our efforts reach
9 far beyond our borders.

10 California is a founding member of the Western
11 Climate Initiative, or WCI, which is a partnership between
12 seven states and four Canadian provinces. The WCI
13 partners have adopted mandatory targets that collectively
14 will reduce greenhouse gas emissions 15 percent below 2005
15 levels by 2020, a goal that is approximately equal to that
16 of AB 32.

17 This regional program will result in twice the
18 amount of greenhouse gas reductions compared to a
19 California-only effort and will help address loss of
20 benefits due to leakage.

21 The WCI partners have developed a design for a
22 cap and trade program that would link across participating
23 jurisdictions and are also individually pursuing policies
24 such as energy efficiency programs, requirements for
25 renewables, and adopting California's greenhouse gas

1 standards for cars. California's leadership is helping to
2 ensure that the WCI sets and attains these ambitious
3 goals.

4 At the federal level, President Elect Obama has
5 signaled his administration will begin efforts to combat
6 climate change soon after taking office. As you have
7 probably heard, he re-affirmed that commitment on Tuesday
8 at the Governor's Global Climate Summit.

9 In Chairman Nichols' testimony to the Senate
10 earlier this fall, she laid out a strategic plan for the
11 U.S. EPA to begin its climate change actions under
12 existing Clean Air Act authority.

13 Legislative activity is expected to increase in
14 the 111th Congress with new proposals expected for cap and
15 trade and other complimentary policies. It is critical to
16 work in partnership to craft comprehensive federal
17 legislation while preserving our ability to further
18 innovate climate policy at the state level. This Scoping
19 Plan provides exactly the right framework for these
20 efforts.

21 --o0o--

22 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

23 CHANG: As I mentioned, earlier this week Governor
24 Schwarzenegger hosted the Global Climate Summit, drawing
25 participation from more than 50 nations, state, and

1 provinces. The summit brought together governments from
2 around the world to share policies and strategies to
3 address climate change and to establish a framework for
4 ongoing collaboration.

5 Much of the attention at the international level
6 has been focused on the next United Nations Convention on
7 Climate Change, or UNFCCC, which will take place in 2009 in
8 Copenhagen. California will participate in the upcoming
9 UNFCCC dialogue in Pozen, Poland in December where we will
10 share the policies and strategies developed as part of the
11 Scoping Plan with an international audience.

12 --o0o--

13 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

14 CHANG: As you can see from this time line, the Scoping
15 Plan is one of a number of important steps in ARB's
16 efforts under AB 32 to combat global warming. Its
17 adoption will initiate a number of activities across the
18 state that will set us on course to meeting our AB 32
19 reduction goal.

20 The Scoping Plan will set out important policy
21 goals and directions, but does not dictate how future
22 regulations or programs will necessarily be designed,
23 adopted, or implemented. It is a plan. And the facts on
24 the grounds at the time of rule development will determine
25 staff's recommendations and inform the State's eventual

1 actions.

2 --o0o--

3 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

4 CHANG: As we discussed at the October Board meetings, the
5 proposed Scoping Plan is a comprehensive effort focused on
6 achieving the state's greenhouse gas emission reduction
7 goal.

8 The plan touches most sector of California's
9 economy, calling upon industry, government agencies, and
10 residents to do their part.

11 The strategies in the plan range from
12 market-based regulatory programs, like a cap and trade
13 system, to source-specific performance standards like the
14 Pavley Greenhouse Gas Rule, to voluntary measures, to
15 targeted fees.

16 The Scoping Plan also addresses the early action
17 measures approved by the Board in September 2007. In some
18 cases, after further evaluation, staff is recommending
19 alternate methods for reducing emissions instead of the
20 approach envisioned a year ago.

21 In other cases, the smog or diesel reduction
22 measure are being implemented, but are not part of the
23 Scoping Plan because their greenhouse gas reductions are
24 very small.

25 --o0o--

1 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

2 CHANG: The development of a California cap and trade
3 program that links with other WCI programs is a key
4 feature of our overall recommendation.

5 This program will not only cap greenhouse gas
6 emission, it will also put a price on those emissions.
7 This will help drive reductions throughout the WCI region
8 and spur the greater application of existing technologies
9 and the creation of new technological and efficiency
10 options.

11 Many other measures in the Scoping Plan will work
12 in concert with the cap and trade program to deliver the
13 needed emission reductions.

14 For example, in the energy sector, direct
15 measures will provide better information and overcome
16 institutional barriers that slow the adoption of
17 cost-effective energy efficiency technologies.

18 And the renewable portfolio standards, as
19 described in the Governor's Executive Order on Monday,
20 will help to accelerate the transformation of the
21 electricity sector, including investment in transmission
22 infrastructure.

23 These comprehensive approaches are needed to
24 position the California economy for the future by reducing
25 the greenhouse gas intensity of products, processes, and

1 activities. When combined with the absolute and declining
2 emissions limit of the cap and trade program, these
3 policies ensure that we will cost effectively achieve
4 California's AB 32 greenhouse gas emission goals.

5 --o0o--

6 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

7 CHANG: The breath of the Scoping Plan is unprecedented,
8 affecting nearly every sector of California's economy and
9 touching the lives of nearly all Californians in some way.

10 Because of this, it should come as no surprise
11 that we have heard a multitude of voices and viewpoints.
12 Virtually all parties support the goals of the plan and
13 recognize the need for action. But there is a wide
14 diversity of opinions about how to best design
15 California's Climate Change Program.

16 In developing the plan, we worked with our sister
17 agencies in the Climate Action Team, local governments,
18 industry, and environmental, community, and public health
19 organizations. We held over 250 public workshops, work
20 groups, seminars, and community meetings and had nearly
21 400 stakeholder meetings and participated in over 70
22 conferences.

23 AB 32 created two advisory committees: The
24 Environmental Justices Advisory Committee, and the
25 Economic and Technology Advancement Advisory Committee,

1 that provided us with their views and recommendations for
2 the Scoping Plan.

3 We will continue to work with the Committee
4 members as we implement the measures and programs needed
5 to put the Scoping Plan into action.

6 Today, you will hear from representatives from
7 the EJAC, the ETAAC, and some of our State agency partners
8 at the beginning of the public comment period.

9 As with all far-reaching plans, there will
10 inevitably be differences of opinion about the proper path
11 forward, the metrics that should be used to determine the
12 path, and the appropriate analyses.

13 In the final portion of the presentation today,
14 you'll hear more about the specific comments we received.
15 But before that, let me review some of the key
16 requirements the Scoping Plan and subsequent regulations
17 must meet.

18 --o0o--

19 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
20 CHANG: AB 32 lays out a series of requirements for the
21 content, evaluations, and process to develop the plan.
22 Recognizing that the plan is a policy document, the
23 requirements are appropriately broad. I have summarized
24 some of the key requirements on this slide.

25 AB 32 calls on the ARB to adopt a plan that

1 achieves the maximum technologically feasible and cost
2 effective reduction in greenhouse gas emissions. To do
3 this, the Board must balance what is possible to do and
4 how much it will cost.

5 AB 32 also requires ARB to evaluate the potential
6 costs and benefits of the plan using the best available
7 models, techniques, and methods. We have done this,
8 analyzing both the potential economic impacts as well as
9 the environmental and public health benefits of the plan.

10 In recognition of the important role of small
11 businesses in the state's economy, AB 32 specifically
12 requires ARB to consider the impacts on small business.
13 We have done this. And as you will hear later, we are
14 developing resources to help small businesses address and
15 thrive in the new clean energy economy.

16 In our plan development process, analysis, and
17 recommendations, ARB has met all of the statutory
18 requirements for the Scoping Plan.

19 --o0o--

20 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
21 CHANG: AB 32 also recognizes that rules will be more
22 detailed than plans and requires the ARB to conduct more
23 specific analyses and evaluations as it develops rules.

24 The statute includes a number of specific
25 requirements for the upcoming regulations that are adopted

1 to meet the AB 32 goal.

2 For example, to the extent feasible, the
3 regulations must seek to minimize costs and maximize the
4 total benefits to the state. They need to avoid
5 disproportionate impacts on low-income communities and
6 they must compliment efforts to achieve and maintain
7 health-based air quality standards.

8 ARB must also consider the cost effectiveness of
9 proposed rules, minimize leakage, and minimize the
10 administrative burden.

11 The statute includes additional requirements to
12 ensure the effectiveness of market-based compliance
13 mechanisms. Regulations that include these mechanisms
14 must consider the potential for direct, indirect, and
15 cumulative emission impacts and consider the potential for
16 localized impacts in adversely impacted communities.

17 As I will discuss later, ARB is initiating a
18 process to identify these communities to ensure that rules
19 that include market mechanisms comply with the criteria
20 contained in AB 32.

21 --o0o--

22 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
23 CHANG: As we developed this plan, we received tens of
24 thousands of comments, including written comments from the
25 EJAC, the ETAAC, and on our economic analysis from a

1 role for cap and trade. Some commenters believe a program
2 more reliant on cap and trade would be more flexible and
3 less costly than what is recommended in the Scoping Plan.

4 Other parties believe that a program more reliant
5 on source-specific regulations would provide more
6 certainty and greater co-benefits. Still others have
7 advocated for carbon fees to play a larger role.

8 We believe that we have charted the appropriate
9 path, one that reflects the range of the energy
10 efficiency, energy diversity, and climate protection
11 policies underway in California.

12 The proposed plan contains several major measures
13 that implement existing state policy, including the Pavley
14 motor vehicle reductions, the land use and transportation
15 approach required by SB 375, and the low carbon fuel
16 standard.

17 In addition, energy measures designed in
18 consultation with the Energy Commission and the Public
19 Utilities Commission are important to include in the plan.

20 --o0o--

21 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

22 CHANG: Together, these measures, reflective of
23 California's existing environmental and energy policies,
24 provide many of the reductions needed to meet AB 32's 2020
25 emissions target.

1 Commission and the Public Utility Commission regarding how
2 to address the distribution of allowances for the
3 electricity sector.

4 Comments from the utilities and power providers
5 reflect a wide range of views, from support for
6 100 percent auction, to concern about the potential for
7 wealth transfer if an auction is pursued.

8 Some industrial sources support free allocation
9 of allowances. While others, including some environmental
10 groups, support moving to 100 percent auction as quickly
11 as possible.

12 In the area of offsets, consistent with the WCI
13 program design, we propose to limit offsets to less than
14 half of the required emission reductions. This ensures
15 that substantial emission reductions occur at sources in
16 the cap and trade program and was intended as an upper
17 bound.

18 Since the proposed Scoping Plan was released last
19 month, we have heard concerns that the proposed limit is
20 too high. Other commenters have advocated for no limits
21 on offsets.

22 Staff believes the plan identifies a proper upper
23 bound for offset use. Future work is needed during the
24 regulatory process to determine the proper rules for use
25 of offsets.

1 Scoping Plan. I've broken this section into economic
2 analysis and public health analysis.

3 In order to respond to Board member questions,
4 comments from stakeholders, and the peer reviewers, we
5 have conducted additional analyses. The result of this
6 work did not change our overall assessment that the plan
7 will have positive environmental and economic impacts, nor
8 does it change the staff's recommendation.

9 We have also received comments that our analyses
10 should have accounted for the impacts of climate change.
11 We did not include these costs, but acknowledged the high
12 cost of inaction. As you heard earlier this morning, the
13 economic costs of the climate change are enormous.

14 For example, a study published last week by U.C.
15 Berkeley and Next 10 estimated that the public health
16 sector alone faces from four billion to \$24 billion in
17 additional annual costs associated with climate change
18 impacts.

19 --o0o--

20 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
21 CHANG: Let's begin with the economic analysis. In
22 September, staff published an economic analysis for the
23 draft plan. In the course of preparing this analysis, we
24 held a workshop on modeling tools and considered the
25 results from earlier Climate Action Team work, the

1 literature, and stakeholder input. We also made
2 arrangements for our analysis to be peer reviewed.

3 Our analysis concluded that the draft plan would
4 have a net positive impact on California's economy. This
5 finding was largely due to savings associated with energy
6 efficiency measures and the Pavley rules.

7 At the time the analysis was published, staff
8 noted that it would benefit from further work on how
9 changes in key assumptions, such as energy prices and the
10 cost of measures, might affect the results. And we have
11 undertaken additional work to address these and other
12 issues.

13 We have received public comments raising a number
14 of issues, many of which argue our results are too
15 optimistic and likely underestimate the cost of the plan.

16 We also recently received comments from the peer
17 reviewers, some of whom make similar points and provide a
18 number of critiques and suggestions on aspects of our
19 analysis. In some cases, we agree with the suggestions
20 for improvement while in others we believe that our
21 approach is appropriate.

22 We are in the process of developing written
23 responses to the comments from the peer reviewers which we
24 plan to complete and release shortly. In the mean time,
25 we want to update you today on the results of our

1 additional work to date.

2 Overall, we believe that even taking into account
3 the major points made by stakeholder comments and the peer
4 reviewers, our original finding that the plan will have a
5 net positive impact on the California economy is valid.

6 This result is consistent with the findings of
7 recent studies of greenhouse gas reduction strategies
8 conducted for the states of Florida and Maryland, and for
9 the Western Climate Initiative.

10 It is also worth noting that although other
11 studies conducted at the national level show a net cost
12 from climate protection programs, the effect is very small
13 in the context of the overall economy.

14 --o0o--

15 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
16 CHANG: One concern that has been raised consistently is
17 the near and mid-term impact of the measures in the plan.

18 In response, we have developed additional
19 information regarding the impact of the plan between 2009
20 and 2014. These estimates are preliminary, given that the
21 detailed implementation schedule for most measures is yet
22 to be defined.

23 For the major measures, we assessed when costs
24 would occur and when savings would accrue. Only a few
25 measures kick in before 2012: The Pavley regulations, the

1 discrete early actions, and the combined heat and power
2 measure.

3 Our initial estimates are that these measures
4 will require \$2.4 billion in capital investments before
5 2012 mostly from investments in new generation for
6 combined heat and power systems. This total also includes
7 the additional costs for more efficient vehicles resulting
8 from the Pavley and Smart Ways regulations and equipment
9 to control methane from landfills.

10 In considering this investment, we need to
11 remember that a business buying a new car or a fleet of
12 cars or investing in combined heat and power will be
13 financing that invest. They won't pay the full amount in
14 the first year, but will make payments over time that are
15 offset by the savings.

16 When we consider what the actual expenditures
17 will be year to year, we estimate that the total
18 expenditures in 2009, 2010, and '11 are about \$900
19 million. This compares to savings about \$1.6 billion or a
20 net savings of over \$700 million over that initial period.

21 By 2012, most of the measures in the plan will be
22 in effect. And the costs and savings both increase as
23 people and businesses continue to invest in and reap the
24 benefits of increased energy efficiency.

25 Significant money will need to be invested in

1 California in this period as new investments in solar,
2 wind, and geothermal power plants and the transmission to
3 support them comes into play to move California past the
4 20 percent renewable portfolio standards.

5 As California builds new homes and buildings,
6 incremental investment will be needed to improve
7 efficiency. Investment will need to be directed to
8 upgrading existing homes and businesses to make them more
9 efficient. And as we all replace appliances and other
10 equipment, we will see incremental costs for more
11 efficient models.

12 When the measures in the plan are looked at
13 together, we expected to see almost \$30 billion invested
14 between 2012 and 2014 to improve the ways Californians use
15 energy. This will translate into expenditures of \$12
16 billion during this period, which will be more than offset
17 by the anticipated savings of \$19 billion.

18 While these savings are good from an aggregate
19 perspective, they don't mean every California business and
20 resident will see savings. As we develop the specific
21 measures during the phase-in of the regulations, we will
22 consider the timing and distribution of the various costs
23 and savings.

24 We have heard extensively from small business
25 owners concerned about the impacts of the Scoping Plan on

1 the viability of their businesses. Our analysis shows
2 that the primary impact of the Scoping Plan on small
3 businesses will be a change in energy expenditures. The
4 Scoping Plan calls for a number of efficiency improvements
5 that can offset any increases in energy costs. But we
6 recognize it is critical that small businesses are able to
7 take advantage of these improvements.

8 We will work closely with the CEC, the Public
9 Utilities Commission, and utilities to maximize the
10 effectiveness of the existing programs and to develop new
11 ways to provide small businesses with access to the
12 capital they need.

13 We are currently developing a small business
14 toolkit of resources, including best practices, case
15 studies of successful money saving projects, and financial
16 resources to help fund efficiency projects. We are
17 working closely with small businesses leaders to ensure
18 that the final product is accessible, easy to use, and
19 effective.

20 --o0o--

21 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
22 CHANG: Another area of comment relates to the effect of
23 uncertainty. That is how would changes in some of our
24 input assumptions regarding measure cost and savings
25 effect the overall results?

1 Given the importance of energy savings in the
2 economic analysis, it is also appropriate to ask what
3 happens if the forecast of future energy prices is too
4 high or too low.

5 We first looked at a case where energy prices are
6 50 percent higher than assumed in the plan. In this case,
7 fuel consumption and emissions go down as a result of the
8 increased energy prices. So the quantity of fuel saved by
9 the Scoping Plan goes down. But because each gallon or
10 kilowatt hour saved is worth more, the plan still has a
11 net positive impact.

12 If, on the other hand, we assume 50 percent lower
13 energy prices, the cost savings due to energy conservation
14 are reduced, and overall the plan is neutral. That is,
15 net costs and savings are roughly equal, and there is
16 little impact on economic growth.

17 We also looked at how the results of the economic
18 analysis would change if both our cost and saving
19 estimates were either too high or too low.

20 A number of commenters suggested that our
21 estimates of the costs and savings from the various
22 measures are too optimistic. Our sensitivity analysis
23 shows that even if across the board cost estimates are 25
24 percent too high and savings estimates are 25 percent too
25 low, the plan as a whole would be neutral with respect to

1 economic growth.

2 --o0o--

3 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

4 CHANG: When we evaluated the savings of the Pavley
5 program, we updated the fuel price forecast that was used
6 when we adopted the regulation in 2004, which was under
7 two dollars a gallon, to 3.67 per gallon based on the most
8 recent forecast adopted by the Energy Commission.

9 Some commenters noted that a change in fuel
10 prices that large would change behavior on its own in ways
11 that would reduce the savings from the regulation.

12 It is difficult to break out what portion of the
13 emission reduction is due to higher fuel prices and what
14 portion is due to the Pavley regulation. As a bounding
15 case, we looked at what would happen if all of the savings
16 from the Pavley regulation were excluded from the
17 analysis. We found that although the gross state product
18 experiences a very slight decline, the economic impacts of
19 the plan are still positive for all other indicators.

20 As we developed our analysis, our intention was
21 to show the environmental and economic impact of the full
22 set of measures needed to meet the AB 32 goal. Thus, the
23 plan recommends the emission reductions, costs, and
24 savings from this set of measures.

25 Some have suggested that we should not attribute

1 savings from Pavley to the Scoping Plan since the
2 regulations were adopted in 2004.

3 Similar concerns have been raised about other
4 measures that might be considered business as usual even
5 if AB 32 hadn't passed, such as some energy efficiency
6 savings that could result from last year's federal energy
7 law.

8 We disagree that this approach is appropriate,
9 but never the less examined how the results would change
10 applying this view. We modeled a scenario that excluded
11 from the economic analysis both the savings of the adopted
12 Pavley one regulations and half of the costs and savings
13 from energy efficiency measures.

14 The latter change was intended to capture the
15 effect of the Federal Energy Policy Act. This approach
16 reduced the net savings attributed to the plan, but the
17 overall impact of the remaining measures was still
18 positive.

19 Economic modeling is not an exact science, and
20 there will always be different opinions about the
21 assumptions and how to apply the available tools. This is
22 to be expected.

23 However, the issues raised in the various
24 comments do not affect the fundamental conclusions of our
25 economic analysis. Even if we adopt the recommended

1 approaches, the overall impact of the proposed plan is
2 positive for most indicators. The additional analysis
3 provides further support for the recommendation in the
4 proposed plan.

5 --oOo--

6 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

7 CHANG: Let's move now to public health.

8 I'd like to mention here that we have updated the
9 estimated public health benefits of the Scoping Plan to
10 reflect improved estimates of how PM exposure affects
11 premature mortality. These were discussed in draft form
12 at the Board's May meeting and were finalized last month
13 after the proposed plan was released. These new factors
14 reflect the finding that PM is more dangerous than we had
15 previously thought and that the reductions from the plan
16 measures provide almost twice the benefits we previously
17 estimated.

18 As shown on the slide, we now estimate that
19 implementation of the Scoping Plan measures will avoid
20 approximately 770 premature deaths annually by 2020. The
21 value of these public health improvements alone is
22 approximately \$4.3 billion annually.

23 For the health analysis, we focused on air
24 quality related public health benefits related to
25 reductions in combustion emissions. We estimated that the

1 Scoping Plan will add to the much larger health benefits
2 of California's existing air quality programs, the State
3 Implementation Plan, and the Goods Movement Emission
4 Reduction Plan.

5 As we move to implementation and as additional
6 details about specific regulations become available, we
7 will perform additional work to examine the potential
8 impacts and benefits at the community level.

9 --oOo--

10 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

11 CHANG: As we develop regulations now, we are using the
12 best available information and methods to evaluate the
13 environmental and public health impacts of those
14 regulations.

15 We are also working to improve the available
16 tools. ARB will develop and apply methodologies to
17 identify communities that are already adversely impacted
18 by air pollution.

19 At your Board workshop in May, many of you saw a
20 demonstration of a method to use GIS data, including
21 socioeconomic information and air pollution data to
22 characterize communities. We plan to make use of a GIS
23 based methodology to identify impacted communities as
24 required by AB 32. We will also access local cumulative
25 impacts of the regulations, including the cap and trade

1 program.

2 We recommend that the Board approve the Scoping
3 Plan at its December Board meeting.

4 The Scoping Plan represents a balanced approach
5 to reduce greenhouse gas emissions and meet the
6 requirements of AB 32.

7 As we have discussed today, we have met all of
8 the statutory requirements of the Scoping Plan. Our
9 evaluations show that the plan will have a positive impact
10 on both our economy and our public health.

11 --o0o--

12 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

13 CHANG: We expect you will hear many diverse comments on
14 the Scoping Plan today. I'm sure that you, as members of
15 the Board, also have specific issues you wish to discuss,
16 clarify, and provide input and guidance on.

17 This is a comprehensive plan. It addresses every
18 major economic sector of the seventh largest economy on
19 the planet. And it establishes a range of programs,
20 measures, and policies that are unprecedented.

21 As you have seen, other states and nations are
22 looking to California for solutions. The challenge of
23 climate change also affords California an historic
24 opportunity to develop the technologies, patents, and
25 products that will be used in the international

1 The proposed Scoping Plan is just the beginning
2 of California's efforts to reduce greenhouse gases, and
3 we'll continue to gather input from public and
4 stakeholder groups throughout the rulemaking processes
5 that will commence shortly. Of course, some of them have
6 already begun, like the low carbon fuel standard which we
7 plan to bring to you in March.

8 CHAIRPERSON NICHOLS: Thank you, Mr. Goldstene.
9 Let me say a couple of words about how we're going to try
10 to organize this before I turn to the Board members for
11 comments or questions.

12 First of all, in terms of today's schedule for
13 those of you who are planning your activities, we are
14 planning to take a break at noon time, at 12:00, for an
15 hour. The Board will recess for lunch. And we will have
16 a closed session at lunch in which we will be receiving
17 advice from our legal counsel regarding pending litigation
18 that's described in the agenda. But I just want to
19 confirm that's going to happen.

20 We expect to come back at 1:00 and then to go on
21 into the late afternoon. We haven't set a closing
22 time. We'll try to accommodate people who want to speak
23 today for as long as we can still listen and you all can
24 still speak.

25 We are hoping to organize the speaker requests to

1 some extent at least by areas of comments. I see there is
2 a frantic shuffling of cards going on in hopes that maybe
3 we can focus the discussion in certain areas as opposed to
4 sort of randomly receiving input. But I'm not clear
5 whether that's actually going to work yet.

6 And so maybe at the conclusion of the time for
7 Board member comments and questions here we can have a
8 brief recess if we need to try to figure out what the most
9 efficient way is to proceed. That may cause us to take a
10 break for five or ten minutes while we try to work that
11 out.

12 Now before we go to the public testimony, may I
13 call upon Board members who wish to speak?

14 BOARD MEMBER SPERLING: Many of us will have many
15 specific thoughts. But I just want to start off with
16 three general thoughts about this process and about the
17 Scoping Plan.

18 First one is that, you know, this Scoping Plan is
19 not very detailed. And many people are going to want to
20 see a lot more detail. I would like to see a lot more
21 detail in certain areas as well, because we have concerns
22 on exactly how it's going to be implemented. And that's
23 fair enough.

24 But the overall goal here is to lay out the
25 strategy to provide the overall structure of the approach.

1 And I think we need to keep that in mind. Because I think
2 the Scoping Plan does that extremely well. I think it's
3 just right in terms of the amount of detail and the
4 structure of it. And it provides the template that we can
5 move forward on after this. So obviously there's lots of
6 pieces of it that we can quibble about. But I haven't
7 talked to anyone that thought the fundamental structure of
8 it was just entirely that were pieces or there were pieces
9 that were entirely wrong.

10 So the point of this is that this is a model in a
11 sense and we should look at that. And we'll be moving
12 through with deliberations in the next year or two.

13 Another point is about the economic analysis.
14 And Ms. Chang mentioned that it's not an exact science.
15 And that's probably an appropriate comment to make. These
16 models are generally not very good at predicting
17 innovation. But that in fact is what we're talking about
18 here is innovation. Certainly for 2020, but absolutely
19 necessary for 2050.

20 And this is -- I raise this as an important issue
21 because the success of California is probably going to be
22 our ability to be leaders in green technology. And so to
23 the extent that we do innovate and become leaders in green
24 technology, the economic analyses of the benefits are
25 going to be way underestimated. The benefits are going to

1 be way more than the models show.

2 And the third point I want to make is what we're
3 talking about here is a portfolio approach, which I think
4 is exactly right. And that is we have these so-called
5 source specific rules and policies that get at many of the
6 barriers to innovation, many of the barriers to change.
7 The externalities, the technology lock-in that occurs,
8 many market failures, and going after them in very
9 specific ways.

10 And I talked to some of my colleagues in Europe
11 that are experts in what they've been doing. And they
12 think what California approach is exactly the right way to
13 balance between having cap and trade with these other
14 measures.

15 And so I just wanted to leave that as kind of an
16 overall thought on as we go forward on this. Because I do
17 want to praise the staff. I think they've done a superb
18 even brilliant job in putting this together. I know it's
19 been a lot of work. And there's a lot more to do. But it
20 really is an extraordinary effort.

21 CHAIRPERSON NICHOLS: Thank you, Professor
22 Sperling.

23 Any other opening comments? Ms. D'Adamo.

24 BOARD MEMBER D'ADAMO: I want to compliment staff
25 as well. I've been on the phone and in meetings with them

1 many times over the most recent months. And I can't
2 imagine multiplying that hundreds and thousands of times
3 over. They've been extremely patient. And I just want to
4 thank them for this.

5 Just some general comments and maybe a few
6 specific comments to kind of help set the tone.

7 I've been on the Board for a while, since 1999.
8 And I can't think of an opportunity that's presented
9 itself to this Board that's more significant than this
10 action that we are going to be taking, not today, but
11 later on in December. And sometimes it's difficult to see
12 the forest through the trees.

13 But just to recognize the historic nature of what
14 we are about to do, not just in terms of climate change,
15 but also our goals with reducing air pollution and the
16 impact that this can have on ozone and public health. So
17 it is really a privilege and an opportunity to be working
18 on this very significant measure.

19 I would just like to call out a couple of areas
20 where I think it's been well stated that this is a
21 framework document. And staff has made a number of
22 commitments to go forward and do a great deal more work
23 and analysis. But I think it's important for the Board to
24 make a strong statement in a few areas where we need to do
25 more and we do have an obligation to the public to do

1 more.

2 In particular, regarding the economic analysis.
3 I think that the work -- most of the work that was
4 included in the economic analysis was done months ago
5 before the big economic downturn that we're seeing. And
6 it's important for us to incorporate some of the recent
7 changes in the economy into our analysis as well as to do
8 more work as we go forward.

9 Not at all interested in holding up the plan. We
10 need to move forward. But I think we need to call out
11 maybe a date certain. Don't know exactly what that date
12 is. And I know we'll be talking about this as we move
13 forward. But calling out a date certain where we will
14 know as a Board that we are going to have more detailed
15 information on the economic impact, the economic benefits,
16 maybe more information on the interaction and interplay
17 with the economy in terms of the cap and trade program
18 offsets and how those programs are going to be structured.

19 So I think that before moving forward I don't
20 know at what stage, but before moving forward I would say
21 at a minimum on adoption of cap and trade and any major
22 regulation, it's crucial for us to have that information.
23 And I know others are going to be raising the concern
24 about more analysis on public health. I think we need to
25 have that information at that time as well.

1 CHAIRPERSON NICHOLS: Let me make a suggestion,
2 because your comments have sparked a thought that I wanted
3 to express at some point here. Might as well do it now
4 for all the Board members together.

5 I think from having heard from many of you over
6 recent weeks, there are a number of suggestions and ideas
7 for things that should be included, either in the adopting
8 resolution or in the plan itself. And I'm going to be
9 keeping my own list, but I'm going to ask the staff to
10 keep a running list as we move through this hearing
11 process as well.

12 I would hope that between now and December we
13 could formulate a more distilled list of those changes.
14 And then when we come back together in December actually
15 have a formal set of amendments that we could be voting on
16 as a Board. But I think it's probably premature at this
17 point to actually try to coalesce around exact language or
18 amendments and try to vote on them until we've heard from
19 all the members of the public who are going to want to
20 testify even going forward into December since we are
21 going to be continuing to take public comment up through
22 that time. If that's acceptable as a process, I'm hoping
23 that -- I'm encouraging people to express their views,
24 because I think the staff needs to hear from us. I'm just
25 hoping that we can hold it open in terms of formal action

1 until December.

2 Dr. Balmes.

3 BOARD MEMBER BALMES: Thank you.

4 I first want to reiterate my appreciation for all
5 the hard work that the staff has done.

6 Professor Sperling and I were driving up here
7 from Berkeley this morning and contemplating how many
8 interactions the staff must have had to deal with just
9 given the number of interactions as Board members we've
10 had to deal with. So I greatly appreciate the effort in
11 trying to integrate all this information.

12 But I'd like to take a cue from Ms. D'Adamo about
13 the public health aspects of things and not to propose
14 specifics at this point.

15 But I think the slide 20 on page 10 with regard
16 to the public health benefits is an example of the broader
17 point that I want to make about public health. I think
18 the public health assessment is sort of incomplete and
19 could be done better. I don't criticize the staff because
20 they've had so much to do.

21 But just like the economic analysis may need
22 more, I think the public health benefits analysis may need
23 more. I realize we have almost twice as many avoided
24 premature deaths now. But I think this is mostly driven
25 by PM or mortality data.

1 I'm not sure if we've taken into consideration
2 ozone mortality, because definitely ozone is going up with
3 climate change. And I'm not sure if we've adequately
4 accounted for heat related death morality. We had 150
5 plus deaths, and that was probably an under count, during
6 the 2006 heat wave.

7 So off the top, 770 avoided premature deaths
8 seems too low to me. And I think we can get the public
9 health benefits from land use changes. And I think that I
10 would like to see a greater involvement of the public
11 health community in the state in reviewing AB 32
12 implementation. Because I think it will strengthen the
13 actual implementation of our climate change plan because I
14 think the public health community would like to get behind
15 what we're doing, but they, A, need more input and, B, I
16 think our -- we're not a public health agency. I think
17 the Air Resources Board has done a very good job for many
18 years on looking at the public health impacts of air
19 pollutants.

20 But climate change is a little bit broader. And
21 I think it would behoove Us to have more input. So I'll
22 be making specific suggestions. But right now just wanted
23 to make those general comments.

24 Thank you.

25 CHAIRPERSON NICHOLS: Mr. Roberts and then Mr.

1 Loveridge.

2 BOARD MEMBER ROBERTS: I'd like to put a question
3 on the table for the staff. There's been a lot of
4 analysis first of all with small business. And I know
5 that was required. There's been a lot of analysis for
6 what the State's cost is and its various agencies, how
7 that's going to be funded. I wonder if there's been any
8 analysis of what it's going to cost local government, how
9 that's going to be taken care of. Because I haven't seen
10 that.

11 CHAIRPERSON NICHOLS: Is there any comment from
12 the staff on that?

13 EXECUTIVE OFFICER GOLDSTENE: We've not evaluated
14 that yet. But we know that's an important part of what we
15 need to do for the implementation of the Scoping Plan and
16 the work we're going to be embarking on to implement SB
17 375 on setting greenhouse gas targets.

18 We are aware in our discussions with the League
19 of Cities and CSAC and others that there will be cost to
20 deal with this. And so we'll be working to make sure that
21 we can find moneys in different places that help assist
22 with that. So they're having discussions about it, but
23 have not done a full blown economic analysis to discover
24 what the actual cost will be. It's a little premature.

25 CHAIRPERSON NICHOLS: I think the SB 375 process

1 will include evaluation of cost. But in terms of climate
2 as a whole, I've seen local governments taking a very
3 proactive role in climate change. And we certainly had
4 input from a lot of them individually and collectively in
5 terms of programs that they're interested in carrying on
6 for themselves.

7 So it's kind of a mixed bag of inputs that we
8 have received I think from the local level with many
9 cities having climate change task forces plans and
10 programs to be participants in this area, a number of them
11 looking for involvement in the cap and trade program. And
12 of course those that have their own utilities and agencies
13 that might be directly regulated by the plan also having
14 input too. But we haven't called out local government as
15 a sector, per se, in the development of a plan even though
16 we've been having a lot of interactions.

17 Maybe Mayor Loveridge wants to contribute to this
18 conversation.

19 BOARD MEMBER LOVERIDGE: I'm prepared to listen
20 to those that have gathered today.

21 But three quick things.

22 I like very much the language in the Scoping Plan
23 regarding local government, the work described as
24 essential partners. It seems to me that is an appropriate
25 call in the Scoping Plan.

1 Second, the 42,000 comments on the first draft.
2 I don't know what the world record is in the state of
3 California, but that's got to be getting close.

4 And then the comment that this was the most
5 important plan before the CARB Board, I think you can
6 generalize beyond this. And my own memory in thinking
7 about political history in California, this is the most
8 significant policy effort I know of since say the end of
9 World War II. I mean, this is -- beyond the CARB Board,
10 this is an extraordinary effort because it involves --
11 most of the time we look at one particular sector or one
12 particular topic. I know of no other example in
13 California which has moved over this many sectors and as
14 many topics.

15 CHAIRPERSON NICHOLS: Yes.

16 BOARD MEMBER HILL: Thank you, Madam Chair.

17 In listening to Supervisor Roberts, I think the
18 issue of local government has certainly taken the lead in
19 efforts to create the benefits of either local legislation
20 or trying to lead the way in reduction of carbon.

21 But I think what we're seeing because of the
22 economic downturn is some real challenges that local
23 government will not be able to take that effort. So I
24 think it should be interesting and productive to do some
25 analysis of how that will be.

1 And I also think the Coalition for Clean Air and
2 Dr. Balmes' comments about public health protections, they
3 have some great recommendations I think in terms of the
4 cumulative impacts assessment that could be done in the
5 next year in looking at some of the public health effects
6 of cap and trade and some of the other issues. I hope we
7 would look at the resolution they have included in their
8 letter that was in our reading file of November 14th.
9 They make some real strong comments and very appropriate
10 manner for us to proceed in evaluating the co-impacts of
11 the effects of it. So I just say that as well.

12 And also thank you for a tremendous effort.

13 CHAIRPERSON NICHOLS: Thank you.

14 Yes, Dr. Telles.

15 BOARD MEMBER TELLES: I would like to thank all
16 those who actually sent in comments. Really, with all due
17 respect to the staff and everything, when you read the
18 report, it's rather dull.

19 Sorry, Mary.

20 The comments with rather spicy. And I appreciate
21 those, because it made reading the report a lot easier.

22 I have just a few comments. I'm going to wear my
23 public health hat here. A few comments on the public
24 health. This was the first time that I heard the new
25 revised estimate of potential lives saved of 700. I think

1 the last plan it said 400. And I may be a little
2 different than Dr. Balmes. I may be more pessimistic.
3 And it may be we're overestimating it rather an
4 underestimating it.

5 And my concern is that the impact on communities
6 which are already impacted by significant air pollution
7 that we have to be very careful with this plan not to make
8 that worse. And that, to me, although Professor Sperling
9 said the plan has to be purposely vague, I think in some
10 areas we have to make it not vague at all, and especially
11 in protecting some of those communities. And I'll be
12 making some recommendations in this process as we go along
13 in that too.

14 Just can I ask -- is this the time to ask the
15 staff about just a few things?

16 CHAIRPERSON NICHOLS: Sure. Go right ahead.

17 BOARD MEMBER TELLES: How did you get to the 900?
18 My specific question is do you use the 49 percent offset
19 to get to the 900 saved lives? And where you put those
20 offsets? If those offsets are outside the state of
21 California, how do you actually calculate this? Because
22 if the offsets are outside the state of California and
23 we're reducing outside the state of California, we won't
24 have the same emission benefit if we were reducing them in
25 the state of California.

1 CHAIRPERSON NICHOLS: Can we talk about the
2 methodology?

3 BOARD MEMBER TELLES: It's a method question.

4 CHAIRPERSON NICHOLS: The cost and benefits
5 analysis.

6 BOARD MEMBER TELLES: What I'm getting at is if
7 you have a 49 percent offset and worst-case scenario all
8 of those offsets are done outside the state of California,
9 you may not have anywhere near the expected health
10 benefit -- collateral health benefit from this plan as
11 perhaps estimated.

12 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
13 CHANG: Dr. Telles, our estimate right now is 770 avoided
14 premature deaths. That estimate is a statewide estimate,
15 and it actually is only the source specific regulations.
16 So it doesn't count emission reductions from the cap and
17 trade program. So the offset issue doesn't come into it,
18 because it doesn't include reductions from the cap and
19 trade program.

20 BOARD MEMBER TELLES: All right. Is there a
21 possibility if you have emissions leaving the state of
22 California that the state of California won't accrue the
23 health benefits that are estimated?

24 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF
25 CHANG: Those estimates are based on just the source

1 specific regulations. So it's things like the Pavley
2 regulation, the renewable portfolio standard, the
3 efficiency measures, and those kinds of measures. So
4 those are the measures that we -- the benefits would be
5 happening in California.

6 BOARD MEMBER TELLES: One other question. The
7 uncertainty of the estimates in the original plan was
8 anywhere from 20 to 70 percent. Is it still in that
9 range?

10 DEPUTY EXECUTIVE OFFICER SCHEIBLE: Yes. The
11 range of uncertainty is about the same.

12 BOARD MEMBER TELLES: So even with your current
13 plan, the live savings would be 140 at worst case
14 scenario.

15 So the uncertainty in the health sector is just
16 as large as the uncertainty in the economic sector I
17 imagine.

18 I have no other comments.

19 CHAIRPERSON NICHOLS: Thank you. These all I
20 think the kind of questions that are going to come up as
21 we move forward with the comments. So it's good to flag
22 them now.

23 Okay. Before we get to the general public -- I'm
24 sorry. Yes.

25 BOARD MEMBER BERG: Thank you, Madam Chair.

1 I, too, would like to join in. And I'd like to
2 also bring up the point as spurred by my fellow Board
3 members. The absolute importance as I look across not
4 only the dynamic work that staff has done, but as I look
5 across our public audience, how crucial it is going to be
6 for a collaborative effort as we go forward. And things
7 like siting infrastructure, looking at the plan from
8 implementation, and receiving new data as we role things
9 out, staying dynamic, staying flexible and being able to
10 really craft this policy into a workable document is going
11 to be crucial. And that means that everybody in this room
12 and everybody who has participated is going to have a
13 crucial role. And I thank you for doing that. Thank you,
14 staff.

15 CHAIRPERSON NICHOLS: All right. At this point,
16 we want to turn to our advisors. And what we wanted to do
17 is to hear from the Board's colleagues and advisors here,
18 our sister agencies that are present that have been part
19 of the Climate Action Team process and from the
20 Environmental Justice Advisory Committee and the Economic
21 and Technology Advancement Committee.

22 And so I believe that we should go first to
23 Angela Johnson-Meszaros, who's one of the co-chairs of the
24 Environmental Justice Advisory Committee, because I think
25 her slides are loaded next. So that's a good reason to go

1 first.

2 So we will follow her if we have -- I'm looking
3 around and not seeing either Allen Lloyd or Bob Epstein.
4 Maybe we can sent out an APB and we'll hear from him next.
5 Okay. Excellent.

6 And then we'll follow those speakers with Tony
7 Brunello from the Resources Agency, and Nancy Ryan from
8 the PUC. I believe Claudia Chandler was here; Margo
9 Brown, Mark Cowin, and Roy McBrayer. Those are the
10 members of the CAT team that I know.

11 All right, Ms. Johnson-Meszaros.

12 MS. JOHNSON-MESZAROS: Thank you very much,
13 Chairman Nichols. Good morning, members of the Board.
14 We're going to see if this technology works.

15 I am Angela Johnson-Meszaros, the co-chair of the
16 Environmental Justice Advisory Committee. And I'm going
17 to talk about the comments that our Committee submitted.

18 And I'd like to start my comments by following in
19 the course of people who have recognized the work that the
20 staff has done.

21 I think that as many of you may well know, the
22 Committee has taken positions on some of the core issues
23 that are distinctly different from those of the staff.
24 But nonetheless, I think that we would be remiss if we
25 weren't very clear in indicating that we have appreciated

1 the way that staff has made themselves available to come
2 to our Committee meetings. And I appreciate the deep
3 commitment that the members of the staff have to
4 presenting a plan that will work for California.

5 --o0o--

6 MS. JOHNSON-MESZAROS: I'd like to start off by
7 talking about why we care. Why specifically the
8 environmental justice communities care.

9 Our communities will be the most impacted by
10 climate change, and we recognize that climate change is
11 occurring much more quickly than it was understood even
12 two years ago.

13 --o0o--

14 MS. JOHNSON-MESZAROS: And because I think this
15 was said so succinctly, I'm going to actually say exactly
16 what the attorney general's website says about global
17 warming unequal impacts on communities.

18 "Global warming will not affect everyone
19 equally. As the Chair of the Intergovernmental
20 Panel on Climate Change for the United Nations
21 has stated, it is the poorest the poor in the
22 world, and this includes poor communities, even
23 in prosperous societies, who are going to be
24 worst hit. The adverse impacts often will fall
25 hardest upon people of color and poor people

1 because they are concentrated in areas that will
2 bear the brunt of climate change and because they
3 are often the least able financially to deal with
4 its impact. They are also the ones who are least
5 responsible for climate change."

6 It's because of this recognition that so many of
7 my colleagues in the environmental justice communities
8 around the state have come here today to be in this
9 Committee hearing. I'd like to ask them to stand up.

10 CHAIRPERSON NICHOLS: Thank you for being here.

11 MS. JOHNSON-MESZAROS: I would like to recognize
12 that the central valley had a bus that left at 5:00 this
13 morning and collected people all around the state to come
14 here to be here this morning. They anticipate being here
15 all day to have their voices heard. And they expect
16 they'll get back home sometime after 10:00 if they're
17 lucky. And I'd just like for us to recognize the
18 tremendous stake people feel they have in this
19 conversation.

20 --o0o--

21 MS. JOHNSON-MESZAROS: We also know that even
22 since the time that California has started to work on the
23 issues of climate change, predictions have actually
24 overtaken events.

25 And in fact when the Intergovernmental Panel on

1 Climate Change originally started looking at this work,
2 they thought we had 10 to 20 years to act. The Stern
3 Commission came out later and believed we needed to have
4 the bulk of our emissions starting to occur before 2015.

5 And now we know that scientists believe they have
6 underestimated the speed and the strength at which serious
7 climate change will strike, which is increasing the
8 urgency and the need to have California act decisively in
9 this role as a model.

10 --o0o--

11 MS. JOHNSON-MESZAROS: California did act, and
12 we've taken leadership on greenhouse gas reductions by
13 deciding to adopt a cap and to plan for how to achieve it.

14 --o0o--

15 MS. JOHNSON-MESZAROS: It was with this that the
16 Governor signed AB 32. And the Governor at the signing
17 ceremony said what we were trying to accomplish in
18 California is to end global warming.

19 That means we need the focus on the policies and
20 measures that we intend to implement in order to address
21 this problem.

22 --o0o--

23 MS. JOHNSON-MESZAROS: I want to just take a
24 second to remind people, as the staff has this morning,
25 that the project that we are engaging in at this

1 particulate moment is adopting the plan for how to achieve
2 the cap that's already been established in California.
3 This plan is supposed to achieve the maximum
4 technologically feasible and cost effective reductions in
5 greenhouse gas emissions.

6 --o0o--

7 MS. JOHNSON-MESZAROS: AB 32 also clearly stated
8 the intent of the Legislature. The Legislature said that
9 the program implementation was supposed to minimize costs
10 and maximize benefits for California's economy, improve
11 and modernize California's energy infrastructure, and
12 maintain electric system reliability, maximize additional
13 environmental and economic co-benefits for California, and
14 implement the state's efforts to improve air quality.

15 Obviously, I have underlined the word California
16 to further put a fine point on my position that we should
17 be focusing on keeping reductions, infrastructure, and
18 jobs and health benefits in the state of California.

19 --o0o--

20 MS. JOHNSON-MESZAROS: What we have in this
21 Scoping Plan is a list of measures that are some
22 combination of expanded measures, some combination of
23 previously existing measures. Some number of measures
24 that were adopted in the Early Action Measure Plan. But
25 the largest single reduction measure included in the plan

1 will be the cap and trade program. And in fact the cap
2 and trade program is the framework for the entire plan.

3 --o0o--

4 MS. JOHNSON-MESZAROS: So what actually you're
5 proposing to adopt here in the Scoping Plan is an
6 international trading scheme where Californian's working
7 with six other states and four Canadian provinces, most of
8 the economy of Canada, in addition to our neighbors in the
9 northern states of Mexico in order to develop an
10 international trading program.

11 --o0o--

12 MS. JOHNSON-MESZAROS: As we've already discussed
13 this morning -- I was really frustrated because my button
14 is not clicking efficiently. So I don't have my graphics
15 I would have hoped.

16 The WCI program has outlined 49 percent of the
17 reductions coming from offsets and from other trading
18 programs.

19 And it's interesting that we heard the staff
20 phrase this as the majority of the reductions happening
21 from inside the cap sectors. However, it almost seems
22 that the 49/51 division was a little bit massaged so that
23 one could make that statement and feel as if it is
24 something -- it's giving us more reductions than we
25 actually have.

1 for addressing greenhouse gases.

2 The first prong would be to adopt standards and
3 recommendations.

4 The second would be to provide incentives
5 particularly focusing on small and medium businesses and
6 individuals so they can participate in a robust manner in
7 our efforts to address greenhouse gas emissions and
8 putting a price on carbon via a carbon fee.

9 The second comment is the Committee supports with
10 some modifications, largely because it's not entirely
11 clear how the measures are going to role out in
12 implementation, but this Committee supports with some
13 modification all but three of the measures that are
14 outlined by the staff. And, of course, those three would
15 be the cap and trade program.

16 The second is the low carbon fuel standard which
17 we talked extensively about during the adoption of that
18 measure in early action period and the sustainable forest
19 target. And that's largely because of concerns around the
20 permanence of those sustainable forest target and
21 particularly as we talk this morning in the face of the
22 wild fires that we are currently facing in California.

23 Third, Committee continues to be concerned that
24 the public health and the non-economic benefits and
25 impacts of the plan have not been adequately presented,

1 Board can truly understand the policy choices that lay
2 before California, staff should provide a path to reaching
3 the target that doesn't rely on trading to achieve the
4 goal. We believe that transparency in the plan and clear
5 analysis that looks at both the pros and the cons of the
6 major policy mark of this plan is an important as
7 California contemplates this incredibly important step
8 both for California and the world.

9 And, fourth, we recommended that ARB include as
10 proposed measures many of the measures that were labeled
11 as under consideration in the draft Scoping Plan. There
12 were a few that did come into the proposed Scoping Plan,
13 and I will talk about those in a minute.

14 --o0o--

15 MS. JOHNSON-MESZAROS: In the proposed Scoping
16 Plan, the staff pointed out that the Committee supports an
17 approach that includes a price on carbon along with
18 complimentary measures. And that's true.

19 And then they highlight that although the EJAC
20 recommends that the carbon price be established through a
21 carbon fee rather than a cap and trade program, we
22 recognize the importance of mutually supportive policies.

23 That's exactly right. And I would like to say
24 that whether or not we use a fee or trading program to put
25 a price on carbon is more than just a small difference of

1 opinion. We believe it has significant impact.

2 --o0o--

3 MS. JOHNSON-MESZAROS: Because there's so much
4 that hangs on this question and there's so many things I
5 could have said to you today -- and I understand I have
6 less than two hours to comment upon the plan this morning,
7 I thought I would focus my comments on the trade and
8 offsets program, because I believe that's the area where
9 there is the largest divide in our positions.

10 We believe that trading schemes don't work and
11 they crowd out things that could, that trading stifles
12 innovation. And offsets just make these two conditions
13 worse.

14 --o0o--

15 MS. JOHNSON-MESZAROS: Before I give you specific
16 examples of why I think that's true, I would just like to
17 point out that the Scoping Plan -- under the statute, the
18 Scoping Plan is supposed to make determinations that are
19 required in the Scoping Plan. And they're supposed to
20 consider all relevant information pertaining to greenhouse
21 gas emissions reductions from programs in other states,
22 localities, nations, including specifically the
23 northwestern states of the United States program, Canada,
24 and the European Union, which would be the Kyoto program.

25 --o0o--

1 MS. JOHNSON-MESZAROS: I'd like to point out that
2 the Los Angeles Times editorialized back in May 2007 that
3 they believe that the best choice would be to put a tax on
4 carbon. And they explicitly noted while cap and trade
5 creates opportunities for cheating, leads to unpredictable
6 fluctuations in energy prices, and does nothing to offset
7 high power costs for consumers, carbon taxes can be
8 structured to side step all these problems, while
9 providing a more reliable market incentive to produce
10 clean energy technology.

11 And in fact that those things that they
12 explicitly called out are the things that are most
13 important for us to achieve if this plan is going to work.

14 --o0o--

15 MS. JOHNSON-MESZAROS: The Wall Street Journal in
16 2007 editorialized and they headed their editor, "Cap and
17 Charade." And they indicated that while there may be
18 people who believe this is going to be an approach that
19 will be successful, the Wall Street Journal's position was
20 not to believe for a minute that this charade would do
21 much about global warming.

22 --o0o--

23 MS. JOHNSON-MESZAROS: The Kyoto protocol is a
24 carbon program that very much mirrors the program that we
25 are thinking about implementing here in California.

1 The Los Angeles Times in advance of the meetings
2 in Bali to talk about the next round of Kyoto explicitly
3 noted that while there are reductions that are being
4 attributed to the Kyoto protocol, the progress wasn't due
5 to global embrace of green power, but rather to the 1991
6 collapse of the Soviet Union which shut down smoke
7 belching factories across the region. As a researcher
8 from Princeton noted, the emissions dropped before Kyoto
9 even existed.

10 --o0o--

11 MS. JOHNSON-MESZAROS: We know that in California
12 we have a reclaim program. And it's interesting to me
13 that the reclaim program notes and uses language that's
14 very much like the program language that we hear now that
15 the South Coast Air Quality Management District indicates
16 right now on their web page that reclaimed is a
17 revolutionary new approach to air quality regulations.
18 This program has the potential to clean up our air more
19 efficiently than traditional regulations by harnessing the
20 power of the marketplace.

21 For businesses, reclaim means greater flexibility
22 and financial incentive to reduce air pollution beyond the
23 clean air laws and traditional command and control rules
24 require.

25 For the public, reclaim means guaranteed annual

1 reductions in air pollution and public health standards.

2 The fact of the matter is that just this year the
3 South Coast air basin through the Air Resources Board
4 requested a bump up in its current status because we have
5 not yet the goals that were attributed originally to the
6 program when it was implemented in 1994. They anticipated
7 reaching the ozone standard by 2003. And now the district
8 is seeking an extension of ozone attainment to 2024.

9 --o0o--

10 MS. JOHNSON-MESZAROS: We also know that RGGI,
11 the east coast trading program, underwent its first
12 auction. In that program, the RGGI participants agreed to
13 have 100 percent auction. The market clearing prize for
14 the auction was \$3.07 for a ton of carbon.

15 And I think that whatever we believe about
16 whether or not market-based system, a trading program, and
17 100 percent auction would be the way to go, I think we
18 still have to believe that \$3.07 a ton is not going to be
19 sufficient to actually move much in terms of emissions
20 reductions.

21 --o0o--

22 MS. JOHNSON-MESZAROS: And in fact, the New York
23 Times reported the reason why the price was so low was
24 because the program was over allocated. It was well known
25 the program was over allocated. And at New Carbon

1 Finance, they have looked at these issues, and they
2 believe it will be quite some time before the supply of
3 allowance actually outstrips the utility needs, meaning
4 that the program is not going to actually achieve
5 emissions reductions that have been anticipated.

6 --o0o--

7 MS. JOHNSON-MESZAROS: Mayor Bloomberg in New
8 York has been a very outspoken proponent for carbon tax as
9 compared to a trading program. And Mayor Bloomberg's
10 opinion as noted in the New York Times from his speech he
11 gave at the Conference of Mayors is that cap and trade is
12 an easier political sell because the costs are hidden, but
13 they're still there. And the payoff is more uncertain.

14 --o0o--

15 MS. JOHNSON-MESZAROS: So I just want to call
16 very quickly our attention to the ideas that were
17 underlined, the incorporation of the trading program.
18 This is an excerpt from existing plan from the Market
19 Advisory Committee.

20 Emissions trading programs puts a cap on
21 emissions presented by facilities covered under the
22 system, and because there is a hard cap, the idea is that
23 the emissions will go down.

24 There will be a market price that was established
25 by the cap. And then that will yield what the Market

1 Advisory Committee called an enduring price signal for
2 greenhouse gases. And that would provide incentives for
3 the market to find new ways to reduce emissions. They
4 also recognize that the cap and trade program alone will
5 not deliver the most efficient mitigation outcome for the
6 state.

7 The first point of the Market Advisory Committee
8 is what I call allocation certainty myth. That somehow if
9 we have a hard cap, we will be guaranteed to meet our
10 environmental goals. But the fact of the matter is
11 because we don't understand exactly how fast the climate
12 is changing and we don't understand the science of how the
13 evolving ecosystem will react to climate change, it's
14 possible where you can have a program where you still fail
15 the meet your environmental goals. And that would be a
16 devastating outcome of the program.

17 CHAIRPERSON NICHOLS: Ms. Johnson-Meszaros, we
18 did allocate 15 minutes for the Environmental Justice
19 Advisory Committee which is five times any person, but
20 still perhaps not as long as you hoped for. However,
21 you've used up your time. Can we get you to wrap up?

22 MS. JOHNSON-MESZAROS: Yes. The second point of
23 the Committee is that this program will spur innovation
24 because there will be a price on carbon. And the third
25 point is I think the reality that the cap and trade

1 program itself will not meet the goal.

2 --o0o--

3 MS. JOHNSON-MESZAROS: Quickly, I want to point
4 out that the SOX trading program was often looked to as a
5 model of success. It's different than what's proposed
6 here for the reasons that are indicated in the slide.
7 Allocation was based on standard. There was a clear path
8 to compliance. There were no offsets. And the costs were
9 much lower than it was anticipated by industry, but in
10 line with the technologies chosen to move forward.

11 --o0o--

12 MS. JOHNSON-MESZAROS: The Congressional Budget
13 Office has called for a tax as being the most efficient
14 way to address climate change much more than using a
15 trading program.

16 And I just wanted to notice, especially since it
17 was explicitly brought up, this is the last one we are
18 going to do. And then I'll go through to the end.

19 While the proposed Scoping Plan does indicate
20 there are measures that will be included to address
21 flaring and the ARB believes these are cost effective
22 greenhouse gas emissions, I just wanted to note that the
23 proposed plan indicates that as with the other oil and gas
24 measures, they're going to go back and re-evaluate whether
25 those are needed, if it turns out the WCI decides to

1 incorporate fugitive methane in the cap and trade program.

2 --o0o--

3 CHAIRPERSON NICHOLS: Thank you.

4 MS. JOHNSON-MESZAROS: I'm clicking through to
5 the very, very end.

6 CHAIRPERSON NICHOLS: Markets are not magic.

7 MS. JOHNSON-MESZAROS: I'm going to make this
8 last point. And I'm going to say goodbye, which is in the
9 South Coast Air Basin, a pound of PM sells for \$247,000.
10 That does provide the innovation in the market that has
11 allowed the South Coast Air Basin to come into compliance
12 with the program.

13 We hope that you will refer to our comments which
14 we have submitted to the Board. That if you have
15 questions, that you will feel free to contact us. And
16 that we think very carefully because this is in fact the
17 most important decision that California has made and that
18 any of you individually will make both in your personal
19 and professional lives. I'm sure you will take your
20 decision with the seriousness that it is deserving. Thank
21 you.

22 CHAIRPERSON NICHOLS: Thank you. Thanks for all
23 the information you assembled. Thanks to all of you who
24 have come to participate.

25 I think it's important to acknowledge that you've

1 referred to quite a number of different documents and
2 studies which are also going to be part of the record and
3 which we will make sure that we reference in the final
4 decision.

5 I think you don't need to be concerned about
6 whether the Board members are going to be taking the time
7 to absorb this issue very, very thoroughly before making a
8 final decision. Appreciate that.

9 We'll now hear from the other Advisory Committee
10 co-chairs, Dr. Alan Lloyd and Bob Epstein. Dr. Lloyd.

11 DR. LLOYD: Good morning, Chairman Nichols and
12 distinguished members of the Board. It's a pleasure to be
13 here.

14 We were asked by James Goldstene to come and
15 provide some comments. And we're delighted to do that.

16 I'll share some of the time here with the Vice
17 Chair, Dr. Bob Epstein. So we're going to try to play
18 tag-tag addressing several issues from the Committee
19 viewpoint.

20 And I think both of us are going to make personal
21 comments. Since as a Committee, we work on a consensus
22 and work very well.

23 I think the bottom line to say is we're generally
24 supportive.

25 You also have by the way this copy of a letter

1 November the 12th that summarizes all the comment. And
2 you can see we're basically supportive of the overall
3 framework for the Scoping Plan. Although I think you will
4 see that we would like some augmentation there.

5 I would also say we're going to meet again on
6 December the 5th as a Committee so we will be able to
7 update our comments based on what's presented here today
8 and the Committee comments at that time and provide you
9 information before you come to the final vote on December
10 the 5th.

11 Again I'd like to do as others and congratulate
12 the staff on putting the usual high quality work. I'm
13 always impressed by the enormous effort they provide given
14 the burden the Legislature has given them, as well as the
15 Climate Action Team.

16 So I think as somebody said, it's a boring
17 document. The point is I think it's very important. But
18 I also saying in some areas I think maybe it's a little
19 bit optimistic.

20 I will dwell on the ETAAC. I'll hit a couple of
21 points there. I think we agree that it's very important
22 that immediate and effective action has to be taken under
23 AB 32 and looking at all parts of the stakeholders
24 utilizing, for example, some of the goals of the Clean Air
25 Act and its ability to address air quality.

1 I think the ETAAC recommended in looking at the
2 areas of transportation, electricity sectors, contains
3 measures that deliver greenhouse gas benefits, air quality
4 benefits, and economic benefits.

5 We also caution about some of the over reliance
6 on the cap and trade. We will not know its true
7 effectiveness until a half decade or decade or longer.
8 I'll say more about that. Although we're very strongly
9 supportive of market mechanisms in the market, cap and
10 trade being one of those.

11 We also see some of the direct measures there
12 getting air quality benefits as well as greenhouse gas
13 reductions. And when in fact we're very pleased that CARB
14 followed the advice of ETAAC there and others to advance
15 technology and benefit the public health from cleaner
16 cars, energy efficiency, the 33 percent renewable
17 portfolio standard, and infrastructure to get there.

18 I think it's very ironic to see Nissan is coming
19 out and saying ten percent of new car sales by 2016 will
20 be electric drive, electric vehicle. I think
21 re-enforcement on what the Board has been trying to do
22 will get us there. Seeing the technology follow on as we
23 see it now is very satisfying and leadership the Board is
24 providing.

25 On the other hand, we feel in some areas there's

1 no firm commitments. Some of these things are put under
2 the cap and trade were maybe some of the direct measures
3 could be more effective. And we've stated some of that in
4 there. For example, in the cement sector and the
5 industrial sectors there. We've seen that point and
6 spelled out in the letter.

7 So we would like to suggest that in fact the
8 staff takes a look at those again to see whether they
9 shouldn't be included.

10 We also feel very strongly that on the heavy-duty
11 side that that should be looked at. There is a measure in
12 there, but maybe CARB taken the real lead in setting
13 standards with EPA there is worth looking at.

14 We also looking at the allocation -- cement is
15 another area where staff changes its mind on that piece of
16 it. We would like to see looking at direct regulations
17 measured in that case.

18 On the allocation of allowances, for example, an
19 idea that Bob Epstein was very instrumental in pushing
20 forward the Carbon Trust, we had a very good meeting with
21 the British equivalent of that and we found out they have
22 a trademark on that.

23 But the point is they've done a lot of work in
24 that area.

25 CHAIRPERSON NICHOLS: On the name Carbon Trust?

1 DR. LLOYD: Yes. We tried California Carbon
2 Trust. That was too close.

3 But I think again it gives me great satisfaction
4 to see there could be a big pool of money put to work in
5 this case. And Bob may say more about that. But that's
6 an area where I think everybody agreed. The question is
7 then how do you generate the moneys? And then how do you
8 make sure that it's distributed satisfactorily?

9 I think the other part we also identified in the
10 letter is the grandfathering was not so good. In fact,
11 bad based on some recent testimony at the US House of
12 Representatives Ways and Means Committee that found a
13 national level that grandfathering is bad for efficiency
14 and equity.

15 I would like to just make a few personal comments
16 here as I guess Bob will do it from the private sector
17 side. I'll do it from an ex-regulator and also an
18 atmospheric scientist here, but also as an advocate for
19 advanced technology.

20 And I would agree this offers a huge opportunity
21 for green technologies. And we must make sure that those
22 happen in California. Because the message goes all over
23 the world. So the good thing is that the Legislature and
24 the government have been first here. So we should be able
25 to consummate that.

1 I mentioned, the Scoping Plan I think is a
2 tremendous start on there. I would disagree with
3 Professor Sperling that you want to be vague in the
4 Scoping Plan. Academics can be that way, but I think as
5 regulators that's not the case.

6 I think that without some of the suggested
7 additions that the Scoping Plan does not give me the
8 confidence that the goals of AB 32 will be met in the time
9 frame and the manner suggested by the Legislature.

10 But again this is a draft good. Good chance to
11 do it.

12 Also I think history tells us the strong
13 regulatory program is needed backed by market mechanisms.
14 The Scoping Plan appears to place too much confidence in
15 free market force. And opportunities appear to forgo the
16 much more certain outcome of direct regulations addressing
17 industrial sources, et cetera. So you can marry the two.
18 But when you make that accountability, I think it's very
19 important to look at that piece of it. And market
20 mechanisms, whether carbon taxes, cap and trade is a piece
21 of that. Very important piece. But the point is when you
22 come to account for that and giving me the confidence
23 given what's happened recently, then I would caution that
24 part of it.

25 The other piece I think I would be remiss to say

1 after reading again the introduction to the Scoping Plan,
2 it's very eloquent. But it looks as though it's very
3 easy. That is a panacea doing this. There's all those
4 opportunities and what not. If that's the case, why isn't
5 it being done?

6 So I would say this is very important. I'm
7 talking to some of my economic colleagues and we've had in
8 the past. This will not be easy. It will be tough.
9 There will be winners and there will be losers. Overall,
10 it's going to improve the economy.

11 But I think this is very important to recognize
12 that, and that's where leadership is important. And in
13 that context, I think it's critical that minority and
14 economic depressed communities are addressed in the
15 program up front.

16 Lastly, I would like to just quote I think from
17 Professor Stern because it's important that even in the
18 current financial crisis, the time for delay has passed.
19 So we're not saying and I'm not saying that personally.

20 And the reason he observed that the financial
21 crisis was 20 years in the making leading to the longer
22 the risk ignored, the bigger the consequences. Stern
23 argues the current financial turmoil makes an even
24 stronger case for urgent action and presents an
25 opportunity to lay the foundation for cleaner and more

1 efficient development that will transform power economics
2 and societies. And I think this is very important.

3 And so it is in this context that I would
4 recommend that the Board direct staff to make the
5 foundation as sound as possible. Because as Mayor
6 Loveridge said, this is global leadership, not just
7 California. People are going to be following.

8 And as we saw earlier, this is going to be not
9 easy. We've battled for years since the 70s to attain air
10 quality for the air quality standards. As we said, we're
11 still not there. And that is a much simpler job. So
12 let's make sure that what we're implementing and designing
13 is in fact going to be as effective as possible.

14 On the other hand, I say the good thing here is
15 that it's a new day. And now that President Elect Obama
16 has joined the Governor and the global colleagues, our
17 odds of meeting the critical goal of reducing greenhouse
18 gases and improving our economy in fact is immensely
19 increased.

20 CHAIRPERSON NICHOLS: Thank you. Thank you, Dr.
21 Lloyd.

22 Before I move on I feel like I'm back on the
23 Coastal Commission today with the cheering and the
24 clapping and the signs.

25 But unfortunately we're in leased space here, and

1 we are subject to the rules of the building and of the
2 fire marshall as well. And I have now been warned for the
3 third time that we are not allowed to have people sitting
4 in the aisles or standing up in the aisles or in the back
5 of the room.

6 And I'm going to have to ask people to either
7 find a seat -- and there are until vacant seats -- or to
8 go to the room next door, the Coastal Room, which is right
9 next door to this room, has been set aside for us. We
10 cleared the room. They've put up a sound system. And you
11 will be able to view everything that's happening in here
12 simultaneously. So the only difference is we won't be
13 able to see you, but you can see us just as well from
14 there. And when your time comes to testify, you can come
15 back into the room.

16 I'm sorry. I don't like to have to move people
17 around. But we're required to follow the rules of the
18 building as well. So I really appreciate people's
19 cooperation here.

20 DR. EPSTEIN: Thank you very much, Madam Chairman
21 and members of the Board.

22 I first want to start out and say what it's like
23 to be a member of the ETAAC Committee. We are all
24 volunteers. And it was really rewarding for us the fact
25 that we worked hard, came up with ideas, and they got

1 incorporated into the draft. We went back and did
2 additional comments, and those got incorporated into the
3 proposed Scoping Plan. So as a volunteer working on this
4 effort and representing others, it's very gratifying to
5 know that we could actually help the process along.

6 What I want to do today is describe two
7 suggestions for the final document and then to try to give
8 you my approach on where I think the major differences are
9 in the business community and how we might address those
10 if I can.

11 First of all in terms of the document itself,
12 strongly recommend that you reconsider the land use target
13 number from the current five up to your something between
14 11 and 14 for the reasons which the staff have already
15 looked at. And many people who follow me will go into
16 details. So I'm going to not do the details myself.

17 But it does come down to 11 would be 3.6 miles
18 per day per driver is our target for 12 years from now.
19 We believe it's achievable.

20 The second thing I would like to suggest is right
21 now there is a vibrant and growing volunteer community,
22 business community that's doing reductions and selling
23 them to people purely from a voluntary basis. And it
24 should be very clear in the Scoping Plan we want to
25 protect that and encourage it and not allow that to reduce

1 the pressure on other entities. It's going to be
2 announcement that's happening in 17 minutes from now about
3 a new company that's entering the market in California to
4 do this. It's all selling things to consumers on the
5 basis of their choice. We think it's important to clarify
6 that's a separate program.

7 I think when I try to figure out the differences
8 between the business community. When AB 32 was being
9 debated in the Capitol two years ago, it was clear the
10 business community was divided on this issue. And as a
11 business community continues to be divided.

12 I think when I try to understand what's going on,
13 it's very similar to what has commented on. It's four
14 variables and one assumption. The one assumption
15 is what's energy prices. What are they going to look like
16 in 2020 assuming a fossil fuel economy. And what are the
17 impacts of climate, adding, all in. That's the base line
18 we're competing with. It isn't today's prices 12 years
19 from now are going to stay the same.

20 So there is a disagreement on what that base line
21 is. I see no evidence that once the economy recovers, and
22 it will, that fossil fuels are suddenly going to become
23 abundant or less expensive. So that's number one is
24 what's the base line that we're arguing among.

25 And part of our differences is whether those are

1 going to be really high, really low, wherever they might
2 be.

3 And there's four design parameters. I think the
4 very strength of the Scoping Plan is the fact it's a
5 framework that's tunable to get the output we need. The
6 parameters, which one that hasn't been discussed yet, is
7 what's the rate of decline in the cap. That's the biggest
8 factor in determining what price is.

9 So as we see from the low carbon fuel standard
10 proposal, the cap starts off ratcheting down pretty
11 modestly and then accelerates. And gives business time to
12 make the adjustments assuming that three to five-year
13 investment cycle. That's number one.

14 Number two is the percentage of auction and how
15 it's allocated. You get very different business
16 enthusiasm between if you're a regulated entity, zero
17 sounds like a fine number. If you're a new person trying
18 to enter the market, 100 percent sounds like a fine
19 number. That's the second variable.

20 The third is as has been discussed many times,
21 the percentage of offsets used for compliance. As we
22 discovered during a workshop sponsored by WSPA, it's not
23 perfectly clear in the plan that needs to be clarified.
24 But there's 49 percent is the maximum. It's not the
25 recommended. What number should it really be?

1 And then the last and the thing that's probably
2 the least covered in the Scoping Plan is how do you use
3 the moneys if there are some from an auction or a fee to
4 accelerate reductions? What's the use of that capital?
5 How much can we assess to that? And what can be done?

6 As Alan mentioned one, of the proposals would be
7 to use the State actively buying in the voluntary offset
8 market at a minimum guaranteed price. And that
9 effectively creates a floor and avoids some of the
10 problems you might see otherwise.

11 So what I'd like to do now is take off my ETAAC
12 hat and put on my E2 hat, similar but different. You have
13 submitted today a letter of endorsement that says that the
14 Scoping Plan should be adopted. It's a right framework.

15 This has been signed by representatives of
16 individual businesses as well as hundreds of other
17 businesses. They're small, medium, large. Everything
18 from the San Joaquin Valley where I was born to the
19 Silicon Valley where I now approximately live in. And
20 they represent the innovation that Dr. Sperling mentioned.

21 And two important points we'd like to make. One
22 is if you look at oil prices this morning when I got up,
23 they dropped below \$50 a barrel. I think the couple
24 weeks ago -- at least by the middle summer, they were over
25 \$140 a barely.

1 If you are a business trying to figure out how to
2 invest with something that large, you might go into dry
3 goods rather than energy, which is something my people
4 know a lot about.

5 But on the other hand, what you are fundamentally
6 doing with this plan is you're providing the certainty
7 that there is a value to carbon reduction. And no matter
8 what the price of energy, that certainty is there to drive
9 investment. And that investment is what we're after.
10 What you're trying to do in addition to everything else is
11 to tell private capital invest in these areas and there
12 will be a return. And it's a long-term strategy. And
13 it's not just the technology innovation that we want.
14 There's financial innovation that we need, whether it's
15 cities or whether it's small business with the on-bill
16 financing or other ideas we've suggested. And that
17 innovation is happening in anticipation of you approving
18 this plan.

19 In closing, I want to say -- and we are on time.
20 I don't take credit for the three-minute adjustment.

21 In closing, I want to say in 2006, I believe this
22 was technically feasible. In 2008, I'm more convinced
23 that the technical feasibility.

24 I worry about the speed of implementation and
25 what we're going to need to do as a state to allow ideas

1 to get through the process faster.

2 But overall, you could call me optimistic. But
3 basically, you can call me determined. I think
4 collectively this is the right plan. And I urge your
5 adoption with a couple of improvements. Thank you very
6 much.

7 CHAIRPERSON NICHOLS: Thank you.

8 And I appreciate the fact that your Committee is
9 going to be meeting again and we'll have an opportunity
10 for further consultation prior to the Board meeting where
11 this is coming up for final adoption.

12 DR. EPSTEIN: What we want to do on December 5th
13 is get various economic ideas together and try to frame
14 it. We're not going to solve it for you. But we're going
15 to try to frame it. We have a very diverse group. And
16 hopefully during next year we can provide some additional
17 ways of thinking about it and try to help get people
18 closer together.

19 CHAIRPERSON NICHOLS: I want to publicly make the
20 suggestion that when you meet again, you meet or attempt
21 to schedule a meeting in a manner that would also include
22 the representatives of the Environmental Justice Advisory
23 Committee. Because I feel that both of you are coming --
24 although coming from perhaps diverse backgrounds, are
25 focusing on the same issue, which is how to develop a plan

1 that meets all of the objectives of AB 32, which could be
2 seen to be in conflict with each other. There are many of
3 them: The maximizing public health, maximizing
4 co-benefits, getting the best technology advancement for
5 California, going early, et cetera.

6 And I feel that because we're getting separate
7 input from these two committees that we can try to do our
8 best to reconcile it. But it would be helpful to us I
9 think if there was an opportunity to have these two
10 communities actually see how much they could accomplish
11 together. And so although I realize they weren't created
12 as one Committee, if we could ask you to at least make the
13 effort.

14 And I make the same request I don't know if
15 Angela is still here. But in any event, we'll convey that
16 request and hope we can make it happen.

17 DR. EPSTEIN: I believe we serve at your
18 discretion. So I'll take that as very sound advice. And
19 I would look forward to that. I think it's a great
20 opportunity to try to arrange.

21 And I think could trade our trademark "In God We
22 Trust" with "UK Carbon Trust" and maybe solve that
23 diplomatic issue.

24 CHAIRPERSON NICHOLS: You can keep your day job.

25 AB 32, in addition to all of the wonderful things

1 it did, told the Air Resources Board that we're supposed
2 to coordinate with other State agencies as well as
3 consulting with all the stakeholders. And in fact, it
4 specifically directs all State agencies to consider and
5 implement strategies to reduce their greenhouse gas
6 emissions.

7 We have been very fortunate to have been assisted
8 by a Climate Action Team coordinated by our Cal/EPA
9 Secretary Linda Adams and also to have had other
10 activities going on and other agencies that have been
11 brought to us as part of the Scoping Plan as well.

12 So I'm going to now turn to our representatives
13 of our sister agencies beginning with Tony Brunello from
14 the Resources Agency.

15 MR. BRUNELLO: Thank you, Chairman Nichols. My
16 name is Tony Brunello, the Deputy Secretary for Climate
17 Change and Energy with the California Resources Agency.

18 First, just hearing comments, if any of you have
19 not seen the video from President Elect Obama that was
20 announced on Monday, I would strongly encourage you to
21 watch that. I think through that with the Congressman
22 Waxman will be leading a key position in the House as well
23 as our friends and I think in the Senate. It's very
24 empowering to know in the plan you have laid out is
25 directly in line with what they're proposing. So I think

1 that's very empowering.

2 Another thing I just wanted to state before -- I
3 had to just a couple of comments.

4 I hope this community that's here today come to
5 our adaptation meetings. We need you all there. We're
6 just developing a climate adaptation strategy for the
7 State that we hope to put out by the early part of next
8 year, and we need as much involvement as possible. So I
9 very much encourage a look at the other side of what
10 impacts are there as stated in the Scoping Plan.

11 We in the Resources Agency are in 100 percent
12 support of the Scoping Plan as written. We've been very
13 involved through the Climate Action Team efforts of
14 developing measures on the water, energy, forestry, land
15 use, and many other portions of the plan. So we very much
16 appreciate staff and the leadership from both the staff
17 and from the Board on this issue. And we look forward to
18 cooperating more on the efforts in the future.

19 I wanted to close with what we think is the key
20 priority now. We need to move to action. And I think
21 today I wanted to just lay out a few things that are
22 specific to the sustainable forestry initiative that is
23 laid out in the current plan.

24 In particular, we are proposing to work with the
25 Board of Forestry, Air Resources Board, and Cal/EPA to

1 establish an interagency forestry working group that will
2 review and provide guidance on all forest-related
3 strategies and policies. The group would meet regularly
4 and advise the Board of Forestry and ARB on all climate
5 change related forestry issues. The Committee would be an
6 advisory group that would solicit public input and engage
7 in activities that collect information for guidance on how
8 to meet state mitigation and adaptation strategies.

9 This Committee would be made up of nine members
10 selected by Secretary for Resources in partnership with
11 Cal/EPA and ARB and would represent CalFIRE, the Resources
12 Agency, ARB, Cal/EPA, Department of Fish and Game,
13 Department of Water Resources, California Energy
14 Commission, the United Forest Service, and a position for
15 the academic community.

16 Secondly, by February 1st, 2009, this group will
17 work with the Board of Forestry to set a clear agenda for
18 priority topics and tasks to be implemented by June 2010
19 to fit within ARB's Scoping Plan and state adaptation
20 strategy efforts.

21 And finally, third, establish a process to
22 clearly identify links between existing greenhouse gas
23 mitigation programs as represented in the ARB Scoping Plan
24 and climate adaptation efforts as identified as the
25 recently passed Executive Order S 1308, which expectedly

1 deals with our climate adaptation strategy efforts across
2 state government.

3 Thank you very much. I appreciate the
4 opportunity to comment.

5 CHAIRPERSON NICHOLS: Thank you.

6 I want to congratulate you also for your
7 leadership in the Memorandum of Understanding that was
8 signed at the Governor's Climate Summit this week. We're
9 on a track now for California to participate with other
10 states that have important forest resources and other
11 countries of the world whose efforts are currently
12 contributing to containing some of our precious carbon
13 stocks to develop a common set of measurements and rules
14 for how to value and how to protect these. And it's just
15 a terrific progress. So thank you very much.

16 Nancy Ryan from the Public Utilities Commission.

17 MS. RYAN: Good morning, Chairwoman Nichols,
18 ladies and gentlemen of the Board. I'm Nancy Ryan, Chief
19 of Staff to Michael Peevey, President of the California
20 Public Utilities Commission.

21 I'm here today to speak on behalf of the
22 President Peevey and the entire Commission. As I'm sure
23 you're all aware, last month, the PUC and the California
24 Energy Commission issued and voted out a joint decision
25 recommending policies for application of AB 32 to the

1 electricity sector.

2 Some of our recommendations are reflected in the
3 proposed Scoping Plan, and we are very pleased to see
4 that. Others are not because they went beyond the scope
5 of the Scoping Plan. And we anticipate they will be
6 considered by staff and ultimately this body during the
7 ensuing rule making process.

8 So today I'll focus my remarks on the
9 recommendations that are germane to the Scoping Plan and
10 make just a few remarks about those that come later.

11 So first let me say that of course our
12 involvement in this process goes back to the inception of
13 the CAT team, but also want to note almost from the day
14 that AB 32 passed and was signed by the Governor, our
15 staff -- and I speak for my agency as well as I can say
16 the Energy Commission staff -- began working very closely
17 with the Air Resources Board staff.

18 And I see many people here in the room today too
19 numerous to name that we've developed close working
20 relationships with over the last two years.

21 And we did that despite I think some actual
22 physical distance, since the PUC is in San Francisco, and
23 some cultural differences as well. But we've learned to
24 work effectively together. And we look forward to
25 continuing that partnership as we move past the Scoping

1 Plan.

2 So not surprisingly given what I just said, we do
3 find that the proposed Scoping Plan is very much in sync
4 with the recommendations made in the joint decision of the
5 Energy Commission and the PUC. And we're very pleased to
6 see that.

7 And in particular, we recommended and we agreed
8 with the Scoping Plan that significantly increased
9 investments in energy efficiency have to be the
10 cornerstone of our greenhouse gas reduction strategies for
11 the electricity sector. Energy efficiency isn't just
12 cheap. It literally saves money for customers. And
13 that's even more important as we move against the
14 headwinds of the ailing economy.

15 We also recommended and agree with the Scoping
16 Plan that increasing our reliance on clean renewable
17 energy is a critical step towards moving California to a
18 clean energy future.

19 And as an aside, I'll mention that I was very
20 pleased to -- in fact honored to have the opportunity to
21 participate in the event on Monday, which the Governor and
22 legislative leaders re-confirmed their commitment to going
23 to a 33 percent RPS and moving expeditiously to get that
24 legislation passed.

25 And I'll also note that the Public Utilities

1 Commission is working very closely with other agencies and
2 in particular with California ISO to ensure that we
3 expeditiously identify and move towards permitting and
4 improving the necessary transmission infrastructure to
5 ensure that as those renewable's are developed that they
6 can move to markets and augment our resource mix with
7 greater amounts of clean energy.

8 Another key aspect of the joint PUC/CEC decision
9 is that the energy efficiency and renewable energy targets
10 should be statewide targets, that they should apply to all
11 entities providing electricity to customers in California.

12 And one of the challenges looking forward will be
13 how to come up with a framework that provides a level
14 playing field to ensure that we can do that, as we do have
15 a very diverse electric sector in California with a wide
16 variety of different models for bringing energy the
17 customers.

18 Finally, I'd like to note that the Public
19 Utilities Commission and the CEC strongly endorsed
20 combining these mandatory measures with a multi-sector
21 regional cap and trade program.

22 The Public Utilities Commission has committed
23 significant staff resources to helping ARB staff in all
24 various phases of the Western Climate Initiative. And we
25 will continue to support that effort strongly.

1 Our recent joint decision did also contain
2 several specific recommendations on areas of design of the
3 cap and trade system that we think have a particular
4 bearing or are particularly salient for the electric
5 sector. And those include in particular allocation and
6 some aspect of market design. Again, these are beyond the
7 scope of the Scoping Plan. And we anticipate they'll be
8 addressed in the rulemaking process.

9 So let me commend you, the staff and the staff so
10 far and the Board I hope soon, for developing and adopting
11 what we believe is a sensible and workable policy
12 framework. We believe that the very ambitious energy
13 efficiency and renewable energy targets that are included
14 in the Scoping Plan are attainable and can be met and
15 reasonable cost.

16 But as I've already noted and it's worth
17 stressing, meeting the energy efficiency targets should
18 save Californians many millions of dollars over this time
19 frame.

20 Meeting the RPS targets will reduce our exposure
21 to volatile fuels prices while cutting greenhouse gas
22 emissions and criteria air pollutants.

23 I would like to caution, however, that these are
24 very ambitious stretch goals, both on energy efficiency
25 and renewable energy. Just because we've said we can do

1 them doesn't mean they're a done deal.

2 So what we will need to see is a sustained
3 investment and innovation by the private sector and
4 ongoing enforcement and oversight by the public sector.
5 So these are possible but not without sustained ongoing
6 efforts.

7 Also I'd like to stress there will be offered
8 cost estimates based on the best available modeling and
9 information at the time. We recognize that the numbers
10 change over time. The underlying assumptions turn out not
11 to be accurate. Naturally, the modeling results that we
12 presented are already out of date. We continue to work to
13 update them. And I think that the corollary of that is
14 that we have to appreciate that the Scoping Plan and the
15 recommendations that we've put forward they need to be
16 regarded as -- the Scoping Plan needs to be regarded as a
17 living document, and we need to be prepared to adapt,
18 update, and readjust targets and timetables accordingly.

19 Let me close by saying that as I noted earlier,
20 the Scoping Plan does leave a number of very important
21 questions to be determined later. One is the burden of
22 how AB 32 compliance will be shared among industries,
23 which ultimately translates into how those costs will be
24 shared by Californians. This is determined partly by the
25 levels of mandates in different sectors. And I will note

1 the electricity and gas sectors account for nearly 40
2 percent of the mandated reductions, although they account
3 for only about 20 percent of the state's greenhouse gas
4 emissions.

5 The other key issue is the allocation of
6 allowances. And then again within the cap and trade
7 program both across sectors and again emitters within each
8 sector.

9 And we did in our joint decision provide a very
10 detailed, some might say intricate or complex formula, for
11 how we propose doing that allocation within the electric
12 sector. And I would ask that the staff and the Board give
13 this very serious consideration in the upcoming phase of
14 the process. This recommendation that we've made
15 represents the considered judgment of some of the best
16 minds in the state, both the collective staff of all the
17 involved agencies, but a host of stakeholders who
18 contribute to voluminous records, and a very fine group of
19 economic consultants who supported us. So we stand ready
20 to work with the Air Board as we move on to considering
21 those recommendations. But we do ask that they get
22 considerable weight here.

23 So once again, congratulations on reaching this
24 significant milestone. And you have the full support of
25 our agency both for the Scoping Plan and for the process

1 moving forward. Thank you.

2 CHAIRPERSON NICHOLS: Thank you very much. And
3 thanks for reminding us once again that this is an ongoing
4 process and only one more step along the way.

5 I want to particularly comment on the weight to
6 be given to the recommendations from the PUC and the
7 Energy Commission. Because you obviously are a
8 co-regulator and a significant regulator here, but you
9 also only regulate one portion of the energy sector.

10 And so it's going to be a really difficult but
11 necessary task to make sure that we keep everybody moving
12 forward jointly and send coherent signals to the people
13 that have to actually carry out all these programs.
14 Obviously, we've received advise both from those who loved
15 the recommendation and people who hated the
16 recommendation. And I think the best response is just to
17 say exactly as you did that we should give weight to what
18 work has already been done.

19 But we will also have to as we move forward
20 continue to try to balance the interests of this sector
21 and each of our agencies with the overall goal set for us
22 by AB 32. So thank you for that.

23 Claudia Chandler from the Energy Commission.
24 Welcome.

25 MS. CHANDLER: So it's still morning. So good

1 morning, Chairman Nichols and esteemed body.

2 I'm Claudia Chandler, the Chief Deputy Director
3 for the California Energy Commission. And on behalf of the
4 Commission, I'm pleased to be here today to comment on the
5 Scoping Plan.

6 As one of the ten largest economies in the world
7 called California is clearly a nation state. However,
8 what good is this status if we cannot turn it to the good
9 or if we forgo the opportunity to preserve and improve our
10 environment for our children and our grandchildren.

11 In signing AB 32, Governor Schwarzenegger and the
12 Legislature mobilized all of the state government around a
13 critical environmental mission. This is an immense task,
14 and the Air Resources Board staff have tackled it as a
15 labor of love.

16 They have worked tirelessly to develop a
17 blueprint for action. And I know that because we worked
18 closely with them, specifically on the document that Nancy
19 was talking about earlier. Your efforts will improve our
20 environment not just here in California, but for the
21 nation and for the world. We will lead by example.

22 The ARB staff work closely and tirelessly with
23 other State agencies, as Nancy Ryan indicated, to ensure
24 alignment and continuity. We at the Commission appreciate
25 the time that the staff took to incorporate their sister

1 agency recommendations into this document.

2 We are pleased that our major recommendations
3 from the joint document were incorporated specifically,
4 and I think it bears repeating. The increased
5 implementation of cost-effective energy efficiency
6 throughout all economic sectors, the importance of
7 accelerating building and appliance efficiency standards
8 as a foundation to achieving cost-effective energy
9 savings, increased renewable energy generation to 33
10 percent from our existing place at 12 percent right now,
11 and increased use of combined heat and power facilities.

12 Earlier in the week, the Governor signed a very
13 important Executive Order that will place into action
14 tangible actions that the Air Resources Agency, the Energy
15 Commission, the Department of Fish and Game, and federal
16 agencies will take to ensure that we reach that 33 percent
17 electricity generation from renewable energy, putting
18 forth specific infrastructure in place as well as
19 addressing environmental concerns.

20 Also in support of AB 32, the Energy Commission
21 last month, as the lead agency for CEQA put an order
22 addressing informational proceeding to address greenhouse
23 gas emissions from new proposed power plants. We are
24 looking at how these greenhouse gas emissions should be
25 measured as well as to determine the proposed projects

1 impact related to greenhouse gas emission from
2 construction operation of the facility. And then also
3 possible feasible mitigation.

4 This is, as you know, the first time any state in
5 the nation has embarked on this kind of evaluation
6 process.

7 But our joint efforts with the Air Resources
8 staff go beyond the electricity generation sector. The
9 Energy Commission and the Air Board staff work closely
10 together on implementing AB 118 to transform the state's
11 transportation system to one with a lower carbon footprint
12 that reduces our dependence on imported oil and relies on
13 alternative and renewable low carbon fuels and also
14 creates the infrastructure to successfully support this
15 transformation.

16 This Scoping Plan today is the foundational work
17 that will change for the good the way we do business in
18 the state. This plan and your work and the staff's
19 efforts is a credit to the great nation state of
20 California.

21 CHAIRPERSON NICHOLS: Thank you. Thank you for
22 your presentation. I look forward to continuing to carry
23 on the work that we have agreed to do together.

24 Next we'd like to hear from the Chairman of the
25 California Integrated Waste Management Board, my 25th

1 floor neighbor, Margo Reid Brown.

2 MS. BROWN: Thank you, Chair Nichols and Board
3 members.

4 My name is Margo Reid Brown. And as Mary
5 introduced me, I'm the Chair of the California Integrated
6 Waste Management Board.

7 And it's a pleasure to be here today to speak in
8 support of ARB's climate action proposed Scoping Plan.
9 The plan which as we've heard is a landmark in the history
10 of environmental policy and will define sustainability
11 activities for years to come.

12 I continue to appreciate the work that our
13 respective staffs are doing collaboratively in working on
14 this plan. Your staff has forged an open and positive
15 working relationship with the CIWMB staff and has
16 continually been willing to discuss recycling and waste
17 management issues.

18 As it stands today, the plan has an impressive
19 array of recycling and waste management measures. These
20 include landfill methane capture, increased commercial
21 recycling, increased organics material production and
22 markets, extended producer responsibility, and others.

23 At a minimum, we think these measures can achieve
24 on the order of ten million metric tons of CO2 E
25 reductions, and likely much more is infeasible. There are

1 a number of key issues related to these measures that I
2 would like to touch on today.

3 First is the commercial recycling measure within
4 the recycling waste section which has received substantial
5 input from our stakeholders. As the proposed Scoping Plan
6 indicates, increasing commercial recycling and using those
7 measures in the manufacturing process will substantially
8 reduce the greenhouse gas emissions. Commercial recycling
9 also is a lynch pin of the CIWMB's efforts to divert more
10 materials from landfills.

11 The CIWMB supports a mandatory approach to
12 commercial recycling in the Scoping Plan. This is
13 different than how the plan is currently drafted and is a
14 change sought by many of our stakeholders and commenters.

15 However, if this change is made, then I also
16 propose that we need to soon clarify in the plan or
17 otherwise whether the CIWMB has the authority under AB 32
18 to implement such an approach or needs to seek additional
19 statutory authority to do so.

20 In support of this measure, the CIWMB is engaged
21 in a study to examine the costs and benefits of
22 implementing and expanding commercial recycling programs
23 statewide. This will also help us firmly establish their
24 cost effectiveness and allow us to move forward with a
25 well informed basis for rulemaking.

1 The CIWMB also is engaged in a demonstration
2 study with the Institute for Local Government to develop
3 test implementation mechanisms such as commercial
4 recycling model ordinances, and to pilot and study
5 commercial recycling programs with select local
6 governments.

7 Second, another change sought by commenters is to
8 include commercial recycling and other recycling and waste
9 management measures within the 2020 emission reduction
10 goals.

11 There seems to be some uncertainties about what
12 it means to be included in the reduction goal versus
13 outside of the goal. And it would be helpful to clarify
14 what those uncertainties are.

15 Third, we would like to discuss with the ARB and
16 clarify whether financial incentives such as revenue
17 allowances, set-asides, offsets or fees will be available
18 for activities related to this commercial recycling and
19 other recycling measures and how these would be effected
20 by a mandatory approach.

21 And lastly, we also need to discuss the
22 availability of funding sources to support the CIWMB's
23 resources needed for implementation and oversight, as we
24 talked.

25 In closing, I want to thank you very much for

1 your consideration of these issues and look forward to
2 discussing them with you in more detail as we move forward
3 on implementing this ambitious and far-reaching plan.

4 CHAIRPERSON NICHOLS: Thank you very much. And I
5 too want to comment on the great cooperation and
6 collaborative work that has been done.

7 I'm very mindful of the fact that a number of the
8 key staff who were working on the AB 32 implementation
9 plan formerly worked at the Integrated Waste Management
10 Board. And we are very grateful to you for the excellent
11 training and hiring that you did.

12 MS. BROWN: Share and share alike.

13 CHAIRPERSON NICHOLS: It's been a tremendous help
14 to us. So thank you so much.

15 I want to say something in general at this point
16 about the issue -- one of the issue that you raise. They
17 all need to be addressed I believe as we move forward.

18 But on the question of what means to have a
19 number included in the plan. Because it's going to come
20 up again in connection with a number of other measures
21 that we're talking about here.

22 And I want to express a view on this which I'm
23 hoping is consistent with what the staff thinks as well.
24 But if it's not, we need to talk about it further.

25 And that is that unlike a SIP where we have a

1 target which is mandatory and an obligation to have
2 numbers that add up exactly and oftentimes we find
3 ourselves having to make adjustments if we lose a little
4 bit if one, et cetera.

5 Here, although we definitely have a target that
6 we're aiming for, we know for a fact that between now and
7 2020 there are going to be changes. And we know there
8 will be areas that we don't know about today that will
9 emerge as possible sources of reductions as well as
10 challenges along the way. And we also know that this plan
11 is being looked at as a stimulus really for creativity on
12 the part of a number of different sectors, including as we
13 are hearing, from our colleagues in state government.

14 So I don't think we need to be bound to only look
15 at 174 million metric tons as our target. I think we
16 should be looking at putting numbers in the plan,
17 recognizing they're not hard numbers, but that they help
18 to focus people's thinking and aspirations in this area
19 and treat this as more of an invitation or an opportunity
20 and less as a hard regulatory target. Maybe then we would
21 if it was a SIP.

22 And so what that means to me is that in areas
23 like recycling, waste reduction, and so forth where we
24 know there is a lot of tons out there and we know they can
25 be captured, but we're not sure exactly what the best way

1 is to capture them that we should consider putting a
2 number into the plan, even though we don't know exactly
3 how we're going to get there. Just as a way to signal
4 that we're going to keep working on this and to give
5 others the incentive to continue working on it as well.

6 So I suspect we're going to be talking more about
7 this as we go along. But I just thought it would be to
8 respond.

9 BOARD MEMBER HILL: Applies to land use as well.

10 CHAIRPERSON NICHOLS: Could be.

11 MS. BROWN: Thank you for your comments.

12 CHAIRPERSON NICHOLS: All right. Next we'll hear
13 from Mark Cowin from the Department of Water Resources and
14 then Roy McBrayer and Kathy Hicks.

15 MR. COWIN: Thank you. And good morning, Chair
16 Nichols, members of the Board.

17 I'm Mark Cowin, Deputy Director with the
18 California Department of Water Resources. And together
19 with Frances Spivy-Webber of the State Water Resources
20 Control Board, I co-chaired the Water Energy Subgroup of
21 the Climate Action Team.

22 Other members of the work group included
23 representatives of the California Energy Commission,
24 California Public Utilities Commission, and the Department
25 of Public Health. We also had participation by

1 representatives of the California Bay Delta Authority,
2 U.S. EPA Region 9, and of course ARB staff, who managed to
3 be just about everywhere these days.

4 We developed five strategies and proposed those
5 strategies to ARB staff, and they are included in your
6 proposed Scoping Plan today. And those include increasing
7 water use efficiency through furtherance of best
8 management practices, appliance efficiency standards, new
9 landscape standards, and regulatory action, advancing
10 water recycling particularly in areas where recycled water
11 could replace more energy intensive imported water
12 supplies, improving the energy efficiency of water
13 systems, and that includes systems throughout the water
14 cycles, storage, conveyance, treatment distribution,
15 in-home use reuse, advancing reuse of urban runoff
16 including low impact development practices and other tools
17 that again could serve to replace more energy intensive
18 water sources. And then finally, increasing renewable
19 energy reduction associated with water systems.

20 All of these strategies are important, of course.
21 And I think I would like to underline the importance of
22 water use efficiency as a foundational measure here. It
23 certainly is an important tool which will contribute
24 towards the Scoping Plan goals. But even more perhaps
25 importantly for the sake of resources management, it's a

1 foundational tool for adapting to the effects of climate
2 change in our water management system.

3 So to that end, the same agencies that have been
4 working together on the water energy subgroup have formed
5 a group to develop a plan to reach the Governor's goal of
6 the 20 percent per capita decrease in water use by the
7 year 2020. We'll have a plan in the next couple of
8 months.

9 And in fact, there is a workshop going on across
10 town and there's hardly anybody there because I guess
11 they're all here today.

12 But anyway, we are looking forward to getting
13 that plan out and working with all of you.

14 I'm here today to lend my support on behalf of
15 the subgroup and my department for this Scoping Plan.
16 Thank you, Board staff for your engagement with us on
17 these issues and for taking our input so readily. So
18 thank you for having me there today.

19 CHAIRPERSON NICHOLS: Very much appreciate the
20 work of your Committee. It was really stellar and unusual
21 I think to see that collaboration happening between the
22 department and the Board in such a focused and concrete
23 area. And we're very grateful to you.

24 We'd like to call now on Roy McBrayer who's the
25 Deputy to the State Architect.

1 MR. MC BRAYER: Chairman Nichols, members of the
2 Board, I'm here today representing the Governor's Green
3 Building Initiative, on behalf of Secretary Marin who
4 chairs the Governor's Green Action Team and the Department
5 of General Services.

6 And we'd like to comment on the great work that
7 the Board staff has done on the sector of green building
8 and express appreciation for including a green building
9 measure within the scope plan.

10 Since a large portion of our greenhouse gas
11 emissions arise from the consumption of energy and water,
12 the harvesting process and use, disposal of materials and
13 resources and transportation that's associated with and
14 around buildings, the identification of this is a measure
15 that provides an important opportunity for us to achieve
16 some synergies in how we go about reducing our overall
17 carbon footprint in the state of California. And I think
18 it also provides an opportunity to engage all sectors of
19 our community in this action and possibly even create
20 increased demands for new green products and services that
21 provide an economic stimulus to the state of California.

22 I think it's important that the Scoping Plan
23 acknowledge the need for us to identify new and creative
24 ways to provide funding for the investment in existing
25 buildings so we can capture these measures in our built

1 environment. Thank you very much.

2 CHAIRPERSON NICHOLS: Thank you.

3 Whenever I walk into this building and see that
4 great big silver medallion that says it's a LEED building,
5 it gives me a good feeling to know that we're in such a
6 building. And so we do have one State agency that's able
7 to enjoy the benefits of being in such a clean and green
8 building. And I hope that some day we can say that about
9 all of our sister and brother agencies as well. Thank you
10 for your leadership on this issue.

11 We'll hear from Cathy Hicks from the Department
12 of General Services. And this will be our last witness
13 before the lunch break.

14 MS. HICKS: It might be short.

15 Good morning, Chairman Nichols and members of the
16 Board. My name is Cathy Hicks. I'm the Interim Chief for
17 the Office of Fleet and Asset Management for the
18 Department of General Services. I'm here to speak on
19 behalf of the Department of General Services relative to
20 the transportation sector.

21 We appreciate the opportunity to participate in
22 the development of the Scoping Plan. DGS has embraced the
23 recommendations in the plan and is moving forward with
24 implementing transportation policy and common sense best
25 practices in the area of fleet management.

1 The first asset management system -- fleet asset
2 management system is a critical first step in our
3 implementation plan. The fleet inventory utilization data
4 is necessary to establish a benchmark against which the
5 results of our greenhouse gas emission reductions can be
6 measured.

7 DGS advocates for a vehicle portfolio approach
8 while we evaluate the full impact of the current impact of
9 the mandates and technology advancements to determine how
10 best to move forward to achieve our climate and asset
11 management goals.

12 In the interim, more effort should be devoted to
13 streamlining the burdensome installation process of
14 alternative fuel infrastructure needs.

15 We look forward to working with our sister
16 agencies and stakeholders in collectively collaborating to
17 achieve the state's goals. Thank you.

18 CHAIRPERSON NICHOLS: Thank you. Great
19 suggestions. Very much appreciate your coming to the
20 forefront here and being here today. Thank you.

21 We will now take a lunch break. We will try to
22 resume as close to 1:00 as possible. And then we will
23 proceed to take the witnesses who submitted cards. Thank
24 you.

25 (Thereupon a lunch recess was taken.)

1 CHAIRPERSON NICHOLS: The Board members are
2 willing to have dinner brought in in the back of the room
3 and shuffle back and forth and stay here as long as we can
4 stay awake and listen to you, because we know people can't
5 necessarily come back tomorrow.

6 If there are people who are available who are
7 local and who would like to come back tomorrow rather than
8 take your chances of sitting here until late in the
9 evening and potentially not being heard, I would encourage
10 you to let the Board secretary know that sooner rather
11 than later, because that will make everybody's planning
12 easier.

13 We're also trying to accommodate the many groups
14 and individuals who are here in a way that gives everybody
15 a chance to be heard, but doesn't unfairly impinge on
16 anybody. I know whoever you are and whoever you
17 represent -- maybe you're being paid for your attendance
18 here or whether you're here as a volunteer, you're taking
19 time away from something else you could be doing and you
20 have an important reason for being here. And so I don't
21 feel it's appropriate to say any group is more important
22 to hear at a particular time than any other group.

23 I think our only interest here is in trying to
24 give ourselves the opportunity to hear you as effectively
25 as possible. And what we had hoped to do was to try to

1 organize around issues. So we do have one grouping that
2 we think makes sense from a logical perspective on one of
3 the key issues in the plan. And I think we're going to
4 start with them. It does include a number of
5 representatives of cities who are here to talk about the
6 issue of land use and how that auto to be treated in the
7 plan.

8 So I'm going to call upon this group. And I'm
9 going to ask you to come up if possible all of you when I
10 read your name and just take your turns at the microphone.

11 The other thing is it's going to -- we're going
12 to begin right now because we have over 200 people signed
13 up to speak. So we're going to already start limiting the
14 numbers to two minutes rather than three minutes for your
15 testimony. You can give us anything you want to in
16 writing, but you'll have 60 seconds at the podium to make
17 your point. And I think I'm confident if you can't say it
18 in 60 in two minutes, you probably can't get it in three.

19 I do want to also --

20 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: This is
21 Chuck Shulock.

22 I just want to mention what I gave you was the
23 front end of the land use group. And there are actually
24 other people not on that list that we identified as land
25 use local government. We were thinking that what we would

1 get started while we're getting some things --

2 CHAIRPERSON NICHOLS: All right. While we're
3 sorting out.

4 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: So just
5 to be clear, that was the first part.

6 CHAIRPERSON NICHOLS: Thank you for correcting me
7 here. However, as we reconvene, I do need to say that
8 during lunch we had a closed session. And during the
9 session we conferred with our legal counsel and we
10 received advise regarding pending litigation that was
11 listed on the public agenda. The Board did not take any
12 action or vote on anything during that session. So just
13 for the record, I want to make that clear.

14 Already. So the first group that has signed up
15 to speak -- and I will call you in this order. First
16 group that we are going to call from are Jon Harrison,
17 Janice Keating, Lisa Novotny, Pete Montgomery, Betsy
18 Rifsnyder, Maria Birnueta, Shabaka Heru, the Society for
19 Positive Action -- sorry -- Kathryn Phillips, Neil Blaze,
20 Tom O'Malley, Jim Talbott.

21 If I called your name, could you please come
22 forward at this time and be prepared to speak. You can
23 just stand in line. Both sets of microphones are
24 available. Please come on down and just say your name and
25 your city or your affiliation when you begin and then just

1 launch into it, please. Okay. Are you Mr. Harrison?

2 MR. HARRISON: Yes. I'm here on behalf of the
3 city of Redlands. I'm the mayor of Redlands, California
4 and also a member of the local government --

5 CHAIRPERSON NICHOLS: I need my timer. You have
6 a timer, but I don't have a timer up here. I'm normally
7 able to see what's going on.

8 Thank you.

9 MR. HARRISON: I'm here certainly in support of
10 AB 32, but what I'm encouraging you to do is to expand the
11 role of local government by increasing the requirement for
12 meeting greenhouse gas reductions from transportation land
13 use to the 11 to 14 million metric tons level. I think
14 local government has shown leadership in this area. And I
15 believe by giving us that challenge that we will again
16 rise to that occasion and push forward to bring about
17 those kinds of changes that are needed.

18 But to go along with that, we are going to
19 certainly need the funding support, whether it's the
20 funding support for the general plan updates, the climate
21 action plans. Whether it's the funding for the
22 transportation or the funding for other infrastructure
23 that we are going to need to leverage private sector
24 money. And I think we have proven time and again that
25 local government can be partners with the state in that

1 manner. So I'm asking you to strongly consider that
2 increase and take advantage of local government's special
3 position.

4 I especially think will be important during that
5 first decade of implementation here when some of these
6 larger programs of getting the transmission lines in
7 place, getting technologies under advance are still under
8 development, we can be the catalyst to get the movement
9 going and to make the public aware of how important this
10 issue is. And by giving us a higher target, I believe you
11 will motivate government. And if you tie that with the
12 funding we can use to get that part of the program
13 rolling, at that point when the other program that will
14 attack some of the larger issues have a technology in
15 place, we will be in a position -- you will be better
16 supported by the public and moving those forward.

17 Thank you very much for your time.

18 CHAIRPERSON NICHOLS: Thank you very much for
19 your statement. Thanks for coming.

20 Janice Keating.

21 MS. KEATING: Good afternoon, Chairman Nichols
22 and members of the Board. My name is Janice Keating. And
23 I'm a mother, a community activist, and a seven-year
24 member of a city council in the heartland of our state,
25 Modesto, California.

1 Thank you for allowing me to speak before the
2 Board on this historic movement inherent in the Global
3 Warming Solutions Act.

4 AB 32 provides a blueprint for all levels of
5 government within the state to work cooperatively as we
6 dare to say that becoming better stewards of the
7 environment is part and parcel of the way we right
8 budgets, promulgate regulations, author legislation, and
9 encourage the evolution of public policy.

10 First, while I congratulate sub-groups working
11 with in the state agencies, it's evident that we are still
12 very early in the process. The thunder has mostly been
13 heard in southern California.

14 The Governor has spent most of this week reaching
15 out to the world on the topic of climate change. The
16 highlight of the meeting is a commitment to cooperation
17 between governmental entities on the international,
18 federal, and state level. That's encouraging.

19 The scoping document you're considering, however,
20 is not just an international, federal, or state issue.
21 It's also an extraordinary local concern. In fact, I
22 would venture to say that local officials need to be an
23 integral part of the process in order for your ultimate
24 vision to become operational.

25 As an elected official in a community where

1 population and economic demographics are fluid, I believe
2 the way we transition from discussing our carbon footprint
3 to reducing it means keeping our finger on the pulse of
4 local businesses and the lifestyle concerns of our
5 neighbors.

6 The solution will be human. It will be found in
7 the way we drive to work and the way we cultivate our
8 food. It will be felt in the way we shop, heat our homes,
9 clean our yards, and turn on the light in our family room.
10 The consequences are deeply personal and they're
11 profoundly local.

12 I believe it's critical that local officials
13 everywhere in the state, but certainly in the central
14 valley, be part of the continuing process initiated by you
15 today. California leads the way. I expect the
16 implementation of AB 32 to be nothing less than
17 revolutionary.

18 CHAIRPERSON NICHOLS: Thank you. But your time
19 is up. Sorry.

20 MS. KEATING: Well, I ask whatever considerations
21 result from your deliberations that local government have
22 a presence in the ongoing process.

23 CHAIRPERSON NICHOLS: We heard you and appreciate
24 your very good comments. Very eloquent.

25 Lisa Novotny.

1 MS. NOVOTNY: Madam Chair, members of the Board,
2 I'm from the city of Lakewood, Deputy City Manager.

3 And Lakewood is a medium-sized city in southern
4 California. We signed on to the Mayors' Climate
5 Protection Agreement years ago. We're members of ICLEI.
6 We have our software to do our emissions calculations. We
7 really believe that reducing emissions is critical.

8 We applaud the goals of AB 32, but we have deep
9 concerns about the implementation, especially the land use
10 portions, of SB 375. We would hope that because it's so
11 critical to actually get true emissions reductions quickly
12 and with a reasonable rational amount of hit to the
13 economy, that you would focus on things that can happen
14 quickly.

15 That it's very sad that Senator Lowenthal's SB
16 974 was vetoed, because in our area most of the pollution
17 comes from ships and trucks coming in and out of the
18 ports. Something like that will get you far more results
19 in actual reductions in emissions than expecting that
20 changes in land use will do that.

21 Those admittedly even in your own studies are
22 decades long programs. They're not going to get you
23 immediate results. It's questionable that the examples
24 that you have from around the world actually even apply to
25 our communities. All the cities in California are not the

1 same.

2 We really feel, as Ms. Keating, said that we
3 haven't necessarily had a voice in the process. The
4 League of California Cities, one voice, 480 cities, is not
5 completely adequate for that role.

6 So we would hope that when the RTAC is developed,
7 when the reduced targets are set that actually you have
8 something representing us that is practical. We would
9 appreciate that. We don't know what you're going to set.
10 The percentage is fluid. Nobody knows what it will end up
11 being. Some cities want you to raise all of the
12 percentages higher. The rest of us don't know how we're
13 going to achieve that. We're not along true
14 transportation corridors. We can't densify to the extent
15 that you want. When you do densify, will you have less
16 pollution at first? Will people immediately hop out of
17 their cars into a transportation system that's practically
18 not existent?

19 CHAIRPERSON NICHOLS: All good questions.

20 MS. NOVOTNY: So would just like you to be
21 mindful.

22 CHAIRPERSON NICHOLS: We'll work with you as
23 local cities. Heard the message.

24 Pete Montgomery and then Betsy Rifsnider.

25 MR. MONTGOMERY: Thank you, Madam Chair.

1 First, I'd like to start off by acknowledging the
2 Chair and the Executive Officer and the staff's
3 willingness to engage with the building industry.

4 I'm Pete Montgomery. I represent the California
5 Building Industry Association statewide trade association
6 representing 80 percent of the trades involved in new
7 development.

8 I'd like to also acknowledge the great step that
9 was taken in this year and to the consternation of some on
10 our side, on SB 375. A major, major change in the way we
11 do planning for land use. In our opinion, the appropriate
12 way to do regional and sub-regional planning to achieve
13 greenhouse gas emission reductions.

14 And although we applaud the incorporation of SB
15 375 into the benefits for regional targets, just a couple
16 of quick points very high level in order to accommodate
17 the time.

18 Number one, on the estimated reductions, still
19 not comfortable with the science behind the five number.
20 We're digging into that. We'll submit a detailed analysis
21 of what we think are the real reductions for new
22 development that would be necessary in order to achieve
23 that. Particularly based on the significant reduction in
24 units being built in California. In the midst of a
25 housing crisis, we will build potentially 25 percent of

1 the estimated growth projected. We think that the
2 reductions actually necessary in VMT from new construction
3 would be in the 60 to 70 percent range, which we think is
4 impractical and impossible.

5 Secondly, definitely in violating in our opinion
6 the spirit of SB 375 is the inclusion of an indirect
7 source rule as a proven measure to addressing greenhouse
8 gas reduction measures. An indirect source rule is not a
9 proven measure for reducing greenhouse gases. It's
10 redundant. It's inappropriate. It hasn't been shown that
11 an indirect source rule can change on a development level
12 transportation patterns in the region. Again, regional
13 planning as envisioned by 375 is the way to go.

14 I know other people are going to speak on zero
15 net energy. That's our last point. Three minutes would
16 have been perfect.

17 CHAIRPERSON NICHOLS: Sorry. You did pretty
18 well. You get points for that, carbon credits.

19 I've been advised unfortunately that the mike on
20 this side is not picking up adequately for the people who
21 are watching this on the web. So I'm going to have to
22 shift everybody back to this podium, which is much less
23 efficient. But unless we can getting that mike to do
24 better, we're not going to be able to solve this problem.

25 There is always one other solution, which is to

1 make the staff leave and have a panel of people sit up
2 here, which is sometimes a way to go. Let's try to use
3 this podium for a while.

4 Betsy Refsnider. No. She's not.

5 REVEREND MYERS: Betsy is not here, but I'm
6 Reverend Charlotte Myers. I represent California
7 Interfaith Power and Light. And Betsy is the signature on
8 our statement.

9 CHAIRPERSON NICHOLS: Well, if you're
10 representing her or the group, that's fine. Thanks.

11 REVEREND MYERS: Thank you for having this kind
12 of open hearing. And we applaud the California Air
13 Resources Board on the work that it has been doing in the
14 passage of AB 32.

15 California Interfaith Power and Light is a broad
16 coalition of religious organizations representing over 500
17 California congregations. And nationally, we represent
18 over 4,000 congregations.

19 We believe that auctions on carbon allowances
20 within a cap and trade system requires polluters to pay
21 for using our shared resources rather than having them
22 gain a windfall profit.

23 Revenue from auctions can then fund programs to
24 assist vulnerable communities in coping with raising
25 energy costs, such as low income households that will

1 incur costs through weatherization through increased
2 energy bill payments. So we believe that this revenue is
3 also needed to fund green jobs training and to allow low
4 income communities to fully participate in the new clean
5 energy economy.

6 While we are pleased that the proposed Scoping
7 Plan that will eventually set goals for full auctions, we
8 believe that the use of 100 percent auctions should be
9 immediate in order to effectively and justly fulfill the
10 goals of AB 32.

11 Our health, our resources, our citizens most
12 affected by the higher energy cost and pollution cannot
13 afford a delay.

14 Thank you for considering our comments. And we
15 look forward to a continued moderation and a continued
16 participation for advocacy for the full implementation of
17 AB 32.

18 CHAIRPERSON NICHOLS: Thank you, Reverend Myers.
19 Maria Birnueta. She's not here.

20 Shabaka Heru for Society for Positive Action.

21 MR. HERU: That's Shabaka Heru. Sorry for --

22 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: It's my
23 handwriting. I'll take the blame on that.

24 CHAIRPERSON NICHOLS: Mr. Heru.

25 MR. HERU: Thank you very much.

1 There must be a better way. I'm working down in
2 L.A. with the LAX expansion and also working with
3 Wilmington and the ports. And my hope is that we do
4 something about the transportation situation. We believe
5 that what's going on is reflective of what's going
6 throughout the society. The economy is coming apart, the
7 housing market. And our health is at risk as well. So we
8 hope that we can get away from some of the cap and trade
9 portions of this and move towards some meaningful
10 regulations of the polluters. Thank you.

11 CHAIRPERSON NICHOLS: Thank you, sir.

12 Katherine Phillips followed by Neil Blaze.

13 MS. PHILLIPS: Thank you, Chairman Nichols.

14 Katherine Phillips with Environmental Defense Funds.

15 First, I want to echo other's appreciation for
16 the CARB staff. I don't think there is a better
17 regulatory staff in the world.

18 Second, I want to comment briefly on the
19 document's approach to the land use improvement measures.
20 This document's appendices don't set out a clear course
21 for ensuring those land use and transportation system
22 measures that are proven are put into -- proven to reduce
23 criteria pollutant and greenhouse gases are implemented in
24 a timely fashion, contrary to what an earlier speaker
25 said.

1 If you look at the indirect source rule in the
2 San Joaquin Valley and two years of implementation despite
3 challenges in court, which by the way the challengers have
4 lost so far. Despite challenges in court, the indirect
5 source rule has managed to get 6,000 tons reduction. Half
6 of that has been through changes in the way developers do
7 things on site. The developers have figured out once
8 they've had an opportunity to review their developments.
9 And half of that has come from fees that the developers
10 have paid as mitigation fees and have been able get of
11 site.

12 I think that the Environmental Defense Fund
13 thinks the Scoping Plan ought to be clear and the document
14 should, for instance, recommend the time line for every
15 air district in the state, not just those covered by 375,
16 to develop and implement an indirect source rule. And it
17 should establish a deadline by which CARB must develop
18 clear guidance for air districts to ensure indirect source
19 rules the district develops captures as many GHG
20 reductions possible while still allowing the development
21 we need to be a prosperous state.

22 I'll note the staff developed indirect course
23 rule developed in 1990 for criteria pollutants, improving
24 that and updating it taking into account to recent
25 positive experience in the San Joaquin Valley and also

1 some of the work we've done. We had an expert look at the
2 indirect source rule in the valley and see how it might
3 apply to GHG. We submitted that as part of the record.
4 And there is a clear indication it could be used for that.

5 Finally, I want to express Environmental Defense
6 Fund's notion of raising the statewide target for land use
7 transportation system reductions from the five million
8 metric tons to at least eleven, others will be testifying
9 about that.

10 Our support is based on three simple ideas.

11 First, setting a low --

12 CHAIRPERSON NICHOLS: Ms. Phillips, your time is
13 up. If others are speaking to this point, I think you'll
14 be covered.

15 MS. PHILLIPS: Thank you very much.

16 CHAIRPERSON NICHOLS: Mr. Blaze and then Tom
17 O'Malley.

18 MR. GLAAB: Madam Chair, Mayor Blaze had to catch
19 an airplane. So I was hoping that you would allow me to
20 take his place so I can catch my plane as well.

21 CHAIRPERSON NICHOLS: And you are?

22 MR. GLAAB: I'm Paul Glaab, Mayor of city of
23 Laguna Niguel. And I also stand before you as a
24 commissioner on the State Mandates Commission. So my
25 comments will reflect both agencies.

1 We're very concerned about the impacts that AB 32
2 implementation will have on our community should it follow
3 the blueprint laid out in the Scoping Plan.

4 Despite staff's conclusion that there will be no
5 net cost to AB 32 implementation, the fine print in the
6 plan and the economic analysis of impacted agencies,
7 stakeholders, and independent economists paint a little
8 bit of a different picture. There are some that are
9 projecting the real cash costs associated with the
10 policies promoted in the Scoping Plan. They are as
11 follows: 60 billion in cost to electrical utilities
12 between 2010 and 2020; 11 billion in cost to implement the
13 low carbon fuel standards for gasoline; 11 percent annual
14 increase in electrical rates; 8 percent annual increase in
15 natural gas rates; up to half a billion dollars a year in
16 new water fees, as well as tacking on an additional
17 \$50,000 increase to the cost of a new home. And those are
18 just the ones that are easily identifiable.

19 Our city and many others support the goals of AB
20 32 and already making efforts to the local level to
21 address climate change. But we are also making an effort
22 to keep our budgets balanced and figure out how to provide
23 the most basic public health and safety services critical
24 to the well being of our citizens and their property in a
25 time of declining revenues and increasing costs. When we

1 consider new policies, our constituents expect us to do
2 our homework, figure out how the costs and benefits are,
3 and to not bite off more than we can chew.

4 As a State Mandates Commissioner, I would also
5 respectfully remind you that the State Legislature has
6 already voted earlier in this year to defer almost two
7 billion in payments to local governments for state
8 mandated programs and will probably withhold even more as
9 the California budget crisis worsens. We can't afford it,
10 and I don't think we can afford the additional billions
11 that will come as unfunded mandates.

12 The Scoping Plan suggests much of the
13 responsibility for actually implementation of AB 32 will
14 fall to local government.

15 I'm here to ask that you and your staff provide
16 meaningful objective information, not only about the cost,
17 but have more cost effective alternatives that might help
18 us achieve the goals of AB 32 and that you not approve the
19 Scoping Plan until you're satisfied your decision is fully
20 informed and will not impose severe unintended
21 consequences. Thank you very much.

22 CHAIRPERSON NICHOLS: Thank you.

23 Mr. O'Malley?

24 Jim Talbott.

25 MR. TALBOTT: Good afternoon, Madam Chair and

1 Board. My name is Jim Talbott. I'm the Executive
2 Director of Smooth Transportation in Santa Maria, Santa
3 Barbara County, a very small transportation nonprofit
4 organization. We're the contract transit operator for the
5 city of Guadelupe transit system, a very small community
6 on the central coast.

7 So in addition to global, state, and even large
8 city perspectives, I hope to communicate to you the
9 perspectives and challenges that are faced by a very, very
10 small community with very limited funds, i.e., Guadelupe,
11 as well as the challenges that Smooth faces as a
12 transportation provider in the state.

13 Both Smooth and Guadelupe, a community of 6,500
14 people, very small community. Both of us have underserved
15 populations. And of particular note, both of us have no
16 funds for the emission requirements mandates that are in
17 place right now, not to mention the ones that are soon to
18 come.

19 Of equal concern are future strategies and how
20 they are being implemented in a similar one-size-fits-all
21 manner adversely effecting our small organization.

22 I know that emissions reductions strategies have
23 never intended to reduce or restrict transit. But
24 unfortunately as current strategies have been implemented,
25 they have heavily impacted small cities like Guadelupe and

1 small non-profits like Smooth. Both agencies face the
2 lose of fleet size and service reductions between 30 to 50
3 percent currently.

4 A reduction in transit services will result in
5 more cars back on the road. Absolutely contradictory to
6 what we're trying to accomplish. Unless creative,
7 flexible, and responsible solutions that include the needs
8 of small cities and small transit operations are included
9 as well as funding resources for those affected, continued
10 reductions in services will continue for the city of
11 Guadelupe and unfortunately for our organization, Smooth
12 Transportation.

13 Thank you very much for your time and the
14 opportunity to speak.

15 CHAIRPERSON NICHOLS: Thank you very much.
16 Teresa Florez and then Kyra Ross.

17 I'm going to read some names just so they'll know
18 and can be ready.

19 David Schonbronn, John Cunningham, Chris Morfas
20 Robert Sudnick. You're the next group. Okay.

21 MS. ROSS: Good afternoon, Chair Nichols and
22 members. I'm Kyra Ross with the League of California
23 Cities. Thank you for the opportunity to comment today.

24 California Cities are very proud of the work
25 they've already accomplished to reduce greenhouse gas

1 emissions. Cities across the state are finding
2 cost-efficient innovative solutions to accommodate the
3 unique characteristics of their communities.

4 And we should note the important work of our
5 Institute for Local Government CCAM program. We've
6 already submitted an extensive letter in which we comment
7 on the Scoping Plan. However, today we'd like to
8 highlight two of them.

9 The first, we remain strongly concerned about the
10 funding sources for local actions to achieve the
11 reductions outlined in the Scoping Plan. With the state's
12 take of local redevelopment dollars along with the decline
13 sales tax dollars, we worry about the ability of local
14 governments to fund the up-front costs of achieving
15 greenhouse gas emission reductions on their own dime.

16 And, second, we believe the ARB should maintain
17 the five million metric ton target in the Scoping Plan.
18 We believe this number is a proportional reduction from
19 cars and light trucks. Cars and light trucks account for
20 approximately 31 percent of all emissions in California.
21 When you account for the reductions from other areas,
22 emissions from cars and light trucks will be
23 proportionately reduced by 33 percent. Thus, we see no
24 need to increase the metric tons in the Scoping Plan to a
25 higher target number at this point.

1 Thank you very much.

2 CHAIRPERSON NICHOLS: Thank you.

3 David Schonbronn.

4 MR. SCHONBRONN: Editing madly as we speak.

5 I'm David Schonbronn with Trans DEF.

6 The plan is an exceptional piece of work. We
7 support its adoption. Yet, something important is
8 missing: A commitment to a high visibility advocacy
9 program by boards members and your staff.

10 Here's an example why that is needed. As you
11 well know, mobile sources are the biggest sector of GHG
12 emissions. This sector is the very definition of business
13 as usual. Transportation professionals just don't get the
14 urgency see of climate change. They think it relates to
15 something other than them.

16 This problem is endemic and it goes all the way
17 to the top. The Governor exemplifies our state's policy
18 disconnect. On the one hand, he's very committed to
19 fighting climate change. But he's also actively promoting
20 business as usual. His leadership on the Proposition 1B
21 highway bonds will result in greatly increased VMT and
22 GHGs.

23 The Governor's recent budget proposal to rate
24 public transit is a knife in the heart of climate change
25 efforts in the transport sector. Quite frankly, these

1 actions could neutralize all the progress you've made on
2 climate change.

3 I recite these points not to criticize the
4 Governor, but to emphasize how vocal and persistent your
5 advocacy needs to be before our state can have coherent
6 leadership on climate change.

7 We understand this is a very big job. I have no
8 idea how to go about that. That's why we think it needs
9 to be specifically called out in the Scoping Plan.

10 We've submitted a comment letter with a lot more
11 details, and we support adoption. But we ask that your
12 staff add at least the skeleton of a commitment to high
13 level advocacy starting with the Governor and working with
14 the Legislature, telling them when something doesn't work
15 for climate change, it has to be publicly heard.

16 Thank you very much.

17 CHAIRPERSON NICHOLS: Thank you.

18 John Cunningham followed by Chris Morfas, Robert
19 Sudnick, Josh Shaw, Penny Newman.

20 MR. CUNNINGHAM: Chair Nichols, members of the
21 Board, thank you for this opportunity to provide comment.
22 Again, my name is John Cunningham.

23 CHAIRPERSON NICHOLS: We need you to speak closer
24 to the mike and louder

25 MR. CUNNINGHAM: I'm representing the Contra

1 Costa County Department of Conservation and Development
2 Transportation Planning Section.

3 The county has submitted comments on the draft
4 plan, and we will do so on the proposed plan.

5 My comments today, however, will focus on what
6 the county considers feasible and effective measures that
7 are being missed in the proposed plan.

8 State agencies engage in numerous activities
9 requiring siting of facilities which affect greenhouse gas
10 production.

11 School sites, just I'll use that as an example
12 but relative to all siting facilities. School sites have
13 a number of direct and indirect impacts on greenhouse
14 gases in both the land use and transportation areas.
15 There are direct effects, trips to and from the site, in
16 addition to the indirect effects, which may actually be
17 more than the direct effects, et cetera. Indirect effects
18 include influence on local land use policies, travel
19 behavior, and critically, development pressure.

20 Poor choice in site selection results in more and
21 longer auto trips and negative influence on the indirect
22 effects. At the county we have seen many, many poor
23 choice in school site selections.

24 Several mechanisms are available currently right
25 now at hand that can have a positive effect on the

1 selection of a site. First, many local agencies have good
2 land use policies. Existing tools will result in better
3 site selections being made. The state and schools are
4 exempt from having to comply with these policies. Many of
5 these local agencies have stated practice of regulations
6 on the books right now. And they're only going to get
7 better with the implementation of AB 32 and SB 375.

8 Second, in the draft plan there was a requirement
9 to meet the standards in the collaborative for high
10 performing schools. This requirement was substantially
11 softened in the subsequent plan.

12 CHAIRPERSON NICHOLS: Your time is up. I'm
13 sorry.

14 MR. CUNNINGHAM: Thank you.

15 CHAIRPERSON NICHOLS: If you want to add anything
16 to your written comments, please feel free.

17 Chris Morfas, Rob Sudnick, Josh Shaw, Penny
18 Newman.

19 MR. MORFAS: Madam Chair, Board members, staff,
20 Chris Morfas representing the Safe Routes to School
21 national collaboration of 350 partner organizations
22 working nationwide working to increase safe walking and
23 bicycling to school by children.

24 We would suggest this is a very viable strategy
25 by which the Board and its partners could see some

1 reasonably immediate returns in terms of reducing
2 automobile emissions.

3 In brief, this is a strategy that over the past
4 decade has emerged as successful in many communities as
5 the Bronx and Marin County. This is something that people
6 want. People want sidewalks so their kids can talk to
7 school. People want safer intersections. People want to
8 be able to bicycle in their neighborhoods and to and from
9 their schools.

10 From your perspective, this proposals would also
11 contain enormous co-benefits including reduced criteria
12 pollutants, reduced obesity, increased physical
13 activities, traffic safety, happiness. This is something
14 that people want.

15 We've got some specific requests which you can
16 see in our letter dated November 13th. So I'll leave
17 staff to explore the details. But in brief this is
18 something the Board can do to see benefits in the next
19 five to ten years.

20 Finally, we offer it as a means by which those
21 people in Ms. Chang's final slide in her presentation,
22 those kids we saw, this is a means by which you can engage
23 those people. Kids age 6 to 16 today are the ones who are
24 going to be young adults by the time to 2020 rolls around.
25 If we are going to bequeath to this generation this mess,

1 we may as well be teaching them now about things they can
2 do to make a difference. And we suggest that Safe Routes
3 to School can change the an entire generation.

4 CHAIRPERSON NICHOLS: Thank you for your work
5 too.

6 Bob Sudnick, Josh Shaw, Penny Newman.

7 MR. SUDNICK: Thank you. My name is Robert
8 Sudnick here helping Evergreen Oil.

9 Evergreen Oil is one of two United States
10 re-refineries of used motor oil.

11 Because motor oil is an indispensable part of our
12 present transportation system and because re-refined motor
13 oil is a renewable resource that conserves energy and
14 reduces greenhouse gases, recent studies in Europe
15 concludes by as much as 42 percent as well as studies in
16 the state of Massachusetts and any number of per reviewed
17 science studies.

18 We would like you to consider two things that you
19 might add to your Scoping Plan which we support. One
20 would be a regulation requiring California fleets to not
21 only use re-refined oil, but to re-refine their used oil.
22 Currently, only a fraction of the fleet, which is between
23 70 and 80,000 vehicles, use re-refined oil. And most of
24 that oil is being burned for energy recovery and not
25 re-refined.

1 The second thing we would like to ask you to
2 consider is a higher incentive for re-refined than for
3 refined oil used for energy recovery, such as low sulfur
4 diesel.

5 And black oil, 35 million barrels a year is
6 shipped out of state untested and untreated for burning.

7 The current law gives the same four cents quart
8 to all three categories irrespective.

9 Recently, the Integrated Waste management Board
10 did a study through Lawrence Livermore National Lab that
11 concluded that re-refining used motor oil is the highest
12 and best use of the resource because it's closed loop
13 recycling.

14 So our hope is that as you proceed on with the
15 Scoping Plan that you consider the two additions. And
16 would be more than happy to consult with you. Thank you
17 very much.

18 CHAIRPERSON NICHOLS: Josh Shaw.

19 MR. SHAW: Madam Chair and members, thank you.
20 Josh Shaw, Executive Director of the California Transit
21 Association representing your local bus and rail transit
22 operators.

23 Your plan says enhanced transit service will play
24 an important role in helping to reach regional targets.
25 Thanks to staff for acknowledging that important role.

1 However, that assumes we think business as usual as couple
2 of speakers just said, we're going backwards on state
3 transit funding. More than \$3 billion have been shifted
4 away from local transit operators in each the last two
5 state budget cycles. And just two weeks ago today the
6 Governor called for the complete elimination of state
7 transit funding next year and every year after that.

8 We ask you how can regional local governments
9 maintain current or business as usual levels of transit
10 service, much less play that enhanced role that you call
11 for your in your plan if the state advocates its
12 responsibility to help fund local transit. Specifically,
13 we don't know how SB 375 will work if the state takes \$2
14 billion or more out of the transit budget every year going
15 forward.

16 Therefore, two things. We urge you to make a
17 public statement as a Board. Tell the Legislature and
18 Governor when you adopt the Scoping Plan in December. Put
19 it in your resolution. Tell them to fully fund public
20 transit, AT least the state's commitment every year going
21 forward.

22 Number two, we also support your cap and trade
23 system or some other market-based program that limits
24 emissions and generates funds.

25 And we ask you to direct your staff between now

1 and December to amend the section on allowances where
2 incentivizing local government is listed as a possible use
3 and put in there you support direct subsidies to public
4 transit. Because if we don't beef up that program, you're
5 not going to meet your greenhouse gas emission reduction
6 targets at a regional level.

7 Thank you.

8 CHAIRPERSON NICHOLS: Thank you.

9 Penny Newman are you here?

10 Ray Pingle, Matt Vander Sluis, Cal Broomhead.

11 MR. PINGLE: Madam Chair and members of the Board
12 and staff, my name is Ray Pingle. I'm a volunteer
13 representing Sierra Club California.

14 By 2050, California's population is expected to
15 grow to about 60 million. That's a 62 percent increase
16 from where it is today. Through appropriately aggressive
17 leadership and actions, CARB will have an opportunity to
18 influence this massive development in a way that minimizes
19 greenhouse gases and improves the quality of life for
20 Californians.

21 Three things that the Sierra Club of California
22 believes can help this effort is, number one, CARB should
23 double its goal for emission reductions from smart growth
24 to the 11 to 14 metric tons area. This will send a clear
25 message that new communities should be more compact, self

1 contained, have great transportation choices, produce far
2 less greenhouse gases, and produce more happiness as well.

3 This goal we believe is quite achievable as
4 evidenced by several studies that are sited in our written
5 comments. But one is the April 2007 Cal/EPA report
6 entitled "Climate Action Team Proposal Early Actions to
7 Mitigate Climate Change in California," allotted 18
8 million metric tons by 2020.

9 The second thing that we think would be helpful
10 is CARB should adopt the indirect source rule because
11 additional policy tools are essential for reaching these
12 land use emission targets. Rural non NPO counties are
13 excluded from SB 375. So an ISR would be the only tool
14 that rural counties can use to address global health
15 greenhouse gas impacts of land use. The ISR will create
16 local revenue fund to help local governments implement
17 climate action plans.

18 And number three, we fully support other comments
19 made that CARB should ensure that all appropriate funds
20 are made available for public transit.

21 Thank you for the opportunity and for your superb
22 work.

23 CHAIRPERSON NICHOLS: Thank you for your
24 comments.

25 Matt Vander Sluis, are you here? Yes.

1 MR. VANDER SLUIS: Good afternoon, Chairman,
2 chair, Board. My name is Matt Vander Sluis. I manage the
3 global warming program for the Planning and Conservation
4 League.

5 Very briefly, we wanted to commend you for taking
6 action at this historic moment. And also point out this
7 is an historic moment for the Board to leave its
8 fingerprints on this document, because there are some
9 important changes that need to be made. And this is your
10 opportunity to do that.

11 We submitted several comment letters that give
12 more of the rational. So we urge you to look at those.

13 This afternoon I just want to highlight a few
14 points here.

15 On the land use section, we strongly encourage
16 you to raise the target to the 11 to 14 million metric ton
17 range. The five million metric ton target is an important
18 step forward, but we can do a lot more. We know that it's
19 widely acknowledged that the report that was used to find
20 that five million metric ton number underestimates the
21 benefits in terms of vehicle mile reduction from dense
22 mixed use development.

23 The 11 to 14 million metric ton target is also
24 conservative, and it's a modest step forward. So we hope
25 that you take that action and that you add additional

1 enforcement mechanisms to help in the land use sector,
2 especially an indirect source rule, and that you make it
3 clear that there will be funding for transit and planning
4 activities.

5 On the economy wide price signal, it's essential
6 that we have 100 percent polluter pays system. So we
7 would ask you to revise the Scoping Plan so that it
8 specifically says that we will not be granting the
9 financially valuable allowances to polluters for free here
10 in the state of California. It will send a very important
11 signal, especially as the national government takes up
12 this issue.

13 Lastly, on public health, we ask that you
14 establish a formal role for public health organizations in
15 the review of regulations and that the Board commits to
16 identifying and protecting vulnerable communities.

17 Thank you very much for your time today and we
18 look forward to your good action this afternoon.

19 CHAIRPERSON NICHOLS: Thank you, Mr. Vander
20 Sluis.

21 Cal Broomhead, Calla Rose Ostrander, and John
22 Ellison.

23 MR. BROOMHEAD: I'm Cal Broomhead, city and
24 county of San Francisco. I manage energy efficiency,
25 renewable energy, and climate programs for the city and

1 building private sector buildings.

2 We very much support the comments made before
3 about involving local government directly and CARB's
4 processes. Local governments need capacity building
5 funds, whether it's coming from a carbon tax or a cap and
6 auction program. We need the funds to do our greenhouse
7 gas emissions inventory, et cetera.

8 San Francisco will probably not going to need
9 much of the funds because we've gone through the five step
10 program in ICLEI and moving on to our implementation
11 stage. But local governments need that. You've heard
12 that loud and clear from others.

13 We also need support. We need support on the
14 education outreach. I think the gentleman from Trans DEF
15 mentioned we need outreach from CARB, from the Governor's
16 office to go out to all local government agencies, their
17 counsels, advisory bodies, et cetera, so that we have a
18 much more unanimity on local government level.

19 We need technical assistance, that kind of
20 technical assistance that the California Energy Commission
21 has presented or the Waste Management Board where they
22 have a stable of contractors ready to come and give
23 consulting assistance to local governments so we don't
24 have to bear the burden of the management of those
25 contracts.

1 We need access to data. And we need to get rid
2 of the hoops of fire. We're running about a \$6 million a
3 year energy efficiency program where we had to jump
4 through hoops of fire at the Public Utilities Commission
5 and wrestle the IOUs to get the money to do it to deliver
6 programs that are better suited to our locality.

7 And if we can't solve these problems through the
8 regulatory structure of the existing agencies, then can
9 you create another agency? It was mentioned a California
10 Carbon Trust or somebody who would be in charge of the day
11 to day planning and management of these kinds of
12 activities. Thank you.

13 CHAIRPERSON NICHOLS: Thank you, sir.

14 Ms. Ostrander followed by John Ellison and Kate
15 Wright.

16 MS. OSTRANDER: Hello, Madam Chair, Board, thank
17 you. Thank you very much for your time in afternoon and
18 your ears.

19 I'm Calla Rose Ostrander. I'm the Climate Change
20 Coordinator for the city of San Francisco.

21 When looking at the appropriate role for policy
22 for climate change coming from a Board such as yourself,
23 the Stern review suggests that you look at three places:
24 Carbon pricing, technology policy, and incentivization and
25 the removal of barriers to behavioral changes.

1 In regards to the first one, carbon pricing, the
2 city of San Francisco has concerns relating to the use of
3 REX and the use of portfolio standards. And specifically
4 the lack of regulation in the carbon offset market and the
5 perhaps fungible and therefore detrimental effects that
6 come through the allowance of REX under that program, not
7 to mention the environmental effects of allowing pollution
8 the stay here in our state and be traded elsewhere.

9 In towards to the third, barriers to behavioral
10 change, we are specifically concerned that the proposed
11 Scoping Plan is missing tools, mandates, incentives, and
12 specific guidelines that will help local governments offer
13 support to our existing programs, help us scale out
14 programs into the future, and enable us to be your
15 partners in addressing climate change.

16 I'm just going to give you a really practical
17 example. We need from you performance standards for
18 energy efficiency. The Department of the Environment is
19 in a building, and we can't control the temperature. Our
20 landlord is some shadowy figure. We're not really sure.
21 We talk to him sometimes. But we don't lease the whole
22 building. It's not a building we own. So we can't even
23 decide we're hot or cold or the day that's given, nor do
24 we have direct access to the energy data to that building.

25 Seeing some performance standards or tools coming

1 from you guys would allow us to begin to have a
2 conversation with our landlord in that regards. This
3 would also allow us to address emission from existing
4 buildings stock, which is a large percentage of our
5 emissions, and to broach that conversation across the
6 board, giving us backup, teeth power, whatever you want to
7 call it, in addressing that.

8 Also we've heard from our business constituency
9 in can Francisco. We have a council called Business for
10 Climate Change. And in talking with them, what they're
11 really asking us is what does green mean. What are the
12 standards we should be using? What are the methodologies
13 we should be using? What inventories are you guys using?
14 We are doing our best to follow what your recommendations
15 are. We are grateful for the protocols that are involved.
16 We are a member of the Climate Action Registry. But
17 something you could help us again enable us to do the work
18 that we do locally both in the public sector and in the
19 private sector business is giving us some standards
20 saying, here's our methodology. Here's the game we can
21 all play. Here's the language we can all talk to
22 together. And here are the goals that we want to reach
23 together. So I agree.

24 I again, I encourage you to not just be vague
25 about what you're recommending for local governments, but

1 to give us tools that will help us to help you and all of
2 us reach these goals. Thank you for your time.

3 CHAIRPERSON NICHOLS: Thank you.

4 Mr. Ellison and then Kate Wright.

5 MR. ELLISON: I'm John Ellison representing
6 Environmental Council of Sacramento, and co-chair of the
7 Transportation Air Quality and Climate Change Committee,
8 which is perfect for this discussion.

9 Three points quickly.

10 One is that there be a formal role for public
11 health in this process of regulating AB 32 from the
12 Board's perspective.

13 Secondly, we're of course in support of the
14 Scoping Plan as drafted. And we're pleased that it sets
15 goals for greenhouse gas emissions at five million metric
16 tons for land use and transportation purposes.

17 This needs to be reduced at least 10 MMTs to come
18 close to the AB 32 goals within the time line at least for
19 industry emissions like oil refineries spewing stuff all
20 over Richmond. I've read the Scoping Plan, and I see
21 there's some special provisions in there. But we've got
22 to make sure that the reduction is good enough for those.

23 And we also support requiring local air districts
24 to have indirect source rules. Very, very useful to
25 regulate to make a difference.

1 And, lastly, the social justice aspect. The
2 public health protections for those most vulnerable: The
3 elderly, the disabled, and children. The for communities,
4 locations that are most adversely affected by emissions
5 causing poor air. Thank you very much.

6 CHAIRPERSON NICHOLS: Thank you.

7 Ms. Wright.

8 MS. WRIGHT: Good afternoon, Kate Wright with the
9 Local Government Commission.

10 I want to thank you for your leadership on this
11 issue and just couple of quick comments.

12 The Local Government Commission would like to
13 second the California Energy Commission's statement in the
14 2006 IPR update, which states the AB 32 plan should
15 require, not just encourage, local governments to develop
16 greenhouse gas reduction plans and finance such efforts
17 through the AB 32 administrative fee at a level
18 commensurate with the greenhouse gas reductions savings
19 expected through land use planning.

20 Additionally, we would like to see that those
21 expected savings reflect reviewings, analysis which
22 reflect that 11 to 14 million metric tons could be reduced
23 through smarter land use.

24 We have submitted a letter of 70 local government
25 officials that are our members that we hope that you will

1 get a chance to look at. Thank you.

2 CHAIRPERSON NICHOLS: Thank you.

3 Scott Nelson, Michael Brennan, David Assmann.

4 And then that's going to be followed by out of order three
5 gentlemen in the front row, Mr. Morales, Mr. Alvarez, and
6 Mr. Galvan.

7 MR. BRENNAN: Mr. Mike Brennan, Council Member,
8 City of Oakdale, Stanislaus County.

9 Outside of state legislation and federal
10 guidelines, action taken at the local level in all
11 likelihood will have the highest impact on the reduction
12 of greenhouse gases and particulate matter and in
13 promotion of living a healthier lifestyle in all areas of
14 our society.

15 If you look at the different sectors listed on
16 page 13 of the proposed Scoping Plan and the pie chart
17 below it, I think you will find that we at the local level
18 have the most direct effect on the biggest sector of our
19 population most of the time. This includes people at all
20 economic levels of our society.

21 The plan paraphrases this on page 36 in Section B
22 where it states, "Local governments are essential partners
23 in achieving California's goals to reduce greenhouse gas
24 emissions. They have broad influence and in some cases
25 exclusive authority over activities that contribute to

1 significant, direct, and indirect greenhouse gas
2 emissions."

3 Many of us at the local level believe land use
4 planning incorporating smart growth policies such as the
5 Ahwahnee principles are one of the best ways to reduce
6 greenhouse gases. As alluded to earlier today, a
7 reduction of only five million metric tons assigned to the
8 local level when some of us feel that 10 to 15 million
9 metric tons is more realistic. This can be achieved if we
10 get the backing of the State through wise legislation and
11 proper funding of any mandates which are laid upon us. We
12 at the local level need to be encouraged, cajoled, and
13 enabled through state policy and legislation.

14 On page 47 of the scoping document, you addressed
15 regional gas emission reduction. This is part of this SB
16 375, I would take it. And also alludes to the blueprint
17 process, which I've been a member of down in our area in
18 the north central San Joaquin Valley.

19 Well, from my experience in talking to some of my
20 cohorts in some of the other meetings, we have less than
21 one percent of the citizens participating in the blueprint
22 process. So that means we elected officials are going to
23 be the ones who we actually create the blueprint document.
24 It will not be local citizens, because they do not come
25 out no matter how much we try to get them there.

1 CHAIRPERSON NICHOLS: Thank you.

2 MR. BRENNAN: The one other thing I would like
3 the allude to is the cap and trade. I believe that since
4 that part of your document will probably be the one that
5 is most used, most abused, I want to use some career
6 education, I want to use a little example of how I don't
7 believe it's going to be used very effectively.

8 Now you in front of me and many of these fine
9 gentlemen and ladies behind me come here dressed in nice
10 suits and nice outfits. Most of you will go to a dry
11 cleaner to get those cleaned.

12 Now if you use the dry cleaner as a greenhouse
13 gas emission -- I myself wear jeans. They're going in the
14 washing machine. You people that go to the dry cleaners
15 if you go too much or use too much of your emissions,
16 you're going to go to auction to buy -- you're going to go
17 the cap and trade.

18 CHAIRPERSON NICHOLS: You're already abusing the
19 cap and trade, because I don't have the ability to get you
20 to stop and you've already exceeded your time.

21 MR. BRENNAN: Okay, Madam Chair. What I'm saying
22 is --

23 CHAIRPERSON NICHOLS: You said it. You showed
24 how you can abuse the system.

25 MR. BRENNAN: It was abused this morning also and

1 you didn't stop them. It's time to listen to us locals.

2 CHAIRPERSON NICHOLS: I don't think that's true.

3 Thank you.

4 Mr. Assmann.

5 MR. ASSMANN: Madam Chair and members of the
6 Board, I'm going to try to be less than my time limits.

7 I represent not just the -- I'm Deputy Director
8 of the Department of the Environment in San Francisco.
9 And I'm representing today not just San Francisco, but
10 also members of Green Cities California, including eight
11 of the largest jurisdictions in the state: Los Angeles,
12 Santa Monica, Santa Barbara, Sacramento, San Jose. And I
13 just want to make a couple of quick points.

14 One is that we submitted comments on the draft
15 Scoping Plan. And one of the points we made was that we
16 didn't feel that local government was being asked to do
17 enough and that we felt that a target of two million
18 metric tons was insufficient.

19 Unfortunately, when the proposed Scoping Plan
20 came up, there was a target of zero for local governments.
21 It was moved from two million metric tons to to be
22 determined.

23 We think we can do more. We think that local
24 governments should be not just encouraged to set up
25 programs in line with what the state is doing, but at the

1 very least be required to put together climate plans and
2 to report on those plans, if not mandated to keep in line
3 with what the State is doing.

4 We think that there are a number of cities that
5 do take the initiative and have the incentive to move
6 forward, but there's also others that don't. And it's not
7 enough to encourage us. I think there needs to be some
8 requirements to make sure that we follow through and do
9 our part.

10 And there's a lot we can do. There's a lot we
11 are already doing. As a city, we've already achieved --
12 we're back to 1990 levels. We think that more can be done
13 with a little bit of encouragement of some of the tools
14 that we mentioned earlier today.

15 I also had a number of things to say on
16 recycling, but the Chair of the Waste Board this morning
17 articulated those very well. Just want to reiterate our
18 support for what the Chair brought forth this morning.

19 CHAIRPERSON NICHOLS: Thank you for what the
20 cities are doing.

21 We're now going to hear from the gentlemen in the
22 front row.

23 SGT. MAJOR MORALES: Good afternoon, Madam Chair,
24 members, staff, and my fellow Americans. Thank you, Madam
25 Chair, for indulging us and being able to speak as I have

1 some of my formers members that are here would also like
2 to. I had some prepared comments, but I understand for
3 the time.

4 I would note like to state that I understand the
5 leadership and role we're taking. When this plan was
6 implemented in 2006, we did not face the economic crisis
7 that we currently find ourselves in.

8 I just attended, as you did, in Los Angeles the
9 Governor's small business. I attended one particular
10 workshop. That is access to capital, being able to work
11 with the Governor's offices on small businesses and access
12 to the capital.

13 I am concerned how is disabled veterans who have
14 given so much to this country and are here to try to make
15 a better life for their families. As stated, from World
16 War II and the current crisis and the war that's going on,
17 our veterans come back to home as well as to build a
18 business. And I'm concerned how we as a small disabled
19 veterans business is going to gain access to that capital
20 so that way I can buy the higher utilities and gases.
21 That's a question our veterans deserve an answer to.

22 We have given our lives as well as become wounded
23 and come back to our communities.

24 And I applaud the Committee here as well as the
25 staff for the hard work. But there's still some of the

1 details as was mentioned by some of the members here that
2 as a business person that I would like to have answered.

3 Thank you, Madam Chair and members and the staff.

4 CHAIRPERSON NICHOLS: Thank you for your
5 attendance as well as your service.

6 MR. ALVAREZ: My name is Frank Alvarez. I'm the
7 commander of the Modesto chapter of the American GI Forum.
8 And I have with me one of our members, Korean war veteran.

9 And the American GI Forum is a family veterans
10 organization. We started in 1948 when Mexico American
11 veterans came back from the war and were not given their
12 just due were, treated in a discriminatory fashion.

13 And our founder, Dr. Hectare P. Garcia, one of
14 his main goals throughout his life was to bring the
15 Spanish people, the Mexican people, Latino people to an
16 equal footing in government, education, and in all other
17 walks of life.

18 And as I look at the Board and I look at your
19 staff, I can see that we're not here as equals yet. And
20 because of that, it's going to fall on you to say when the
21 issues regarding the Latino community and those people
22 that are in the environmental justice areas -- because I
23 have many members that live in those types of areas. It's
24 going to be up to you to take our concerns and implement
25 them.

1 I can only say to you one short thing. We have a
2 lot of businesses, 700,000 in this state. They're the
3 engine of this economy. And when you implement this --
4 and that's the concern I have, because I've talked a lot
5 with people in my community. Please be sensitive. Please
6 do it in a way that doesn't drive them out of business.

7 If this was 1999, four percent unemployment, go
8 ahead. Do it as you're going to do it. It's a different
9 time now.

10 The people out here are suffering. And for
11 that -- especially our business people. For that I ask
12 that you have some sensitivity and take into account the
13 Latino community. Thank you.

14 MR. GALVAN: My name is Willie Galvan. I'm the
15 State Commander of the American GI Forum which he just
16 stated it's hispanic veterans organization, mostly
17 hispanic. We're dedicated to meeting the needs and
18 improving the lives of the veterans. Not just hispanic,
19 all veterans.

20 There are a lot of people hurting in California
21 as we all know nowadays, and a lot them were veterans and
22 veteran businesses.

23 Our economy is worse than it's ever been in the
24 years past. Many, many years ago we had better economy.
25 We've had good economy. Now it's in worst shape it's in.

1 You're being asked to approve a plan that will
2 make it worse than that now. It will drive the cost of
3 housing, fuel, electricity, natural gas, and other
4 essentials even higher than they are now. Billions of
5 dollars higher. There are costs likely to come at the
6 same time as higher tax, probably sales tax. And gas
7 taxes are levied as they're levied by the Legislature to
8 pay down the budget deficit.

9 The plan recognizes that it will impact the lives
10 of every Californian, but it doesn't face up to the fact
11 that those impacts have the potential to ruin the lives of
12 many, many, many people, including a lot of veterans and
13 businesses.

14 Before you approve this plan, please be sure that
15 you understand exactly what those billions of dollars in
16 costs to the community people and to business have done
17 and will do.

18 And I want you to think about doing everything
19 you can to protect them. In the case of veterans, they've
20 protected all of us with their lives. We've gone to war.
21 We've gone to all the different wars we've had in the last
22 40 years. It's time we return the favor to them. Thank
23 you staff and Board for all the work you're doing.

24 CHAIRPERSON NICHOLS: Before you leave, can I
25 just say a word to you. And I know this isn't meant to be

1 a debate or a dialogue. But I just want to say something.

2 I appreciate the points you're making. And I
3 think you speak for many other people aside from yourself,
4 both from here and many who are not here. So I just want
5 to reiterate a couple of things.

6 First of all, I've heard these kinds of concerns
7 raised for the time I've been in California, which is
8 since 1971, working on air pollution. Every time we move
9 to deal with the smog and the pollution that harms
10 people's health. And I think we've had a good track
11 record over the years in this state of having found ways
12 to clean up our air while at the same time making our
13 state one of the most prosperous states in the country.
14 So this Board wouldn't have been given this task if the
15 Legislature didn't feel these were people who were capable
16 of carrying out that mission and doing it with
17 sensitivity.

18 The second point I want to make is that we are
19 determined to develop a plan that will have a benefit for
20 the state of California. I know there will be costs
21 involved. And you've heard about the utilities and the
22 oil companies and so forth talking about the price of
23 energy going up.

24 If we can't come up with ways to make those costs
25 acceptable by coming up with ways to conserve energy and

1 give people the assistance they need to conserve energy in
2 their homes or businesses or whatever, I don't think we're
3 not going to be able to implement this plan. That's just
4 the reality given the state of our economy. So we're
5 really all in this together. And I want to thank you for
6 articulating that and tell you we agree with you and hear
7 you.

8 MR. GALVAN: Madam Chair, thank you very much for
9 being sensitive. We'll take your message back to our
10 communities, to our veterans.

11 CHAIRPERSON NICHOLS: Bob Johnston, David
12 Patricks, Amanda Eaken.

13 MR. JOHNSTON: Good afternoon, Chair and Board
14 members. I'm Bob Johnston, Professor at U.C. Davis.

15 I'm going to talk just to the land use measures
16 as they affect transportation. My expertise is in urban
17 modeling. I was the person, for example, that first did
18 the urban models in the Sacramento region. I'll be quick.

19 A valid target for local governments in my
20 opinion would be eight to ten million tons per day. This
21 is based on my experience modeling this region and
22 reviewing the work done in other countries.

23 I base that on the policies being modeled as
24 transit, land use, and pricing policies. That is I looked
25 at the stronger sets of policies. And my findings agree

1 with those in the Rodier report that your staff is using.
2 I don't look at the weak policy sets, only the strong
3 ones.

4 Next point, the scoping reports needs to be more
5 direct in recommending policies to local governments
6 regarding the need for higher density infill, greatly
7 expanded capital funding for transit, and parking cash-out
8 for workplace parking, the single most important pricing
9 policy. And creates no new costs. Just unbundles
10 existing costs. Also indirect source review should be
11 recommended to local air districts.

12 Many places in the Scoping Plan you're charging
13 fees to polluters. This is just another way of charging
14 fees to polluters. I have modeled all these policies, and
15 all of them improve urban economies.

16 Last, the report should clearly state that if
17 MPOs or counties add highway capacity, it is likely to
18 make it more difficult to attain the SB 32 targets.

19 And last I would just say all of these policies
20 that I'm recommending today you will also find them in the
21 Stockton settlement between the attorney general's office
22 and the city of Stockton. Thank you

23 CHAIRPERSON NICHOLS: Thank you, David.

24 BOARD MEMBER BERG: Normally we have a witness
25 list. Could you provide your contact information to

1 staff, please? Thank you for your testimony.

2 MR. JOHNSON: I did. I work in Dan's department
3 too.

4 BOARD MEMBER SPERLING: And I praise him for
5 wearing his blue jeans, which he does not take to the dry
6 cleaners.

7 CHAIRPERSON NICHOLS: He's offsetting you then.

8 David Patrick, Amanda Eaken. Amanda.

9 MS. EAKEN: I'm not David. Good afternoon, Chair
10 Nichols and members of the Board. My name is Amanda
11 Eaken. I'm representing today Climate Plan.

12 I'll just cut to the chase, as Chair Nichols has
13 recommended. We believe the methodology to generate the
14 five million metric ton target is flawed. The regional
15 simulations in the Rodier report broadly are acknowledged
16 to understate the benefits in smart growth.

17 Further, this study is based on experiences from
18 other states and other countries with vastly differing
19 circumstances. And given the weakness of regional
20 simulations as a tool to estimate evidence of smart
21 growth, we believe CARB's decision to select the midpoint
22 of that study is inappropriate. If that study is to be
23 used, we recommend the upper end of that study be used as
24 a Bob Johnson recommended.

25 By contrast, the reviewing report is based on

1 actual historical data selected only from California from
2 the last 20 years. It is, thus, able to provide a far
3 more realistic estimate of what's possible in California.

4 And I just want to estimate that the 11 to 14
5 million metric ton target can be conservative for at least
6 two reasons. One is that it assumes gas prices of two to
7 \$2.50 through 2020, which is not at all likely. And the
8 second is this study does nothing to address jobs/housing
9 balance, which thankfully will be addressed in SB 375,
10 which account for a substantial portion of the state's
11 VMT.

12 And my last point is just to get us on track to
13 meet the 2050 targets. It's absolutely essential we get
14 started now. And we want to encourage you to include an
15 11 to 14 million metric ton target to send a strong
16 message, as Chair Nichols mentioned this morning, that
17 land use is an essential strategy to help the state
18 achieve our AB 32 targets. Thank you.

19 CHAIRPERSON NICHOLS: Thank you.

20 Now I'm going to turn to the next list and. I'm
21 going to read these names. And I want you all to come
22 forward also, if you would. Linda MacKay, Weltie
23 Morrison, Irma Medellin, Socorro Gaeta, Ray Leon,
24 Eursoreina Ordaz, Josa Lara, Maria Rivera, Margarita
25 Guzman, Inez Rojas.

1 And if anybody needs translation services -- it
2 doesn't look like you're wearing ear phones -- if you need
3 them, the translator is in the lack and you should get
4 here.

5 MS. MAC KAY: Good afternoon. My name is Linda
6 MacKay. And I live in Lebec, California which is in the
7 southern end of the San Joaquin Valley Air District.

8 I arose this morning at 3:00 a.m. and I'm as
9 tired as I look. But I felt it was very important to be
10 here today.

11 I'm in a region that interstate 5 goes through
12 it, the largest goods movement corridors of our state.
13 And we are impacted by that. There are over 700 trucks an
14 hour going through our region. We have a middle school
15 right next to interstate 5 where my daughter attends.
16 Five-hundred students in that middle school impacted by
17 that traffic and those emissions.

18 But we're also being impacted by the valley air,
19 the San Joaquin Valley air. You can visibly see it coming
20 up into our region.

21 I'm bothered by this plan, because I understand
22 there are no controls on agricultural emissions. I think
23 that's a mistake.

24 And another thing that bothers me is the cap and
25 trade. I think allowing credits, allowing companies,

1 polluters to buy pollution credits is a mistake. It
2 should be across the board. There should be strict
3 regulation. You have that authority. And I think that's
4 where you should go. Thank you.

5 CHAIRPERSON NICHOLS: Thank you. Thank you for
6 being so crisp and to the point.

7 Ms. Morrison.

8 MS. MORRISON: Good afternoon, Madam Chair and to
9 the Board. My name is Nettie Morrison. I'm chair of the
10 Community Council for Allensworth.

11 And it was truly a happy day for me when I
12 discovered that I could afford to move to the country
13 thinking that this is fresh air, beautiful green grass,
14 and all the things that we can envision when we live in
15 the city. Needless to say, I stand here today in ill
16 health after moving to the country.

17 So today I stand here to ask, please, no trading,
18 no offsets. Please regulate agriculture and clean up the
19 air in the valley. Thank you so much.

20 CHAIRPERSON NICHOLS: Thank you.

21 Ms. Medellin.

22 MS. MEDELLIN: Good afternoon. I'm Irma
23 Medellin. I'm community organizer for Center for Race
24 Poverty and Environment.

25 So I live in community Lindsay, in Tulare County.

1 And I have a small company. My small company is my
2 family.

3 So, yeah, this company may like a 1,200 per month
4 and have four members. Two of these members, one of them
5 have valley fever and another have asthma. So my company
6 is in Lindsay. And this is small community around all
7 these around fields. And my company it's not enough money
8 to buy insurance. And the money is not enough for that.

9 So now with this AB 32, someone need to pay
10 attention of these communities who live in the central
11 valley who live in the middle of the orchards. And we
12 have a lot of problems with the pollution.

13 Cap and trade is not a good solution, because
14 like how you take our health and play with our health.
15 And that is not fair.

16 So in the valley has worst in the United States
17 because of our decisions. Now you are not regulating
18 agriculture. So other regions will improve, but the
19 valley won't. We trade our air quality and even worse.
20 Thank you.

21 CHAIRPERSON NICHOLS: Ms. Gaeta and then Mr. Leon
22 -- or maybe it's Ms. Leon.

23 THE INTERPRETER: I'm the interpreter, so I
24 better come here to help her.

25 CHAIRPERSON NICHOLS: That's okay. I think we

1 all understand everything she said so far.

2 UNIDENTIFIED SPEAKER: Now I'm participating in
3 the organizing in my community, there's four kids 13 to 14
4 to 14 years old with this black cancer and also valley
5 fever. And it's difficult and sad to see them now. When
6 I started organizing in the beginning, they were really
7 looking forward to become something in life. And now you
8 should see them. They don't have the optimism any more.

9 It is really hard to see she was talking about
10 the 16-year-old young woman that had gone out to party on
11 Saturday. And then she had come back with problems asthma
12 attack she suffer. So it's just really hard to see these
13 people that have their life ahead of them being so young
14 already going through this stuff as it is.

15 We're asking for your help and support, because
16 you are the only one who can do that. In order to have
17 these young people have a life, you know, in the future --
18 she mentioned a number of cities that I didn't get --
19 Arvin, Weedpatch are the areas most affected by the
20 pollution. And they're asking for your help to clean up
21 the air in those areas.

22 CHAIRPERSON NICHOLS: Thank you.

23 UNIDENTIFIED SPEAKER: That's all for now, and I
24 hope you can help us. Thank you.

25 MS. GAETA: Good afternoon. My name is Socorro

1 Gaeta. I'm here representing Fresno Valley of San Joaquin
2 and Fresno Metro Ministry.

3 My main concern is we live in an area where there
4 is a lot of health problems because the area in the valley
5 asthma. In my own personal case my family, a lot of heart
6 problems. I had a son who was an athlete, and he cannot
7 do that anymore.

8 And I beg you to please take into consideration
9 how the contamination and all of this effects us poor
10 people and to remind you that it's not -- it will effect
11 all of us the same, either poor or rich people or in
12 between. Thank you. Please, I beg you to help us clean
13 up the environment, work on the global warming. And I
14 thank you for your time.

15 CHAIRPERSON NICHOLS: Thank you for coming.

16 MR. LEON: Good afternoon. My name is Ray Leon,
17 Executive Director of the San Joaquin Valley Latino
18 Environmental Advancement and Policy Institute, and I'm
19 here from Fresno.

20 I'm a native from Fresno, born in Fresno, raised
21 in the farm worker town of Huron, very small farm worker
22 town. Very proud of it, as poor as it may be. Very rich
23 in culture and values.

24 First and foremost, no to cap and trade. There
25 is a better way. In the San Joaquin valley, we have

1 observed some foreshadows to this cap and trade issue
2 through offsets. As they call them ERC, emission
3 reduction credits. Or what I call them, EDC, emission
4 displacement credits because effectively what has taken
5 place is they have used these offsets to permit the
6 construction of power plants in farm worker communities.
7 These offsets have been taken from upper income white
8 communities in Kern County and have been displaced to
9 build power plants in farm worker communities on the west
10 side of Fresno county. And this is a terrible already
11 foreshadow of what will come with cap and trade. I know
12 that for sure already.

13 And that's one of the very consistent scenarios
14 that we continue to see. And we really do need ARB to
15 step up in a way to be responsible. Because this will
16 create enormous inequity.

17 In the San Joaquin Valley we are seeing the
18 consequences of the lack of actions from generations past
19 and hopefully not from generations present. That is
20 yourselves.

21 In the past few years, we have observed many farm
22 workers from Kern County to San Joaquin Valley collapse
23 due to the extreme heat. That is not normal. That has
24 never been seen in the valley as it has been this time
25 around.

1 It is not any better that farm workers don't
2 receive a living wage and much less have health insurance.
3 So it's a downward spiral for our community in the San
4 Joaquin Valley which is the agricultural industry region.
5 Eighty percent of those farm workers are Latinos. In the
6 valley, 42 percent Latino. I beg of you to pay attention
7 to the sensitive situation socio economic the Latinos face
8 today.

9 CHAIRPERSON NICHOLS: Thank you, Mr. Leon. Your
10 time is up.

11 MR. LEON: So no cap to trade and trade.

12 And also what we really want to see that the ARB
13 follows up on developing an assessment on San Joaquin
14 Valley as they do with the bay and with L.A. Do not leave
15 the valley behind. We need you to step up to your
16 leadership roles and your authority to say no to cap and
17 trade and help the valley out.

18 CHAIRPERSON NICHOLS: Thank you very much.

19 Next, could we please have the next speakers come
20 forward, Ms. Ordaz, Mr. Lara.

21 MR. LARA: Good afternoon. My name is Jose Lara
22 and I'm from Weedpatch, California.

23 I come to tell you that we have an enormous
24 problem. Three factors can be mentioned about this
25 problem.

1 First one, the gases emissions, pesticides, and
2 they have caused a lot of issues in the valley to our
3 population.

4 I would like that all of you please would take
5 some measures to alleviate the problem that we're having
6 in Arvin. It's been a problem mostly with the businesses,
7 asthma, and an infinite that number of other issues that
8 have been affecting us not only the majority of us, but
9 also the children, since the water is also contaminated
10 and the schools are using those waters that are
11 contaminated. And we would like your help to please solve
12 that problem to help us for the benefit of the whole city.

13 I appreciate your time.

14 CHAIRPERSON NICHOLS: Thank you for your
15 presence.

16 MS. GUZMAN: Good afternoon, Madam Chairman.

17 My name is Margarita Guzman. I come in from
18 Fresno. And I say please do not leave out agriculture fro
19 enforceable regulation and measure, because many people
20 are suffering from asthma come from the agriculture.
21 Thank you.

22 CHAIRPERSON NICHOLS: Thank you.

23 MS. ROJAS: Good afternoon, everybody. My name
24 is Inez Rojas. I'm here representing asthma community for
25 health and a better environment of Fresno.

1 We cannot talk about laws or bills or any other
2 argue theories. We just want you to see us and realize
3 that we are the leading example of the impact that all
4 these not so good laws that are being implemented, the
5 affect they're having on us. And we're suffering from
6 different respiratory diseases and asthma.

7 We also know that you plan your job the work that
8 you have to do, all of you. But we need us to enforce the
9 work that you've been doing so our children can have a
10 better quality of life compared to the one they have so
11 far. Since we know a few community without much access to
12 health care is a community who's going to suffer more from
13 these effects. Please don't effect us and consider us in
14 these changes with the contamination of pollution. Thank
15 you.

16 CHAIRPERSON NICHOLS: Thank you.

17 Do we have -- we are not in order here because
18 that was the last name I have. But if this lady signed
19 up, she can speak.

20 MS. IBERRA: My name is Maria Iberra. I'm here
21 representing Lamone, California.

22 I want to tell them that Lamone is completely and
23 really contaminated. Because my husband got the diagnosis
24 of only five years of life, because he used the work in
25 the fields. And he's lungs are this little. It's the

1 once who have healthy lungs like this big. And he only
2 got five years left.

3 I beg you to pay attention to us, because there's
4 a lot of asthma in our area like the one my husband
5 suffers from. Thank you.

6 MR. COLE: Madam Chair, I think I can dispense
7 with a number of the other names on your list because the
8 bus from the valley needs to go. So if I could just have
9 people stand to support certain positions, if you'll give
10 us a minute to do that. My name is Luke Cole, Executive
11 Director of the Center on Race Poverty and the
12 Environment.

13 CHAIRPERSON NICHOLS: You're also a member of the
14 Environmental Justice Advisory Committee.

15 MR. COLE: Yes, I'm also a member of
16 Environmental Justice Advisory Committee.

17 Those of you who came from the San Joaquin Valley
18 today, would you please stand up.

19 Those of you who are opposed to pollution trading
20 which would enable people to trade pollution to your
21 communities, please raise your hands.

22 Those of you would like the Air Resources Board
23 to regulate agriculture which produces six percent of the
24 state's greenhouse gases but which is getting a free pass
25 from this Board, please raise your hand.

1 Those of you who are tired of the Air Resources
2 Board discriminating against you by allowing you to live
3 with the dirtiest air in the United States, please raise
4 your hand.

5 Those of you who are not going to sit back any
6 longer, but are going to fight for your right to have your
7 greenhouse gases cleaned up as well as the rest of the
8 state's greenhouse gases cleaned up, please raise your
9 hand.

10 What do we want?

11 THE AUDIENCE: Justice.

12 MR. COLE: When do we want it?

13 THE AUDIENCE: Now.

14 MR. COLE: What do we want?

15 THE AUDIENCE: Clean air.

16 MR. COLE: When do we want it?

17 THE AUDIENCE: Now.

18 MR. COLE: Thank you, Madam Chair.

19 CHAIRPERSON NICHOLS: We'll give them a moment.

20 BOARD MEMBER TELLES: I'm from Fresno. I think
21 you're hearing the message from my area. And I am glad
22 they all came.

23 CHAIRPERSON NICHOLS: You can give the ladies and
24 gentlemen a chance if they need to catch their bus.

25 This is great. It's been a while since we've had

1 demonstration inside the board room. Usually they're just
2 out circling around us with the tractors. Thank you,
3 everybody.

4 We'll continue on with our list. The next
5 witnesses are going to be Rachel Oster, Arthur Boone,
6 Scott Smithline, Charles Helget, if you want to come on
7 down.

8 Rachel Oster is the next name on my list,
9 followed by Arthur Boone, Scott Smithline, Charles Helget,
10 Chuck White.

11 I'm calling one more time for Rachel Oster.
12 Racial, are you with us?

13 Arthur Boone

14 MR. BOONE: My name is Arthur Boone. I speak for
15 the Northern California Recycling Association.

16 A number of us were quite moved, and I won't say
17 stunned by the press that the Chair of the Integrated
18 Waste Management Board came today and announced they were
19 in favor of mandatory commercial recycling.

20 That's been an issue that's been a big dividing
21 point among the environmental groups and recyclers with
22 the Integrated Waste Management Board. We've been waiting
23 three-and-a-half years since the Governor's Executive
24 Order for this kind of commitment. And we are very
25 pleased it has happened.

1 I think there is one point -- I have a few slides
2 I'd like to show you quickly.

3 What's happening in California is that we have
4 seen -- we believe that garbage is a pollutant. And what
5 happened is that -- go on to the second slide.

6 And what happened was essentially -- go on to the
7 third actually. Thank you.

8 Between 1990 and 1996, there was a reduction in
9 garbage in California by about 10 million tons a year.
10 And in the last 12 or 13 years, the amount of garbage has
11 increased again. And so there's a certain credibility
12 problem between those of us who believe everything in the
13 garbage could be recycled and the Integrated Waste
14 Management Boards which seems to be happy about the fact
15 that the State has calculated its diverse rate is now
16 being something greater than 50 percent.

17 In fact, the state has as much garbage -- more
18 garbage now than I thought it had in 1989 when it passed
19 our waste reduction and recycling law.

20 And we see an absence of actions on the part of
21 the Legislature and the Waste Board in terms of tackling
22 this.

23 So Ms. Brown's saying statements this morning
24 were very important. It's very important that we stay
25 firm on this issue. There's a number of other issues that

1 have to be dealt with I think much more by the Legislature
2 than by this Board. But I certainly hope that the actions
3 that Ms. Brown announced this morning will in fact be
4 concretized. And as Clinton Rossiter once said many years
5 ago, the shadow of a policy gets turned into the substance
6 of a program --

7 CHAIRPERSON NICHOLS: You're just saying that
8 because you know I'm a Cornellian.

9 MR. BOONE: I didn't know that, no.

10 I remember Judge Wisdom from the 5th Circuit in
11 1969 who said that actions taken in the face of litigation
12 are equivocal in nature purpose, and permanence.

13 We always have to watch out when people feel
14 pressured what they're going to do and make sure they get
15 done.

16 CHAIRPERSON NICHOLS: Thank you, Scott Smithline,
17 Chuck Helget, Chuck White.

18 MR. LAPIS: Good afternoon, Madam Chair and Board
19 members. My name is Nick Lapis. I'm here on behalf of
20 Scott Smithline. He took off earlier. We're taking
21 shifts. I happened to be here when you called his name.

22 I'm going to keep my comments short. I'd like to
23 start off by saying that this has been a long process.
24 And we started off two years ago with AB 32. And a lot of
25 us had this vision of AB 32 being a key driver for

1 recycling. And along the way, some of us have lost faith.
2 Some of us, you know, sort of thought it wasn't going to
3 happen and it was all pipe dream and that despite how big
4 AB 32 was, recycling would not end up in the program.

5 I'm very happy to be here today to thank the
6 staff of both agencies and the leadership of both
7 agencies, especially you, Chair Nichols, and Chair Brown
8 of the Waste Board.

9 Mandatory commercial recycling is the next step
10 for California. It's the easiest opportunity for us to
11 increase recycling. And if we let AB 32 go without
12 increasing recycling, it would have been a great chain.
13 It takes 85 percent less energy to make a can from
14 recycled materials than compared to virgin materials. If
15 we left those kinds of savings on the table and just
16 walked away, we would be seriously disappointed.

17 So again, I'd just like to thank the leadership
18 of you and Chair Brown as well as the staffs of both
19 agencies. Thank you.

20 CHAIRPERSON NICHOLS: Thanks for your
21 persistence.

22 Charles Helget, Chuck White, Laurie Wayburn.

23 MR. HELGET: Thank you, Madam Chair. Chuck
24 Helget representing Allied waste.

25 I, too, would like to echo our supports for the

1 comments made earlier today by Chair Margo Reid Brown
2 regarding waste and recycling.

3 I would emphasize as well the need in the Scoping
4 Plan for consideration for permit streamlining. The
5 economic viability of this plan really depends on our
6 ability to permit new and upgraded solid waste facilities
7 for processing and renewable energy plants and including
8 landfill gas to energy.

9 We also support expanding the scoping plan's
10 coverage of the commercial recycling. We believe that
11 program should be mandatory statewide.

12 And finally, we support the proposed revisions
13 contained in the November 14th errata sheet that define
14 anthropogenic and biogenic gases. We do believe, however,
15 that biogenic gases should be considered carbon neutral
16 under the plan.

17 Thank you.

18 CHAIRPERSON NICHOLS: Thank you.

19 Mr. White.

20 MR. WHITE: Thank you, Madam Chair and members of
21 the Board. Chuck White with Waste Management. Just three
22 quick points.

23 Number one on the commercial recycling. We, like
24 Mr. Helget and Chairwoman Brown, we support an enhanced
25 recycling, particularly commercial recycling. There's

1 widespread evidence the benefits of recycling through
2 lowering greenhouse gases. The problem is they don't
3 always occur in California where the recyclables are
4 collected but maybe result in greenhouse gases elsewhere
5 in the world. But still California can do a lot to
6 stimulate increase greenhouse gas reductions by
7 encouraging recycling. We certainly support that.

8 With respect to biogenic versus anthropogenic
9 emissions, as Mr. Helget indicated, we support the further
10 clarification in the errata sheet that came out that
11 clearly distinguishes anthropogenic from biogenic
12 emissions of greenhouse gases.

13 I think the real focus is on anthropogenic
14 emissions of CO2 from burning of fossil fuels. Biogenic
15 energy sources such as biomass consistent with the
16 Governor's bioenergy action plan is a way to reduce our
17 reliance on fossil fuel and encourage biogenic use.

18 There is one term in the definition of the
19 biogenic which says it may not be necessarily carbon
20 neutral. We would hope that there's some further
21 clarification on what exactly that means. Your low carbon
22 fuel standard is developing a procedure for determining
23 the carbon intensity of biogenic fuels. However, there is
24 no similar process I'm aware of for the stationary fuel
25 sources to really give us a clear indication of what

1 constitutes carbon neutrality or near carbon neutrality
2 with respect to biogenic fuels from stationary sources.

3 So we hope either in the Scoping Plan or in
4 further guidance in the near future you will help clarify
5 that so we can understand and focus our attention on the
6 lowest carbon intensity fuels that is the most carbon
7 neutral possible.

8 And then finally, the Integrated Waste Management
9 Board is working on a carbon life cycle analysis for
10 organics in the waste stream. That's where a lot of the
11 methane is coming from landfills. And it's really
12 involving a life cycle analysis. Unlike other industrial
13 sources, the solid waste industry doesn't necessarily have
14 its only impact in the year the activity occurs, like
15 emissions coming out of the smoke stack. Because it's a
16 biogenic material that lasts in nature for a long time, it
17 goes on and on and requires a life cycle analysis.

18 We just simply urge you to work with your sister
19 agency, the Integrated Waste Management Board, on the
20 developing of this organic life cycle analysis so we can
21 get a better handle on the overall carbon balance of
22 materials that move through the waste stream, the
23 recycling stream, and we can better make investment
24 choices in the future to lower the overall impacts. Thank
25 you very much for your time and attention.

1 CHAIRPERSON NICHOLS: Thank you.

2 Laurie Wayburn followed by Rachael Katz and
3 Michelle Passelo.

4 MS. WAYBURN: Thank you very much. I want to
5 thank you and the members of your staff. I apologize for
6 my voice.

7 I want to thank you for the extraordinary work
8 you've done. The implementation of this landmark
9 legislation is landmark in all senses of the word. And
10 most notably perhaps it's a measure of the mark that what
11 we do with the land will do for the climate as a result of
12 landscape. It's model not only here, but nationally and
13 globally, particularly so of the forest sector in your
14 inclusion of the forest sector as a whole and in
15 recognizing the linkage inherent between forests, energy,
16 land use, landfill, transportation. It is something where
17 indeed that kind of integral linkage is something that can
18 stand out globally.

19 I want to applaud the draft plan and urge its
20 adoption. I have three specific recommendations that we'd
21 like to make to ensure that the intent to maintain climate
22 benefits to mitigate for loss of climate benefits and to
23 monitor them are in fact carried through.

24 First, given the cross sectoral nature of how
25 many of the sectors impact one another, not the least of

1 which is forests, we would like there be a clear
2 requirement for life cycle accounting that enables one to
3 track the flux and flow of carbon across sectors.

4 An example of this is to track carbon from its
5 accumulation in the forests into use in the energy sector.
6 I'm sure you know that roughly 14, 15 percent of the RPS
7 last year came from wood biomass energy. And that will
8 increase. And then further on to landfills and emissions
9 as methane.

10 And that that tracking be done at a fine enough
11 grain that you can identify significant sources of changes
12 influx or carbon stocks at the level of accountability to
13 allow for appropriate adaptive response. We like to call
14 that counting with accountability.

15 CHAIRPERSON NICHOLS: I'm sorry, but you've used
16 your two minutes.

17 MS. WAYBURN: Let me just give you my last
18 suggestion. And that is that given the need -- I was
19 pleased to hear this from Tony Brunello earlier this
20 morning -- the need to recognize the inherent synergy of
21 adaptation and mitigation. In the same way the Air Board
22 reached out to its sister agency at Resources and
23 specifically asked for the involvement of the Board of
24 Forestry and Department of Forestry and Fire Protection,
25 that you specifically ask for the involvement of Fish and

1 Game in this linkage, given that carbon in the forest is
2 embodied in the habitat and you need to maintain the
3 habitat as much as the carbon accounting, per se.

4 CHAIRPERSON NICHOLS: Thanks for that. Okay.
5 Rachael Katz.

6 MS. KATZ: My name is Rachael Katz, and I also
7 work for the Pacific Forest Trust.

8 And I follow up with another three short points
9 in addition to what Laurie just mentioned.

10 And that first is that we strongly support the
11 principle of the no net lose target for the forest second
12 for. Those included in the Scoping Plan. We think that's
13 a great step forward for recognizing we need to maintain
14 the forest climate benefits that we have in the state that
15 are an integral part of achieving our climate goals and we
16 can also go above and beyond that.

17 As part of the no net lose, we encourage as ARB
18 staff continues to go back and refine targets and the data
19 used to establish those targets that the forest sector
20 target is similarly re-visited looking again at the data
21 and the assumptions used in coming up with that flux
22 number.

23 And then in addition to the flux number that
24 staff is directed to almost develop a cumulative carbon
25 stock target for 2020 and 2050 so that we have a clear

1 path forward for how we are going to maintain and increase
2 carbon storage across the landscape.

3 And the last point I wanted to raise is both that
4 we strongly support raising the regional land use planning
5 target. And that as a key part of land use planning in
6 addition to reducing VMTs and energy use, you're also
7 conserving carbon sequestration in landscapes and
8 preventing significant greenhouse gas emissions that occur
9 when you convert those landscapes and maintain their
10 sequestration capacity. So conservation is a key piece of
11 land use planning. Thank you very much.

12 CHAIRPERSON NICHOLS: Thank you.

13 Do we have Michelle Passelo?

14 MS. PASSELO: Michelle Passelo with the Nature
15 Conservancy.

16 TNC does support the comprehensive and thoughtful
17 Scoping Plan that has been developed by ARB staff with the
18 help of the other State agencies and stakeholders.

19 We also echo the comments that have just been
20 made by Pacific Forest Trust. And among the other
21 measures, the Nature Conservancy does support cap and
22 trade and the inclusion of offsets and believe if done
23 right it can attain emissions reductions that are cost
24 effective both inside and outside of the cap. And
25 inclusion of offsets like those that may come from forest

1 projects through restoration, changes in management, and
2 avoided conversion, they can be reductions that are real,
3 surplus, permanent, enforceable, and verifiable. And
4 certainly California has done a lot in this arena through
5 its work with California Climate Action Registry and the
6 forest protocols.

7 These kinds of projects also can produce
8 tremendous co-benefits related to water quality in our
9 drinking water as well as protection of fish and wildlife
10 habitat and also fostering local economy. We do support
11 auction of allowances 100 percent as soon as possible and
12 practical.

13 And we also, as mentioned before, recommend a
14 clarification in the Scoping Plan that outlines ARB's role
15 a little more clearly with respect to oversight on the
16 greenhouse gas inventories, protocols, and standards that
17 would actually compliment the measures that may be
18 introduced by other agencies just to ensure efficiency,
19 consistency, and to avoid double counting. As mentioned
20 before, some of these sectors flow into each other.

21 And we do appreciate what the suggestion of a
22 multi-agency effort to consider the forest-based measures.
23 And we also echo the land use recommendations made by PFT
24 and looking at the nexus of land use and fire where we
25 actually put buildings, houses, and how that may actually

1 exacerbate some of the causes of fire.

2 CHAIRPERSON NICHOLS: Thank you.

3 Bud Beebe, Michael Murray, Kari Smith.

4 MR. BEEBE: Good afternoon. My name is Bud
5 Beebe. I'm with the Sacramento Municipal Utility
6 District, the publicly owned electricity server for the
7 Sacramento area.

8 I have posted our verbal comments, so hopefully
9 you have a copy of them.

10 I would like to say just a couple of things. The
11 first one is that SMUD is a long-time supporter of AB 32.
12 We support the adoption of this plan and particularly in
13 terms of the electric sector, we support 33 percent RPS.
14 We support the need for electricity efficiency. We
15 support the California solar initiative. And we support
16 the need for allowance trading.

17 Three items that we'd like you to consider prior
18 the voting yes on this include the fact that with respect
19 to cap and trade, one of the most important considerations
20 the ARB has maintained throughout the development of the
21 Scoping Plan has been one of fairness. This is certainly
22 something to applaud. However, the Scoping Plan shows
23 that the electric sector and the industrial sector are
24 subject to a cap in 2012, whereas the transportation and
25 natural gas sectors get a buy until 2015.

1 Not requiring allowances to be held by the
2 transportation and natural gas sectors really amounts to
3 preferential treatment and places considerable more burden
4 on the electricity sector for paying for AB 32. This is a
5 fairness issue that we believe should not be overlooked.

6 Secondly, we need help in getting local offset
7 programs off the ground. We started with some dairy
8 digester programs. We've solicited bids which
9 preferentially look for local offsets. And we believe
10 that the ARB could be really helpful in this if you would
11 accelerate your carbon offset protocol process to fast
12 track the adoption of regulations under a Health and
13 Safety Code Section 38571 to verify and enforce these
14 reductions so that verified offsets can be banked and
15 ready in 2012 when the program really gets underway.

16 And lastly just to mention that Figure 1 of
17 Appendix C shows that the Scoping Plan believes that
18 there's some magical linearity of reductions that can be
19 achieved through all of the aggregate of all of these
20 programs. Starts in 2012 and linearly reduces greenhouse
21 gases emissions to the year 2020.

22 SMUD is unaware of any specific investigations
23 that have shown how all of these programs are actually
24 stacking up relative to phasing in time. And we believe
25 that such an investigation is really a necessary component

1 before you can just assume there's going to be a linear
2 reduction relationship between 2012 or even between now
3 and 2020.

4 That's the bulk of our comments. Thank you so
5 much. We'll have some additional written comments.

6 You've done a fine job. Thank you

7 CHAIRPERSON NICHOLS: Thank you very much.

8 Michael Murray, Kari Smith, Bill Gallegos.

9 MR. MURRAY: Good afternoon, Chairman Nichols and
10 other Board members. My name is Mike Murray. I'm with
11 Sempra Energy.

12 Sempra Energy has participated in the development
13 of the Scoping Plan as well as the related proceedings of
14 the PUC and the CEC.

15 We congratulate the Board and its staff for
16 preparing a first of its kind plan, and we are committed
17 to a successful implementation of AB 32.

18 We agree that energy efficiency is the first
19 place to start. In the last 15 years, San Diego Gas and
20 Electric and SoCal Gas and their customers have spent over
21 one billion dollars on electricity and natural gas energy
22 efficiency programs. The results are apparent. SoCal Gas
23 customers, gas users of GMG emissions are about the same
24 as they were in 1990.

25 SDG's carbon footprint is about half the national

1 average and per capita electricity usage rates are about
2 the same as in 1998.

3 Sempra Energy is generally supportive of the
4 Scoping Plan. And we support the recommendations of the
5 CPUC and CEC on design of the program for the electricity
6 and natural gas sectors, many of which are reflected in
7 the plan.

8 As noted by Nancy Ryan of the CPUC earlier today,
9 the electricity sector will deliver 40 percent of the
10 plan's reductions, though it is responsible for only about
11 20 percent of the emissions. We are concerned about the
12 impacts to rates and bills paid by our customers for
13 assuming this disproportionate burden and believe any
14 revenues raised through any allocation of auctions should
15 be returned to benefit our customers.

16 We all understand the plan is a fluid document
17 which will change as conditions change. We look forward
18 to being a participant in the State's effort to meet these
19 very ambitious goals. Thank you very much.

20 CHAIRPERSON NICHOLS: Thank you.

21 Kari Smith, Bill Gallegos, Malakai Seku-Amen.

22 MS. SMITH: Good afternoon, Chairwoman Nichols
23 and Board. My name is Kari Smith. I'm the Director of
24 Public Affairs for Sun Power, Corporation. Sun Power is a
25 PV module manufacturer and solar power plant developer.

1 We also sell our products to retailers around the
2 state and country. We employ over 700 people in
3 California. Our headquarters are in California.

4 I'm also here representing the Solar Alliance,
5 Renewable Energy Marketers Association, and a group of
6 about 25 environmental groups and businesses that signed
7 on to a letter that I gave to the Board this morning.

8 So I'm here to congratulate you on AB 32 and
9 support implementation of the proposed Scoping Plan with
10 one important addition to that plan. And that would be
11 that the Board please explicitly recognize the greenhouse
12 gas emission reductions that are associated with voluntary
13 renewable power purchases.

14 The plan does recognize quite appropriately the
15 importance of renewable power and the importance of market
16 driven emission reduction measures, also the importance of
17 voluntary action. However, the plan does not recognize
18 voluntary renewable power purchases and emission
19 reductions associated with those power purchases.

20 The voluntary renewable power market equals half
21 or over half of the new renewables coming on line in the
22 US today. CRS came out with a study today showing that
23 2.7 million megawatt hours are purchased by green
24 certified business in 2008, which is 114,000 megawatt hour
25 increase over 2006.

1 This is quite a vibrant market. The reason
2 people purchase renewable power is so they can make a
3 difference in reducing greenhouse gas emissions. So I
4 would ask the Board in developing the rules for AB 32
5 implementation to please not undermine this important
6 market-driven sector, but in fact to recognize and support
7 it.

8 I heard a lot of comments by local government
9 today. One of the ways that local government can reduce
10 greenhouse gas emissions is by purchasing renewables. If
11 you in fact allocate allowances to voluntary renewables,
12 they'll be giving local government an important tool in
13 meeting your goals.

14 CHAIRPERSON NICHOLS: Thank you very much.

15 Is Bill Gallegos here? No.

16 MS. OROZCO: Bill Gallegos is not here. If you
17 don't mind, I'll speak in his place?

18 CHAIRPERSON NICHOLS: All right. That's alright
19 if you're representing him.

20 MS. OROZCO: My name is Ana Orozco. I'm a
21 community organizer representing CBE in Richmond.

22 Richmond happens to be the home of Chevron Oil
23 Refinery, which is one of the largest refineries in the
24 state of California. Cap and trade policy will allow oil
25 refineries like Chevron to continue and to increase the

1 releasing of greenhouse gases and toxic pollution which
2 will exacerbate existing health problems like asthma and
3 cancer and create new health problems in healthy people
4 living in refinery communities which are also low income
5 communities of color, similar to Richmond.

6 If AB 32's goal is to reduce greenhouse gases, we
7 need to keep the cap and ditch the trade. There is a
8 better way.

9 So I ask that the Board adopt a Scoping Plan with
10 direct measures to reduce greenhouse gases at refineries.
11 This will effectively clean up local pollution in Richmond
12 and all refinery communities which are also low income
13 communities of color. Thank you.

14 MR. SEKU-AMEN: Good afternoon, Madam Chair and
15 members of the Board. I'm Malakai Seku-Amen. And I'm
16 here today representing the California State Conference of
17 the NAACP. I hope my boss isn't watching.

18 As an entity of America's largest and oldest
19 civil rights and social justice organization, we here to
20 speak on behalf of California's communities most impacted
21 by pollution, poor health, and poverty. And we
22 are speaking for those who have lacked capacity to fully
23 comprehend and participate in the complex process of
24 implementing AB 32.

25 While we applaud the Board's hard work and we do

1 have a neutral position on the Scoping Plan, we are
2 concerned about the extent to which underserved
3 populations benefit from the proposed Scoping Plan.

4 On this note, the California State NAACP
5 respectfully urges that the Board avoid adopting a Scoping
6 Plan that is too narrow in laying a framework for AB 32
7 implementation. It's critical that adequate opportunity
8 remains for all Californians to help ensure equitable
9 emission reductions, cap and trade, or carbon offset
10 sales, program, and regulations development as well as
11 maximum social and technological innovation in the future.

12 There are a number of equity groups who are
13 concerned that the public health and economic benefits of
14 the plan, particularly as those benefits relate to low
15 income and urban populations of color, have not been
16 adequately presented, analyzed, or incorporated into the
17 Scoping Plan.

18 Our concerns include the costs for consumers and
19 small businesses and inconclusive standards for carbon
20 offset sales. Although the positives far outweigh the
21 challenges, one of the dispiriting aspects of AB 32
22 implementation. At least for urban revitalization and
23 environmental justice advocates is it can impair
24 California's development, discovery, and cataloguing of
25 magnificent research ideas and strategies that often leave

1 underserved communities empty handed.

2 This time, however, we must be committed to a
3 meaningful and equitable paradigm change. And since
4 California doesn't have an overall economic development
5 and job creation strategy, let alone one for low income
6 areas, the Board is surely in a unique position with the
7 job prescribed by AB 32. Through the Climate Action Team,
8 there is an awesome opportunity to now once again bring
9 action oriented responses to all the horrific data on
10 business, homeownership, vocational training, and science
11 and engineering work force deficits that are attributed to
12 a chronic lack of capital, regulatory barriers and costs,
13 and fragmented approaches to policy implementation. We
14 can even of course benefit from our own intellectual
15 property coming out from --

16 CHAIRPERSON NICHOLS: Your time is up.

17 MR. SEKU-AMEN: Thank you. I just wanted to say
18 the NAACP stands ready to work with the Board in the
19 future of this issue.

20 CHAIRPERSON NICHOLS: Thank you. We appreciate
21 your comments. And I think we'll be commenting further as
22 we sum up where we are. But I think we're in agreement
23 with you in terms of how we should proceed. Thank you.

24 I'm going to ask everybody to stand up and
25 stretch. I need to that.

1 (Thereupon a recess was taken.)

2 CHAIRPERSON NICHOLS: Roberto Cabrales from CBE,
3 John Busterud, Susie Berlin, David Wright, Ron Davis,
4 Phyllis Currie.

5 Starting with Roberto, are you here? Yes, you
6 are. Excellent.

7 MR. CABRALES: Good afternoon, Madam Chair and
8 members of the Board, members of the public. Thank you
9 all for sticking around so late.

10 My name is Roberto Cabrales. I'm a community
11 organizer with Communities for a Better Environment in the
12 L.A. office. I'm also a resident and a concerned citizen
13 of Huntington Park in L.A. County.

14 The southeast L.A. communities have been fighting
15 a power plant for last couple of years in the southeast
16 L.A. region. If built, this power plant would emit over
17 800 tons of pollution per year in addition to 2.3 million
18 tons of greenhouse gases per year.

19 The proponents of this power plant call this a
20 green project. I don't see anything green about 1.7
21 million pounds of pollution per year. In a region that
22 has suffered for decades of environmental impacts of
23 cumulative impacts from freeways, from stationary sources
24 of pollution, power plants, and then additional proponents
25 want to bring power plants. This is an injustice we want

1 to talk about.

2 I'm glad to see 33 percent increase or the 33
3 percent of renewable portfolio standards in the Scoping
4 Plan. But unless CARB includes real and aggressive
5 measures like no payment outs, no alternative compliance
6 payments, no renewable energy credits, fee and tariffs to
7 make small scale renewable facilities cost competitive and
8 requirements that economic dollars stay in California and
9 flow towards the most disadvantaged communities mandated
10 by AB 32, including green collar jobs and skilled training
11 and installing clean energy infrastructures in the
12 community.

13 This increase means nothing to the county and to
14 the world without these measures. We want a meaningful,
15 realistic, and aggressive push for renewable technology in
16 California. ARB has the ability to set a precedent to the
17 rest of the nation in moving away from fossil fuels for
18 our energy consumption.

19 If we create the gateway towards building small
20 scale and large scale solar panels on businesses and
21 homes, then we won't have to face polluting power plants
22 from coming in our community like the one in Vernon.
23 Furthermore, the Scoping Plan has a real risk of placing
24 more pollution in non-attainment communities like the
25 southeast L.A. region by allowing polluters to buy their

1 way from compliance from state law --

2 CHAIRPERSON NICHOLS: Thank you, but your time is
3 up.

4 MR. CABRALES: Thank you.

5 CHAIRPERSON NICHOLS: John Busterud.

6 MR. BUSTERUD: Good afternoon. My name is John
7 Busterud on behalf of the Pacific Gas and Electric
8 Company.

9 PG&E is committed to working with the Board,
10 staff, other state agencies and concerned stakeholders to
11 make AB 32 a success and a model for others to follow in
12 the years ahead.

13 We commend the staff for their hard work and
14 stamina in producing a proposed Scoping Plan that provides
15 a comprehensive conceptual road map for the regulatory
16 implementation process to follow.

17 PG&E was the first investor-owned utility to
18 support AB 32, and our customers have invested in energy
19 efficiency programs and a clean electric generating
20 portfolio so our emissions are among the lowest of any
21 utility in the nation.

22 In addition to the programmatic measures proposed
23 in the Scoping Plan, we commend ARB for recognizing a well
24 designed multi-sector cap and trade program linked to the
25 Western Climate Initiative and other emerging programs can

1 provide real, sustained, and cost effective greenhouse gas
2 emission reductions.

3 We are pleased that the plan proposes a
4 rulemaking specifically addressing critical market
5 designed issue and implementation and to receive input
6 from the public and those with expertise relevant to the
7 design of cap and trade programs.

8 In these turbulent economic times, we strongly
9 urge you to within the scope of the cap and trade
10 rulemaking consideration of potential consumer cost
11 protection mechanisms, such as strategic allowance reserve
12 or price collar which could provide an additional
13 allowance supply in the event allowance prices exceed a
14 pre-determined level.

15 Broad access to environmentally sound and
16 verifiable offsets will also be necessary to achieve AB
17 32's reduction targets in a cost effective manner.

18 These critical components of allover market
19 design will no doubt benefit from closer analysis during
20 the cap and trade rulemaking next year. With these types
21 of measures, we believe ARB and California can and should
22 achieve the bold objectives of AB 32 while minimizing the
23 economic impact on California consumers.

24 CHAIRPERSON NICHOLS: Great place to stop.
25 Thanks.

1 Susie Berlin is not here. She is here. There
2 you are.

3 MS. BERLIN: Good afternoon, Madam Chair and
4 Board. My name is Susie Berlin from McCarthy & Berlin on
5 behalf of the Northern California Power Agency.

6 We appreciate all the efforts that are reflected
7 in the proposed Scoping Plan and believe that the plan is
8 a good outline for implementation of regulations
9 eventually. However, we're concerned that there are
10 obstacles associated with a lot of the proposed
11 suggestions that are either understated or omitted
12 completely from the plan. We don't believe that these
13 issues can be addressed or should be resolved in the plan.
14 But they should be at least be acknowledged and indeed
15 agree with the comments made earlier by Alan Lloyd that
16 stated if you read just the introduction, it looks overly
17 simplified.

18 One of the issues we believe is very important
19 that's not adequately addressed at this time is the
20 complete economic analysis. Cost effectiveness is a very
21 important consideration. It is not a single criteria that
22 needs to be weighted in the final recommendation, but
23 rather it is measure that has to be met before plans can
24 be adopted. Understand it's a complex issue but one that
25 needs to be addressed before we can move forward with the

1 regulations and one that I think is understated in the
2 plan.

3 And one of the things that I believe the plan
4 also understates is the impacts of viewing all the
5 proposed measures on a total portfolio basis rather than
6 looking at the cost effectiveness of each program and its
7 impacts on each of its affected sectors and the members of
8 that sector.

9 With regards to cap and trade program, while a
10 well designed cap and trade program may be able to achieve
11 emissions reductions, all of the allotted benefits of a
12 cap and trade program are associated with an economy wide
13 program and not one that will include for all intents and
14 purposes in California essentially the electricity sector
15 in the beginning exclusion of the transportation sector,
16 for example, from the initial cap and trade program makes
17 it difficult to see how well those benefits would actually
18 work with a truncated program. There are also key market
19 structure mitigations that needs to be taken into account.

20 CHAIRPERSON NICHOLS: I feel like the voice of
21 doom. Your time is up.

22 Thank you. David Wright followed by Ron Davis.

23 MR. WRIGHT. Thank you. My name is Dave Wright.
24 I'm the General Manager of Riverside Public Utilities and
25 the President of the Southern California Public Power

1 Authority, also known as SCCPA. SCCPA is composed of 12
2 public power agencies from the size of LA DWP to Banning
3 to coastal areas to the Imperial Valley and the hot desert
4 regions. We serve six million people where they live and
5 work. And we have a diverse generation mix, as you can
6 imagine.

7 Public power agencies have been some of the most
8 aggressive in renewable energy and energy efficiency
9 programs. In fact, in Riverside, we'll have gone from no
10 renewable energy in 2000 to 50 percent renewable energy
11 within five years. So making great strides. And we'll
12 probably have one of the highest renewable energy
13 portfolios in the state, except for those that had legacy
14 hydro. We also have a one in two participation rate for
15 energy efficiency programs. So every other customer has
16 participated.

17 Our resources mix is diverse, but there is a lot
18 of coal in our resource mix. And we'll be the first to
19 bring that forward and propose that.

20 We play by the rules. When we got that coal in
21 the 70s, you couldn't put in any natural gas. No nuclear.
22 We don't have hydro in southern California. We built that
23 coal, but we are very aggressive and hired a number of
24 consultants to assist us with those plants to reduce our
25 emissions to look at sequestering greenhouse gases and

1 look at how to make those the cleanest plants while
2 they're still operating and then eventually commit to
3 moving away from that.

4 We do have some concerns with the potential cap
5 and trade that might be put in place. And in fact we
6 would like to request that some regulatory safeguards be
7 included as this is further developed. We do not -- we're
8 concerned about the rate impacts because of potential
9 health transfers or market manipulation and have passed
10 out what we would like to request be added as an
11 individual item to the executive summary, which would
12 essentially in these tough economic times site the Board's
13 support of not having unexpected impacts to rates.

14 CHAIRPERSON NICHOLS: We'll take a look at that
15 language, but your time is up.

16 MR. WRIGHT: Thank you?

17 CHAIRPERSON NICHOLS: Thank you.

18 Mr. Davis and then Ms. Currie and then
19 Ms. Johnson Korral.

20 MR. DAVIS: Good afternoon, Madam Chair, members
21 of the Board.

22 My name is Ron Davis. I'm general manager of
23 Burbank Water and Power. And I will try to not duplicate
24 comments and get out of your way as soon as possible.

25 Like my colleagues that you will hear today, the

1 city of Burbank is already under a 33 percent mandate for
2 renewable portfolio. We are well on our way to meeting
3 that. We know we have a lot of heavy lifting to do, and
4 that means our rate payers do. We understand it. We
5 accept it. We encourage it. We support all the good hard
6 work you've done. We want to tell you we think you have
7 it right.

8 We very much would like you to look at one thing
9 our city added when we adopted our sustainable goals, and
10 that was ensuring as we reach sustainability, we could
11 afford to live here, or the maximum diverse population can
12 afford to live here when we got done.

13 There are certain things associated with cap and
14 trade that cause could an awful lot of money to change
15 hands that will not reduce carbon. We understand a lot of
16 good folks have good ideas what they want to do with that
17 money. But those of us who have to do heavy lifting and
18 we except it. We know we're going to have 30 percent rate
19 increases. We can't afford more to help other people
20 more, no matter how well intended project. Please give
21 some thought to affordability and sustainability. Thank
22 you.

23 CHAIRPERSON NICHOLS: Thank you. I think we will
24 be giving a lot more attention to those issues as we move
25 forward.

1 Ms. Currie, welcome.

2 MS. CURRIE: Thank you. Phyllis Currie, General
3 Manager, Pasadena Water and Power, also a member SCCPA.

4 And I'm going echo some of the comments you
5 heard. I think the thing we want to convey to you is we
6 do think the Scoping Plan is a good document. That you've
7 done a lot. We've recognized that you listen to us on a
8 lot of our issues. We are very pleased with that.

9 We are still concerned about cap and trade.
10 We're glad you are going to take time to really look at it
11 in depth. Our concern again will be the issue of wealth
12 transfers and what happens to the funds at the end of the
13 day.

14 As my colleagues are indicating, we are heavy in
15 coal because of the legacy issues. We are working on
16 that. We are committed to energy efficiency and
17 renewables.

18 As you move through that, remember that the
19 people who will have to pay for these emissions allowances
20 and the cap and trade costs will be our customers. They
21 are citizens. They are also looking at the other economic
22 issues facing our community.

23 So we ask that you keep that in mind. We would
24 rather put our money towards the investments that move us
25 towards AB 32 goals rather than having our money go to

1 others that don't have the same emission issues we have.

2 Thank you.

3 CHAIRPERSON NICHOLS: Thank you.

4 Ms. Johnson Korral.

5 MS. JOHNSON KORRAL: Good afternoon. Leilani
6 Johnson Korral with Los Angeles Water and Power. I want
7 to thank you for all of your efforts in developing the
8 proposed Scoping Plan. I want to express our support of
9 your efforts to develop a comprehensive approach to
10 developing a plan that is equitable and fair and is on the
11 way to achieve the 2020 goals and sets us on a path to
12 2050.

13 When I say that, I indicate that LA DWP is fully
14 engaged and committed today. We are not waiting until
15 2012. We have a five billion dollar investment commitment
16 right now to renewables over the next five years. And
17 that is not a small task on our end.

18 We are undergoing a transformation. We are
19 certainly not in the business as usual mode.

20 Not only do we endorse the energy efficiency and
21 renewable measures, we believe they are the cornerstone of
22 AB 32 compliance for the electricity sector. And as that,
23 we look forwards to working with you to develop the
24 metrics to measure the tonnage reduced and avoided by
25 those measures and also the enforcement mechanisms for the

1 electricity sector.

2 We support the Governor's 33 percent RPS goals
3 including the one stop permitting which we think is really
4 important for the renewable goals to be met.

5 With that said, cap and trade design should
6 compliment those measures and the commitments that we've
7 had. We indicate cap and invest is our motto in our
8 business model, and we want to continue with those
9 investments in renewables and energy efficiency. We ask
10 that CARB work to ensure that the policies you adopt do
11 not syphon the money away, helping us to accomplish our
12 goals. And David Nahai, our CEO and general manager, has
13 tremendous respect for Madam Chair Nichols and the Board.
14 We look forward to the next steps. Thank you

15 CHAIRPERSON NICHOLS: Thank you very much.

16 Scott Raymond, Elizabeth Hadley, Krystal
17 Muhlencamp, and Bill Sproull will be next after that.

18 Start with Scott Raymond from Fine Light. Are
19 you here?

20 Elizabeth Hadley and then Krystal Muhlencamp and
21 then Bill Sproull.

22 MS. HADLEY: Good afternoon. My name is
23 Elizabeth Hadley. I'm here on behalf of the city of
24 Redding Electric Utility, REU.

25 As a medium-sized city with an electric load

1 based primarily on residential air conditioning use, we
2 believe Redding offers a unique perspective on the effect
3 that the proposed Scoping Plan will have on the whole
4 community, the city services, and the municipal utilities
5 like REU.

6 First and foremost, REU believes any fees
7 collected for the citizens of Redding from greenhouse gas
8 reductions from an auction or public goods charge must be
9 kept within the local community and managed by the local
10 governing authorities in order to achieve the maximum
11 amount of localized emissions reductions.

12 Second, although the plan acknowledges there will
13 be an impact to utilities from electrification from the
14 transportation sector, the potential load growth from
15 plug-in vehicles could be tremendous, even during the off
16 peak hours.

17 Without giving proper credit to the electricity
18 sector for the resulting increase in electrical demands,
19 utilities could be forced to discourage plug-in vehicle
20 charging to avoid greenhouse gas penalties.

21 Third, REU does not support the immediate
22 implementation of a cap and trade program due to the
23 potential unknown consequences of being out of sync with
24 adjacent states. While we are supportive of the AB 32
25 goals, REU believes a cap and trade program should be

1 postponed at least one compliance period or three to five
2 years.

3 During this delay, utilities would be able to
4 focus their investments on the additional infrastructure
5 necessary to meet the renewable and energy efficiency
6 standards. This would ensure all WCI states are ready to
7 participate in a truly regional market. Transportation
8 fuels could be incorporated into the cap at the onset or
9 perhaps a federal program would be enacted.

10 Finally, REU encourages CARB to leave enough
11 flexibility in the regulation it develops to promote
12 growth and the expansion of new resources that aid in
13 greenhouse gas reductions.

14 Thank you for the opportunity to comment today.
15 REU along with the city of Redding is submitting written
16 comments as well.

17 CHAIRPERSON NICHOLS: Okay. Thank you.

18 Bill Sproull.

19 MR. SPROULL: Thank you, Madam Chair and Board
20 members. I'm Bill Sproull, Senior Vice President of Clear
21 Edge Power and also a member of E2.

22 I'm here today in support of the Scoping Plan as
23 a framework that includes recognition in it for new
24 technologies that have a significant impact on emissions
25 reductions like fuel cells and NCHP.

1 Clear Edge Power is a company that is about five
2 years old that is currently introducing a fuel cell
3 combined heat and power system that's designed for
4 residential, multi-family, and small business type
5 applications.

6 The high efficiency of these distributed fuel
7 cells will cut CO2 emissions in addition to reducing the
8 consumption of fossil fuels by up to 40 percent. 5K
9 system as an example will reduce over a period of a year
10 about 12 tons of emissions per system. Interestingly,
11 that correlates for a family of three to the targeted per
12 capita emission reduction that you're looking at in the
13 Scoping Plan. So one system would have the impact that
14 you're targeting for a family of three.

15 We're pleased to be building the business in
16 California. We are going to be shipping product next
17 year. And the environment that things like the Scoping
18 Plan and the work that the ARB and other agencies are
19 doing in California to create a good environment for clean
20 tech businesses to develop the technology and bring it to
21 market is to be complimented. And we're excited to really
22 build the business. Thank you.

23 CHAIRPERSON NICHOLS: Thank you.

24 Marybelle Nzegwe and Sofia Sarabia, two of the
25 Fresno group representatives I was told were still here.

1 I'll move on and maybe we can pick them up later.

2 Ronald Davis I think we've already heard from.

3 Diane Takvorian, Linda Gilgun, Gary Schoonyan.

4 MS. GILGUN: Good afternoon.

5 There is a better way to ensure that local
6 government --

7 CHAIRPERSON NICHOLS: Could you give your name
8 please, so we know who you are?

9 MS. GILGUN: My Linda Gilgun. I'm a community
10 leader with Environmental Health Coalition. My home is in
11 Chula Vista. My experience as a member of the Chula Vista
12 Climate Change Working Group has shown me that even when
13 local government is inclined to take significant action to
14 reduce carbon emissions, pressure from interest groups can
15 overwhelm even the best intentions of the local
16 government.

17 I'm recommending making emission reductions
18 mandatory based on my experience of attempting to ensure
19 carbon reductions in Chula Vista. The city actually
20 convened the working group to make recommendations to
21 update Chula Vista's carbon reduction plan, because the
22 plan was largely voluntary and failing to meet established
23 reduction goals.

24 Several of us community residents were involved
25 in a long ongoing process of deliberating, compromising,

1 and developing very significant recommendations for our
2 city council. All of our recommendations for climate
3 change have been successfully implemented in other cities.

4 Unfortunately, in the end, the Chula Vista City
5 Council backed off from their original interest in
6 reducing carbon emissions due to significant opposition
7 from powerful lobbying groups including developers and
8 business organizations. Our recommendation became
9 suggestions rather than requirements which weakened their
10 potential positive environmental impact.

11 I strongly recommend the Air Resources Board
12 require local governments to adopt a mandatory reduction
13 goal of 15 percent from current levels by 2020 which
14 include municipal emissions and community emissions which
15 is in line with the state commitment.

16 In order for the state to meet its goal, each
17 local government will have to do its part. A mandate from
18 you could empower local governments to enact policies and
19 set up incentives and penalties to meet that mandate.
20 Simply changing a word from "encourage" to "require" would
21 make a substantial difference.

22 CHAIRPERSON NICHOLS: Thank you. Appreciate your
23 testimony.

24 Gary Schoonyan.

25 MR. SCHOONYAN: Thank you, Madam Chair. I'm Gary

1 Schoonyan with the Southern California Edison Company.

2 Before I begin, I would like to give my
3 appreciation for the hard and productive work of the staff
4 of the ARB as well as the Utilities Commission.

5 We support sound policies that implement the
6 draft plan and its suggestion of several additional
7 considerations. Many of our comments focus on urging the
8 Board to pursue least cost options. Unless California can
9 deliver emission reductions at the lowest possible cost,
10 we will be less able to lead others in implementing the
11 plan during these adverse economic times.

12 Regarding offsets, SCE fully supports the
13 proposal to allow up to 49 percent without geographic
14 restriction. We do, however, suggest that the use of
15 validated and sustainable offsets should also be allowed
16 to support other elements of the plan.

17 SCE further believes that electrification across
18 the sector is a key option. And we ask the Board to direct
19 staff to develop rules which will recognize the
20 consequences of fuel switching and develop methods to make
21 the electric sector whole for the increased emissions
22 incurred.

23 SCE also is fully supportive of efficient
24 combined heat and power systems. However, we are
25 concerned that the planned proposal to increase the

1 capacity of these systems to 4,000 megawatts without
2 adopting operational and efficiency standards will result
3 in inefficient applications and result in less reductions
4 than expected.

5 Regarding renewables, we recommend that the CARB
6 and working with other agencies fully evaluate and embrace
7 policies that address the significant infrastructure,
8 cost, and integration challenges that need to be overcome
9 to achieve a sound 33 percent policy.

10 Finally, SCE fully agrees with the proposed plan
11 that a cap and trade program must be broadly based. As
12 such, we recommend that the CARB pause the initiation of a
13 California-only program to allow for the development of a
14 WCI regional program or, better yet, a federal cap and
15 trade program. Thank you.

16 CHAIRPERSON NICHOLS: Thank you.

17 We have two people whose names I called earlier,
18 so come on.

19 MS. SARABIA: Sofia Sarabia from the Center on
20 Race, Poverty, and the Environment. I was outside when my
21 name was called.

22 We will have a detailed comment letter that we'll
23 be submitting. But I wanted to highlight one of the
24 points that will be in that letter. And that is the low
25 carbon fuel standard in the Scoping Plan which we believe

1 will have unintended consequences, especially for
2 environmental justice communities.

3 And the consideration of corn-based ethanol will
4 have an impact on low income communities of color like the
5 communities for the residents that you saw earlier this
6 afternoon, Wasco, Hanford, Madera, where these facilities
7 have been located and are being sited to be located.

8 And the Scoping Plan is relying on local
9 permitting processes to mitigate the potential impacts in
10 these communities. And that's not going to work. And the
11 reason is that the local land agencies have a lack of
12 guidance from this Board. And the Board should provide
13 minimum thresholds of significance and guidance on how
14 local land use agencies can mitigate and avoid greenhouse
15 gas emissions from these projects from individual projects
16 in these local communities.

17 And the last point I'm going to make is that the
18 Board should make the voluntary greenhouse gas reduction
19 goal of 15 percent by the local government a mandatory
20 requirement instead of a voluntary requirement to ensure
21 that these communities are receiving the benefits of this
22 Scoping Plan.

23 Thank you

24 CHAIRPERSON NICHOLS: Thank you.

25 MS. NZEGWU: Good afternoon. My name is

1 Marybelle Nzegwu, and I'm a staff attorney at the Center
2 on Race, Poverty and the Environment in San Francisco.

3 I would like to focus my comments today on the
4 impacts that the Scoping Plan will have on environmental
5 justice.

6 Throughout the structure of AB 32, there are many
7 references to environment justice. And the Legislature
8 directed this Board to consider impacts on environmental
9 justice communities. However, the Scoping Plan states
10 that this Board will only do that analysis at the later
11 regulatory stage, and we believe that's inappropriate.

12 This Board is required by AB 32 to design its
13 plan in order to avoid impacts on environmental justice
14 communities and also to design this plan to maximize
15 co-benefits. The requirement to maximize co-benefits is
16 found in three different sections of AB 32, in the
17 directives Section 38501(h), in the regulatory section at
18 38562(b)1, and in the requirements for market-based
19 compliance mechanisms.

20 This Board should consider environmental justices
21 impacts in the plan, because what is happening now is
22 business as usual. And the adverse impacts on these
23 communities are occurring today. And if business as
24 usual -- if we just continue with business as usual, the
25 impacts on these communities will be exacerbated.

1 And I have just two additional points.

2 CHAIRPERSON NICHOLS: Sum up very quickly,
3 because your time is up.

4 MS. NZEGWU: I'll just -- ARB must identify
5 measures to provide air quality and health co-benefits in
6 highly polluting sectors for which there are few specific
7 regulations, such as the petroleum refining industry and
8 agriculture.

9 And additionally instead of relying on trading,
10 ARB should work with the air districts to develop
11 emissions reduction measures targeting individual major
12 sources to provide certainty about where emissions
13 reductions will occur. And thus ensure that environmental
14 justice communities will get an equitable share of the
15 co-benefits of reducing greenhouse gas emission.

16 Thank you.

17 CHAIRPERSON NICHOLS: Thank you for your
18 testimony.

19 Before we proceed, I just want to do a check. We
20 are now according to my list at number 50 perhaps of 71.
21 And I'm assuming that this is not the last list that I'm
22 getting.

23 BOARD CLERK VEJAR: You have about 225.

24 CHAIRPERSON NICHOLS: So I have a lot more names
25 that are going to be coming do me.

1 EXECUTIVE OFFICER GOLDSTENE: Yes.

2 CHAIRPERSON NICHOLS: So if every one of you
3 really feels like you need to speak individually, we will
4 sit here and listen to you today or tomorrow. But if
5 anybody feels like you can combine your comments and still
6 get your points across or if your point has been made by
7 somebody else, I would encourage you to think about what
8 you're facing here. Okay. This is a voluntary request at
9 the moment.

10 MS. TAKVORIAN: I will try to be brief. My name
11 is Diane Takvorian, and I'm the director of the
12 Environmental Health Coalition in San Diego. I was also a
13 member of the Environmental Justices Advisory Committee.

14 Let me say first to thank all the staff and your
15 Board and particularly the public who has worked so hard
16 incredibly hard to bring this scoping plan on behalf of
17 our communities here.

18 And while the Scoping Plan is a good first start,
19 we really believe there is a better way to reverse climate
20 change and to end the overwhelming toxic pollution in our
21 communities. We must have the public health benefit that
22 Dr. Telles talked about that. That has to be a guarantee
23 in this plan. We must ensure economic vitality and
24 particularly amongst the small businesses and in our local
25 communities. We want to offer you a few concrete

1 suggestions.

2 First, we need to eliminate the cap and trade
3 provision. There's some here who believe that's not on
4 the table. I believe that your Board is listening to all
5 of us and that you will seriously consider that.

6 Secondly, we feel that we need to require local
7 governments to adopt a mandatory reduction goal, a
8 mandatory reduction goal of 15 percent just like the state
9 requirement for the mandatory 15 percent reduction. We
10 must have the local control in our communities in order
11 for environmental justice communities to benefit from this
12 Scoping Plan and from this entire plan. We can't just
13 have a statewide goal. That won't get us the benefits
14 that we need in our communities.

15 As some have said, we need small businesses in
16 our communities and workers in our communities to benefit
17 from the incentives that are going to come down. They
18 can't be across the state. We need to have handles at the
19 local level. And that's the way you can give them to us.

20 We want you to require a mandatory goal of energy
21 net zero structures by 2020 for residents and 2030 for
22 commercial and industrial sector. These are very
23 specific. You're part of the way there. We're just
24 asking you to go the rest of the way there in the Scoping
25 Plan.

1 Require the mandatory annual report cards. Very
2 important for transparency and for communities to help you
3 hold everybody accountable to this lofty goal.

4 And we support the 33 percent RPS for local
5 renewables and not for new transmission. Let's do the
6 local renewables in basin first and see how far we can get
7 and then we can go to transmissions if we need them.

8 CHAIRPERSON NICHOLS: You're out of time.

9 MS. TAKVORIAN: And to phase out aging power
10 plants. We are all facing peaker plants proposals in our
11 communities. And you can go a long ways to help us
12 prevent that. So very specific. Thank you so much for
13 your time.

14 CHAIRPERSON NICHOLS: Thank you.

15 Okay. Polly Shaw, Scott Tomashefsky, David
16 Brodwin, Faramars Nababi.

17 MS. SHAW: Good afternoon. I'm Polly Shaw,
18 Director of External Relations for SUNTECH. And we are
19 one of the largest solar manufacturers in the world. We
20 provide solar solutions in the residential, commercial and
21 utility scale space.

22 We opened our second largest office in the world
23 in San Francisco, because of California and San
24 Francisco's long term and robust commitments in policy to
25 climate and solar. You may know us from the Google,

1 Disney, and other installations. We support the adoption
2 of the Scoping Plan with some improvements.

3 I would like to briefly touch upon two.
4 Accounting for a voluntary renewables and limiting
5 offsets.

6 First, you may have seen the October 2008 report
7 from the National Renewable Energy Lab that demands for
8 new voluntary renewables is now greater than demand for
9 renewables under RPS.

10 Customers want to do their part on climate. The
11 state must ensure this vibrant market contributes to real
12 reductions under the cap. Please retire the emissions
13 value associated with these installations.

14 We ask that California's policy makers limit
15 compliance offsets that diminish the demand and the
16 greenhouse gas mitigation rewards from energy efficiency
17 and renewable energy.

18 There has been much discussion today and in the
19 last few weeks of the voluntary forestry offsets. I'm
20 struggling to find clarity in the plan to compare the
21 dynamic voluntary renewables market. And our concern is
22 if the renewable energy contribution is not made clear in
23 the plan through some clarity in terms of retirement or
24 allowance or corollary decisions on offsets that this very
25 vibrant dynamic market could disappear by 2012. And

1 surely that was not the intent of AB 32.

2 So therefore we are a signatory with 24 other
3 clean energy leaders to two letters that are being
4 provided about the voluntary renewables and offsets.

5 And last I want to thank you all very, very much
6 for your hard work. It's an excellent Scoping Plan. Keep
7 up the great work.

8 CHAIRPERSON NICHOLS: Mr. Tomashefsky, David
9 Brodwin, Mr. Nababi, Ms. Birmingham.

10 MR. TOMASHEFSKY: Thank you, Madam Chair, Board
11 members.

12 Thank you for the two minutes as well. My goal
13 here for the last six-and-a-half hours you've been hearing
14 about various positions and things, I want to step back
15 for a minute and offer some suggestions on process for
16 moving forward.

17 Given that we have spent now about two years
18 dealing with lots and lots of discussions, numerous
19 stakeholder discussions, very good coordinations. But at
20 this point, now we have something's probably more
21 difficult to deal with, how do you actually implement
22 these regulations.

23 And in going forward, what that's going to entail
24 is a much more intense, if you can imagine, exchange of
25 ideas, concepts, and really people rolling up sleeves and

1 just basically coming up with decisions we need to come up
2 with. So from that standpoint, you basically have
3 about -- the way I figure about nine to twelve months to
4 figure that all out and you've got about nine to twelve
5 months to deal with the regulations and implementation if
6 you want to get there by 2011. So my suggestion on that
7 is a couple.

8 First of all, just focus on one topic at a time
9 and really get people to come to the table and bring forth
10 ideas. Come to the full debate. Get resolution on that
11 and move on. Because if you don't do that, you're not
12 going to be able to resolve those various issues.

13 From the standpoint of the key issues to address,
14 I look at it in about six ways. You want to determine
15 what the stakeholders needs to do. Tell us what you want
16 us to do is still an outstanding issues in terms of you've
17 got inventory. You're coming up with calculations. It's
18 not clear as to what you want specific sectors to do in
19 the cap and trade program. We know what you want us to do
20 with respect to regulations. We need to see how it fits
21 together.

22 When you get past that, then focus on offsets.
23 Try to determine how you're going to work with the policy
24 options on offsets. How this is all going to fit
25 together. Because then you're going to need to look at

1 things like how renewable energy certificates are going to
2 be addressed. I know that's being addressed at the
3 Western Climate Initiative. But there is some debate
4 there as well.

5 And you have auctions. And then you get to the
6 most controversial in terms of allowance distribution. If
7 you go in that step meal approach, you should have enough
8 guidance at least to soften some of the discussion when
9 you get to the point of allowance distribution. If you
10 don't deal with market design at auctions before you get
11 to that point, you're going to come back to an argument to
12 re-visit it. And we don't want to see that happen.

13 When you have two years to implement AB 32, we
14 want to make sure this is done in the most practical way.
15 I think most people in this room are very supportive of
16 the goals and objectives of the Scoping Plan. Certainly
17 nothing is perfect in terms of what's in there and we can
18 debate that for a long time as you've heard today. But we
19 definitely want to be part of that process. And certainly
20 from a Northern California Power perspective, we are
21 clearly committed to being at the table with you on this
22 process. Thank you.

23 CHAIRPERSON NICHOLS: Thank you.

24 Next, Mr. Brodwin.

25 MR. BRODWIN: Yeah. My name is David Brodwin.

1 I'm with New Voice of Business. And formerly I was a
2 partner with Accenture, which is a global management
3 consulting firm.

4 I've looked at hundreds of business cases, and I
5 think I know something about cost structure.

6 I want to address my comments here to those who
7 claim that California business cannot afford to act,
8 because the opposite is true. In fact, we need to act and
9 we need the stimulus that this can provide.

10 The people who claim the Scoping Plan will lead
11 to a rise in energy costs are hiding from themselves and
12 from the rest of us large parts of the total costs that
13 are involved. What we think we pay for energy is only a
14 small fraction of what we actually pay for energy. And we
15 must understand the difference between the two in order to
16 make the right decision today. Because while there truly
17 are some direct and obvious costs to business that will go
18 up, the total costs of energy will go down. And as a
19 business person, I believe that we need to care about the
20 total costs when we look at this situation and what to do.

21 For example, with gasoline, we know that gasoline
22 really costs us all in somewhere between 10 and \$20 a
23 gallon and what we pay at the pump is small fraction of
24 the total. The rest of it goes for excess military costs
25 and other things.

1 AB 32 may raise the small fraction of gasoline
2 costs that we pay at the pump, but it will actually lower
3 our total cost per mile driven in California. This will
4 happen because we useless gas as cars become more
5 efficient and these other hidden costs become less impact
6 on us as we wean ourselves from these fuels.

7 The same is true of all the other energy costs,
8 electricity and natural gas, that drive our economy.

9 So this is the situation. The cost of energy is
10 like the proverbial iceberg. A portion of the costs are
11 the ones above the surface, the ones we can see easily.
12 And, yes, some of these costs will go up. In fact, they
13 need to go up. But businesses that don't understand their
14 total cost don't survive in business for very long. As we
15 go forward with implementing AB 32, we need to look at the
16 total economic impact both on individual businesses and on
17 the state as a whole --

18 CHAIRPERSON NICHOLS: Your time is up.

19 MR. BRODWIN: Thank you.

20 CHAIRPERSON NICHOLS: Mr. Nababi, are you here?

21 Sara Birmingham, you're here.

22 I'm not going to take anybody now if they don't
23 show up when I call their names. You can all keep track
24 of this list.

25 Sara Birmingham followed by Barry Vesser, Rafael

1 Aguilera, and Ana Orozco.

2 MS. BIRMINGHAM: Thank you. Good afternoon. My
3 name is Sara Birmingham with the Solar Alliance.

4 Solar Alliance is an association of solar
5 photovoltaic manufacturers, installers, integraters, and
6 financiers dedicated to accelerating the development of
7 solar power in the United States. Our members all have a
8 strong commitment to assisting in the adoption and
9 implementation of sound state-based policies and programs
10 that will accelerate towards a low carbon economy.

11 I would like to applaud CARB for this important
12 task we have undertaken. You're taking a national
13 leadership role, and we appreciate the hard work you have
14 done.

15 The transition to a low carbon economy is
16 essential to maintaining the economic well-being, public
17 health, natural resources, and environment in California.

18 A critical element in that transition is
19 maintaining and stimulating the development and use of
20 zero carbon low energy technologies such as solar. We
21 believe that if properly designed, a cap and trade regime
22 in California should spur further solar development in the
23 state, fully allowing solar to be part of this climate
24 change solution.

25 Solar energy also stimulates the local economy by

1 creating new jobs throughout the communities of
2 California.

3 However, the Scoping Plan currently appears to
4 eliminate the ability of customers to reduce greenhouse
5 gas emissions through the voluntary purchase of renewable
6 power, such as solar systems they install in their homes
7 or businesses or the purchase of renewable energy credits.

8 We feel strongly that potential emission
9 reduction measures under AB 32 should seek to increase,
10 not hinder, citizen participation in a clean energy
11 futures. And therefore we recommend that voluntary
12 emission reductions resulting from new generation should
13 be treated as emission reductions within the capped
14 electric sector by retiring carbon allowances on behalf of
15 the renewable power produced in the region. This will
16 ensure that system owners are assured their investment in
17 renewable generation will result in real emissions
18 reductions.

19 CHAIRPERSON NICHOLS: Thank you. Your time is
20 up.

21 And you know if anybody else is here who wants to
22 comment on the need for further recognition of voluntary
23 renewable energy projects, I think your point has now been
24 made about five times. We have all heard you. So you
25 don't need to say it again, unless you just absolutely are

1 dying to do so. We got the message. We're taking notes.
2 And it will be reflected in some fashion or another.
3 Either we'll end up doing what you want or we won't.

4 But we've heard you. And I don't want to commit
5 to what the resolution is going to be. But I think we
6 have the message. I see a lot of heads nodding.

7 Please be aware you're not talking to a wall.
8 You're talking to actual human beings and really doing our
9 best to listen and listen to each other. If somebody else
10 has said what you're going to say, don't feel like you
11 have to say it again. Thank you.

12 Barry Vesser.

13 MR. VESSER: Thank you, Chair Nichols and the
14 Board. My name is Barry Vesser with the Climate
15 Protection Campaign.

16 And first of all, I want to salute you all for
17 taking on this monumental undertaking with such
18 professionalism and your staff.

19 The Climate Protection Campaign works with local
20 government and business. We just released a plan
21 supported by all nine cities and the county government of
22 Sonoma, our community climate action plan, to reduce our
23 emissions 25 percent below 1990 levels by 2015. And I
24 want to say that plan includes funding mechanisms for all
25 41 solutions. So local government does have a very

1 important role to pay here.

2 We have submitted detailed comments on the
3 Scoping Plan to your staff, so I'm going to highlight a
4 few things. We have also submitted a petition and letters
5 of 333 people that support the following policy
6 recommendations.

7 The state should auction 100 percent of permits
8 under the cap as soon as possible. Upstream polluters
9 should pay for their emissions, not be given free permits
10 which will prolong the transition to a clean energy
11 economy.

12 Second, and perhaps most important point I would
13 like to make, is the Scoping Plan should specify that
14 auction revenues will be used to provide a dividend to
15 compensate consumers. Given the state of the economy,
16 helping consumers deal with rising fuel and energy costs
17 is an absolutely imperative use of these auction revenues.
18 We need to ensure that the increase in energy prices that
19 an effective cap will surely bring do not
20 disproportionately effect low and moderate income people.
21 Otherwise, this plan and the law itself implementation
22 will be jeopardized politically.

23 Finally, we support the use of carbon fees.
24 These fees can be used to funds clean energy technologies,
25 green jobs, public transit, and energy efficiency programs

1 and much more.

2 CHAIRPERSON NICHOLS: Thank you that was two
3 minutes.

4 MR. VESSER: Thank you.

5 CHAIRPERSON NICHOLS: All right. Rafael Aguilera
6 followed by Dr. Michael Dorsey and Bernadette Del Ciaro.

7 MR. AGUILERA: Good afternoon. Rafael Aguilera,
8 consultant with the Verde Group here on behalf of the
9 Climate Protection Campaign.

10 I want to say when AB 32 was being debated in the
11 Capitol, economic impacts are one of the most important
12 considerations. That's why AB 32 has some of the
13 directives that it has to make sure ARB adequately
14 addresses this while we're moving toward a clean air
15 economy.

16 Along with stringent regulations on power plants,
17 oil refineries, and industrial polluters, making polluters
18 pay for their pollution is an essential strategy that has
19 the potential to accelerate our move towards clean energy.

20 However, regardless of how you put a price on
21 carbon, whether it's a fee or auction, nearly 100 percent
22 of those costs paid by polluters will be passed through to
23 consumers in the form of higher prices for gas, energy and
24 essential consumer goods tied to the fossil fuel economy.

25 I'm here today to suggest that we use as a tool

1 dividends also known as per capita rebates as one of the
2 mitigating strategies to address economic impacts formed
3 by low income communities and individuals on fixed
4 incomes.

5 The way this works is you set an aggressive cap
6 or a fee and do not allow offsets. You make the polluters
7 pay. And you return all or nearly all of the money back
8 to individuals on an equal basis.

9 What this does is two things. One, mitigates the
10 regressive impacts of the program. According to studies
11 by the Congressional Budget Office, University of
12 Massachusetts as well as environmental justice and climate
13 change initiative, dividends show great promise to offset
14 the dividends for low and middle income families and have
15 the ability to compensate everyone except the very rich.

16 The other thing it does is increases political
17 support over the long term because of a very unique
18 feature. One, as a cap is lowered, dividends rise. Two,
19 as the carbon price rises, dividends also rise. So you're
20 going to have a situation where people are looking in the
21 paper every day trying to figure out how low the carbon is
22 going and how much their dividend check will be on a
23 monthly basis. They'll be applauding as the hammer comes
24 down.

25 So what we're recommending is you do an analysis

1 on dividends in California context as they have none in
2 other states and hope you'll consider as a cornerstone and
3 complimentary mechanism.

4 CHAIRPERSON NICHOLS: Thank you. We appreciate
5 that. That is an issue we're going to be dealing with in
6 the context of looking at allocations and how to do
7 allocations and revenues. They're clearly interconnected
8 with each other I think.

9 MR. AGUILERA: I'll just make the point it's not
10 necessarily related to cap and trade and auctions. It's
11 definitely --

12 CHAIRPERSON NICHOLS: Could be free standing.

13 MR. AGUILERA: James Hanson, NASA climatologist
14 supports tax and dividends, which is also another way of
15 doing it.

16 CHAIRPERSON NICHOLS: It could be looked at in a
17 different light. I agree. Thank you. Okay.

18 Michael Dorsey, Bernadette Del Ciaro, going once.
19 Going twice.

20 Nicole Caprets from the Environmental Health
21 Coalition. Nicole?

22 Andrew Hoerner, Redefining Progress. Erin Lamar.
23 I'll just read you the rest of my list here so you know
24 what's coming.

25 After Andrew, Erin Lemar, Michael Beer, Tamujin

1 Harris, Michael Dorsey is down for a second time, adrian
2 Block, and Ulla Nielsen. The whole CBE contingent.

3 MR. HOERNER: Good morning. My name is Andrew
4 Hoerner. I'm Director of the Sustainable Economics
5 program at Redefining Progress.

6 I spend the last 16 years studying incentive
7 approaches to climate policy with emphasis on whole system
8 and economy modeling. I'm the person who first proposed
9 seriously to Fran Pavley that she take a little on the
10 mandatory inventory bill called AB 32 --

11 CHAIRPERSON NICHOLS: Could you speak up a little
12 bit? You're a soft spoken gentlemen.

13 MR. HOERNER: -- turn it into a comprehensive
14 cap.

15 Redefining Progress has a lot of things to say
16 about many aspects of the Scoping Plan, but I'm going to
17 do something I've never done before and limit my points to
18 one.

19 It's essential, essential that we implement the
20 polluter pays principle by adopting 100 percent auction of
21 any allowance from the first day and give not any period
22 of give-a-ways. And we'll submit written comments on some
23 other issues.

24 Why is 100 percent auction essential? If CARB
25 decides to give away even one percent of the allowances,

1 you need all the mechanisms for a give-away. You historic
2 base lines for every covered company. You need a huge
3 opaque politically manipulable process to allocate
4 allowances. You need an elaborate and fully detailed
5 system of allocation rules. Allowance give-a-ways are
6 immensely valuable at \$20 a ton of CO2. California
7 allowances are worth in excess of \$8 billion per year.

8 Because of this value, you need to prepare for a
9 huge amount of litigation and lobbying over the rules.
10 These costs are so great that companies that use the
11 broadcast spectrum are actually asked to be switched from
12 free allocation to an auction in order to reduce a
13 crushing burden of litigation costs and related
14 uncertainty. So you'll need to hire an army of lawyers
15 and interpret and defend your rules. And you need to
16 anticipate delay. Lots of delay.

17 CHAIRPERSON NICHOLS: Thank you. And two minutes
18 goes by really fast. I know. But we have heard from you.
19 We've seen some of your writing on this. So we understand
20 the point.

21 MR. HOERNER: I'll get one last sentence, which
22 is that, you know, any lobbyist who can't find some good
23 reason for his or her industry to have an exception should
24 turn in their Gucci's. And in the end, you know, people
25 will try to do what they do to the BPU tax. They'll load

1 it up with special gifts like a Christmas tree and then
2 kill it because it's too complicated. So like it's real
3 risk to have any auction at all.

4 CHAIRPERSON NICHOLS: What's happening here today
5 is good example what happens when you don't auction off
6 the right to speak, which is everybody tries to exceed
7 their time. We're not allowed to do that, because we are
8 a public agency. Go ahead.

9 MR. BEER: Chairperson Nichols and Board members,
10 my name is Michael Beer. I live in Richmond, California,
11 a hot spot for cancer tumors and childhood asthma and also
12 the home of a Chevron refinery.

13 I'm going to be speaking in favor of strong
14 regulation and enforcement and against relying on a cap
15 and trade method.

16 First, I'm opposed to voluntary anything. The
17 honor system doesn't work. The complete criminal justice
18 system is erected on that fact.

19 In Richmond, we have this Chevron refinery. And
20 recently we were trying to put a cap on the amount of
21 their pollutions, because as everyone knows, refineries
22 are moving toward greater use of a dirtier heavier crude.

23 We lost that fight, because the Chevron
24 essentially controls the city council. And so that's why
25 it's important for you to make regulations that surpass

1 those of the local entities to give them the power to do
2 what really needs to be done.

3 Also I should warn you that Chevron in the case
4 of recent ballot measure that we had to get a little bit
5 money more from them as a business tax lied to the
6 community. And they would probably not feel bad about
7 lying to you either.

8 And about the cap and trades in Europe, it seems
9 to be working in some places. But in other places, it
10 seems not to be working. So to me that's like saying that
11 the air circulation system of a submarine works most of
12 the time. I don't think you want to be in that submarine
13 when it doesn't.

14 And I would like to urge all the Board members to
15 act as if -- in looking at these issues to act as if your
16 name was on this bill AB 32 personally and this was going
17 to be your legacy for the state of California. Thank you.

18 CHAIRPERSON NICHOLS: Thank you.

19 Kari Decker from APX, followed by Brent Newell
20 and Patty Krebs.

21 MS. DECKER: Sorry about that. Kari Decker with
22 APX, Silicon Valley based company that specializes in
23 designing the underlying infrastructure used in renewable
24 energy and carbon markets.

25 We are just here to support our -- express our

1 strong support for the Scoping Plan and the great work
2 that CARB staff has done to date.

3 We believe the plan is very far reaching. It's
4 comprehensive. We support its multi-sectoral approach,
5 and we believe it's also balanced.

6 In addition, we believe it's good for businesses.
7 We're a Silicon Valley company. And we see this plan is
8 creating additional jobs and economic development.

9 Regarding offsets, we applaud CARB staff plan to
10 set strict standards and allow only the highest quality
11 offsets.

12 We urge CARB in the months ahead to quickly
13 identify which methodologies and protocols will be
14 acceptable so as to incent the earliest and greatest
15 reductions possible.

16 Finally, we believe the plan's recognition that
17 strict enforcement and compliance is absolutely critical.
18 Especially in these times of severe challenges in our
19 financial markets, compliance and oversight is more
20 important than ever before. We urge the most robust
21 tracking and oversight systems possible, including
22 extensive transparency and strict accounting standards.

23 Thank very much.

24 CHAIRPERSON NICHOLS: Thank you.

25 Brent Newell, Patty Krebs, Buddy Berk, Chris

1 Erikson, Elliot Hoffman.

2 MR. NEWELL: Good afternoon, Madam Chair, members
3 of the Board.

4 The sole point I'm going to make today in
5 addition to all the issues that we're going to rise in
6 written comments is that agricultural measures in the
7 Scoping Plan are currently volunteer. They should be
8 mandatory for at least large confined animal facilities
9 including dairies.

10 Just two months ago, the California Energy
11 Commission released a dairy greenhouse gas model where
12 they modeled the emissions from this source category. And
13 the results were 19 million metric tons of CO2 equivalent
14 emissions. It's a very large component of the state's
15 overall inventory. If you add that in and then readjust
16 the numbers, comes out to about five percent of the total
17 state's greenhouse gas inventory.

18 Allowing that to be on a voluntary basis really
19 ignores the ability to reduce massive amounts of methane
20 and nitrous oxide emissions that are extremely powerful
21 greenhouse gases.

22 So what I would suggest just orally here is that
23 the Scoping Plan should call for mandatory regulations,
24 not voluntary. For large confined animal facilities,
25 including dairies.

1 Feasible mitigation measures are already
2 available to capture these emissions from lagoons that
3 contain liquefied manure. And closed free stall barns
4 confine methane from burps and flatulence. Each cow in
5 California emits on average 400 pounds of methane per
6 year. Multiply by 23, that is a lot of greenhouse gas
7 emission. Enclosing a barn has tremendous greenhouse gas
8 benefits.

9 So I encourage the Board to not hear the siren
10 song that its often hears from agriculture in every
11 rulemaking that you get before you. Please don't carve
12 out an exemption for a very major component of this
13 state's greenhouse gas inventory. Thank you.

14 CHAIRPERSON NICHOLS: Thank you.

15 Patty Krebs, are you here?

16 Buddy Berk.

17 Chris Erikson.

18 Elliot Hoffman.

19 If not, we are through the first list.

20 We move on to the second list beginning with
21 CAPCOA, and then we've got five people from CAPCOA who
22 have signed up to speak. And I know they all will have
23 organized their time efficiently, because I know these
24 people. Starting with Barbara Lee.

25 MS. LEE: Good afternoon, Madam Chairwoman,

1 members of the Board. I'm Barbara Lee, the Air Pollution
2 Control Officer in northern Sonoma County and immediate
3 past president of CAPCOA.

4 I'm the first of several APCOs here on behalf of
5 the CAPCOA today. We have consolidated our testimony so
6 we will not take as long as we had planned.

7 We do appreciate the opportunity to speak and
8 have provided written comments with attachments.

9 Our comments, CAPCOA commends ARB staff for a
10 tremendous job on the Scoping Plan. We support the
11 proposal and stands in partnership with ARB to implement
12 and enforce it. Our comments focus on implementation and
13 enforcement.

14 California's air quality and public health
15 program is strong because it's tiered. ARB sets goals and
16 adopts statewide regulations for stationary sources.
17 Local districts implement and enforce them with hundreds
18 of experienced engineers, field enforcement, and technical
19 staff with ARB oversight. This is a strong foundation to
20 implement and enforce Scoping Plan requirements for
21 stationary sources. The overlap between the program is so
22 extensive they really can't be implemented in isolation.

23 Attachment B to our letter shows the current
24 regulatory structure for criteria pollutants. The first
25 column shows stationary source categories identified in

1 the Scoping Plan. As we move to the right, you see
2 criteria program elements. Are there existing district
3 permits for the sources, category districts in specifics
4 of the sources, emissions inventories, monitoring
5 recordkeeping and reporting. Will compliance with AB 32
6 require modifications to district permits.

7 It's a difficult slide, but the point is how many
8 boxes are checked. There's a lot of intersection. CAPCOA
9 recommends implementation through local permits and
10 programs where they overlap.

11 Skipping our last two slides, we recognize that
12 the Scoping Plan goes far beyond traditional local
13 programs. The most efficient and effective use of
14 resources will leverage existing programs to achieve the
15 Scoping Plan goals where those programs align.

16 We strongly recommend ARB and CAPCOA staff work
17 together in the near term to map out how implementation
18 and enforcement will be done, what resources will be
19 needed, and how they will be secured.

20 In closing, I want to address one particular
21 question we've heard. There are 35 local air districts
22 with staff roughly from one to 850. Whatever size, if
23 there are stationary sources that will be regulated under
24 the plan, there are district staff with expertise in
25 regulating, permitting, and inspecting these sources. Be

1 assured, all local air districts have the capacity to
2 implement and enforce Scoping Plan programs that will
3 effect the stationary sources in their areas.

4 Thank you very much for the opportunity to speak.

5 CHAIRPERSON NICHOLS: Thank you.

6 Let you go in order here.

7 MR. SADREDIN: Good afternoon. I'm Sayed
8 Sadredin. I'm the Executive Director and the Air
9 Pollution Control Officer for the San Joaquin Valley Air
10 Pollution Control District.

11 We have consolidated our comments, so let me just
12 say me, too, to the comments that Barbara Lee just made
13 regarding the role the air districts can play in
14 implementing the AB 32 requirements.

15 Just a couple of brief statements that unless we
16 amend the State and Federal Clean Air Act and the local
17 permitting regulations, there is really no legal way to
18 avoid the sources that are subject to the greenhouse gas
19 control measure requirements to also have to obtain
20 permits from local districts. And anything that these
21 sources do that requires a change at their facility will
22 also trigger a permit.

23 So in our opinion, relying on the existing
24 infrastructure provides for the most efficient, least
25 costly, and the most expeditious means to implement AB 32.

1 One additional topics that I wanted to bring up
2 on behalf of my colleagues and that is very important to
3 CAPCOA as well as the valley air district is the trade off
4 between public health and greenhouse gas control measures.
5 Of course, all of us will support measures that have
6 co-benefits, and there are very many of those in the
7 Scoping Plan. But there are several measures in this plan
8 that could lead to increases in criteria pollutants and
9 toxic emissions if they are not designed properly.

10 But the cap and trade program itself if it
11 doesn't have adequate safeguards could lead to loss of
12 co-benefits and detrimental impact to the public health.

13 So we ask that as you have in the past -- ARB has
14 a long and proud history of protecting public health. We
15 ask that when faced with those trade-off questions whether
16 it be in designing your control measures, the cap and
17 trade program, or the expenditure of various funds that
18 you put a high priority on public health and environmental
19 justices in designing those programs.

20 Thank you very much for your time.

21 CHAIRPERSON NICHOLS: Thank you.

22 MR. DRESSLER: My name is Terry Dressler. I'm the
23 Director and Air Pollution Control Officer of the Santa
24 Barbara County Air Pollution Control District, also the
25 president of the California Air Pollution Control Officers

1 Association.

2 The Air Pollution Control Districts, as you have
3 heard from Barbara and Sayed, are uniquely positioned to
4 play a role in the implementation of many aspects of this
5 Scoping Plan.

6 We have submitted a comprehensive and detailed
7 letter, the major points of which I will not go into in
8 two minutes. I would like to focus my remarks on what we
9 believe to be important actions that your Board could take
10 either today or in December when you decide to form your
11 resolutions.

12 We recommend that your Board specifically direct
13 staff to ensure that all greenhouse gas rules for sources
14 that are currently under the jurisdictions of local air
15 pollution control district's permitting and compliance
16 programs enable the implementation and enforcement of the
17 rules by local districts. This would maximize
18 administrative efficiency and take advantage of currently
19 available expertise and resources.

20 We also further recommend that ARB propose in
21 each rule a mechanism for cost recovery where local air
22 districts would collect sufficient revenues to fund our
23 implementation efforts and acknowledge that local air
24 districts are among the organization that quantify
25 greenhouse gas emission reductions and issue greenhouse

1 gas emission credits.

2 We also think that the ARB should devote adequate
3 resources and work with CAPCOA in the development and
4 approval of additional quantification protocols.

5 Finally, we urge your Board to direct the staff
6 to work with CAPCOA to develop a work plan for air
7 district participation in the implementation of the
8 Scoping Plan and bring this work plan back to your Board
9 in the spring of 2009. We believe that air districts can
10 provide administrative efficiency and cost effectiveness
11 to the implementation of the plan.

12 Finally, we urge the Board to have ARB staff work
13 with CAPCOA in the development of the work plan.

14 Thank you very much. I'm available for any
15 questions.

16 MR. BROADBENT: Madam Chair, members of the
17 Board. My name is Jack Broadbent. I'm the Executive
18 Officer for the Bay Area Air Quality Management District.

19 In the interest of time, I will keep my remarks
20 very brief.

21 On behalf of the Bay Area Air Quality Management
22 District, I guess the best thing for me to say is me, too,
23 in terms of the points have been made by representatives
24 of CAPCOA and the three districts that proceeded me.

25 Essentially, we are in support of the

1 establishment of an implementation plan. We think that
2 makes a lot of sense in order to be able to work together
3 where we can enjoy the efficiencies of our programs that
4 we have at the district and frankly implement AB 32 in the
5 most cost effective way.

6 There are a variety of programs we have at the
7 district as you are all aware, and as Ms. Lee indicated,
8 so did Mr. Dressler. I want to mention there are also
9 grant programs. The fact we are a CEQA lead locally as
10 well as the collection of emissions inventory data, all of
11 which we think makes a lot of sense to be able to work in
12 coordination with the CARB staff as part of an
13 implementation plan for AB 32.

14 With that, I will conclude my remarks. And I
15 appreciate the opportunity to comment today. Thank you.

16 MR. GREENE: I'm Larry Greene, the Director and
17 Air Pollution Control Officer in Sacramento.

18 Want to commend the Air Resources Board Chairman
19 and the Board for this great document. We appreciate the
20 work that's been done. And being the closest district
21 here, sometimes we spend quite a lot of time with ARB
22 staff. And we know how much effort has gone into this
23 particular document.

24 We support the comments from CAPCOA, and we look
25 forward to working very hard in our district with staff in

1 executing this plan and reducing greenhouse gas emissions
2 in California.

3 MR. ABBS: Good afternoon. My name is Alan Abbs,
4 the Air Pollution Control Officer for the Tehama County
5 Air Pollution Control District.

6 We're one of the little guys that Barbara talked
7 about earlier. We have a staff of five and cover 3,000
8 square miles. We regulate everything from small mom and
9 pop agricultural facilities to natural gas extraction
10 wells through power points and manufacturing plants.

11 I'm just here to express my support for the
12 CAPCOA position that local air districts even down through
13 the small rural districts like Tehama County would be
14 ready to assume the authority that we think local air
15 districts should have with respect to implementing the AB
16 32 Scoping Plan. And we support the CAPCOA comment
17 letter. Thank you.

18 MR. WALLERSTEIN: Good afternoon. I'm Dr. Barry
19 Wallerstein, the Executive Officer of the South Coast Air
20 Quality Management District, one of those larger districts
21 to the south.

22 I'm here today to offer our agency's full support
23 for the CAPCOA position and recommendation and ask your
24 support of that. And also to congratulate your staff on
25 all the hard work and effort that went into the Scoping

1 Plan. It's a huge achievement for the State Air Board and
2 I believe will ultimately be for the nation and the globe.
3 Thank you.

4 BOARD MEMBER ROBERTS: Thank you, Barry.

5 Does that complete all the speakers from CAPCOA?

6 We've got Aubrey Stone followed by Dorothy
7 Rothrock, and then Ruben Jauregui.

8 Aubrey Stone here?

9 Dorothy Rothrock.

10 MS. ROTHROCK: My name is Dorothy Rothrock.

11 Could I have Amisha Patel go first? She's just a
12 few later.

13 BOARD MEMBER ROBERTS: Sorry. Say that again
14 slowly.

15 MS. ROTHROCK: Amisha Patel is right behind me,
16 and I would prefer she go first. We're going to tag team
17 and maybe take two minutes between us.

18 BOARD MEMBER ROBERTS: I don't have her on the
19 list.

20 EXECUTIVE OFFICER GOLDSTENE: She's number 16.

21 BOARD MEMBER ROBERTS: Go ahead.

22 MS. PATEL: Madam Chair, members of the Board, my
23 name is Amisha Patel with the California Chamber of
24 Commerce.

25 The chamber is also a co-chair of the AB 32

1 Implementation Group, which is a coalition of businesses,
2 over about 170 businesses and associations across the
3 state.

4 We have submitted written comments and presented
5 to you multiple comments throughout this whole process.
6 I'll keep this short. We want to touch upon a couple
7 major points.

8 As you stated before, the Scoping Plan is
9 intended to be a blueprint. It was also stated that the
10 Scoping Plan is not a legally binding document like a SIP.
11 In fact, the Scoping Plan itself actually states that we
12 will figure out new and better ways to cut greenhouse gas
13 emissions as we move forward.

14 We should also keep in mind that a new set of
15 factors will come into play as the federal government
16 becomes more active in climate change policies. And the
17 relative value of the Scoping Plan approach will be even
18 more unclear.

19 Before the plan is officially adopted, we believe
20 the Board should develop a more frequent process on
21 reviewing the plan. Currently, the Scoping Plan does not
22 describe an actual process for the Board to review and
23 update the plan frequently to ensure it remains cost
24 effective.

25 My colleague, Dorothy Rothrock, also a co-chair

1 of the AB 32 Implementation Group would like to make some
2 further recommendations to the Board on this topic.

3 CHAIRPERSON NICHOLS: Thank you.

4 MS. ROTHROCK: Thank you. Thank you for allowing
5 us to go out of order.

6 I am also the co-chair of the AB 32
7 Implementation Group. Also the Vice President of
8 Government Regulations for the California Manufacturers.
9 And on behalf of the manufacturers, we are very concerned
10 about the impact of costs on the manufacturing sector
11 which is already subject to very high costs in California.
12 And we want to grow thousands of new middle class jobs for
13 manufactures.

14 So following up on Amisha's comments, how should
15 the Board make improvements going forward. This plan that
16 you're looking at today was developed without the benefits
17 of an economic analysis.

18 The analysis was complete only after the list of
19 measures was developed after the fact as a snapshot in
20 2020 of what might be the result.

21 Our serious concerns with the analysis have been
22 submitted in writing already. So the analysis doesn't
23 provide you information to use going forward as the plan
24 is implemented. For example, it does not show the
25 comparative costs and benefits from posing direct

1 regulations rather than more use of the cap and trade
2 program to achieve reductions. It also doesn't describe
3 the impact of uncertainties and assumptions so Board can
4 make appropriate adjustments when changes in the economy
5 and technology do actually occur.

6 We recommend that you conduct this comparative
7 sensitivity and cost analysis before you move into the
8 rulemaking phase. Without this analysis, it's impossible
9 to determine whether emission reductions in the Scoping
10 Plan constitute the most cost effective emission
11 reductions. Of course the more cost effective, the more
12 emission reductions we can achieve.

13 As Amisha stated, the plan's a first step. If it
14 needs to be improved, the Board should have before it the
15 most updated economic information it needs to make those
16 decisions. So we encourage you to require the staff to
17 frequently update the economics and the review the plan as
18 necessary.

19 Thank you.

20 CHAIRPERSON NICHOLS: Thank you very much.

21 Okay. I'm going to make a process call here.
22 And I'd like everybody to listen. Look up to show me
23 you're listening.

24 I've gotten in the last like ten minutes at least
25 five names of people who claim their name was called, but

1 they weren't called again or they didn't hear it or they
2 were in the bathroom or whatever.

3 I've seeing a lot of people just saying cut them
4 off. Don't let them speak. I'm actually take a vote on
5 this. No. I'm not going to take a vote. That wouldn't
6 be right.

7 I don't think it's fair to them to not let them
8 speak. But I also don't think it's fair to the rest of
9 us, frankly, you know, for people to not pay attention.
10 So this is -- I'm going to take the following people who
11 have made good faith claims to me. And then from here on
12 out, your name is going to be read once in your group.
13 You're going to come up and wait there in your group and
14 you're going to speak in order. I'm not going to call
15 your name again. And if it doesn't work out, then it just
16 didn't work out. We are sorry. But there's just so many
17 people. Thank you.

18 But for this group who didn't know the rule or
19 maybe didn't know the rule or weren't listening, we're
20 going to take them.

21 So those people are Michael Dorsey, Ulla Neilsen,
22 Sheon Flagle and that may be it. So whoever you are, if I
23 just read your name, this is your chance.

24 MR. NEILSEN: I'm not Michael Dorsey, but I'm
25 Ulla Neilsen.

1 MR. DORSEY: I'm Michael Dorsey. Hi there. How
2 are you? Long time. Thanks for making that exception.
3 You know how Murphy's law works. You wait nine hours and
4 then something happens.

5 So very briefly Dr. Michael Dorsey, Professor of
6 Environmental Studies at Dartmouth. And visiting the
7 University of Santa Cruz, I spend most of my time looking
8 at international offsets projects on the ground primarily
9 in Latin America, but with a colleague of researchers, a
10 group of colleagues going on particularly in Asia and
11 Latin America, Africa.

12 Just want to make six quick points in your two
13 minutes' time. I've given you about six pages of material
14 for the Board to review.

15 Basically, what we found looking at the EU ETS
16 system and some of the other regional markets in Europe
17 and also looking at the ones that are coming on line in
18 the US, but focusing really on EU ETS set, we've seen
19 three really bad things happen in this market space.
20 Essentially, they can be summarized in socialized harm and
21 privatized benefits in three sectors. We've seen in
22 basically increased energy prices. We've seen sub-optimal
23 carbon abatement. We've seen windfall profits for energy
24 generators. Those are things that this Board needs to
25 keep in mind as it moves forward in this process.

1 Relatedly then, it's sort of somewhat I would say
2 disturbing at best the comments we heard yesterday from
3 former Prime Minister Blair giving the charge to build
4 more regional markets and to link up California with the
5 EU ETS system without those deep caveats. I think the
6 Board needs to be well aware of those things.

7 So then lastly, there's sort of four areas that
8 concern my colleagues and I working in a loose consortium
9 by the name of the Durban Group. You can Google that and
10 look that up. It's on line. We've published things. You
11 might have seen my op-ed in the L.A. Times about a year
12 and a half ago on this stuff.

13 There's sort of four main concerns that I think
14 you all need to be aware of. The first one that you maybe
15 have heard is that these market approaches, particularly
16 the cap and trade approach, don't really provide the price
17 certainty for investors that some have claimed in this
18 room. They certainly haven't really done that in EU ETS
19 space. There is tremendous volatility both on the spot
20 and future markets.

21 The second point is that the cap and trade
22 systems don't provide the innovation for the specific
23 technologies that you need to check this problem.

24 The third point is that you will see particularly
25 to the extent that you have offsets in your scheme the

1 creation of a whole host of undesirable side effects, not
2 only in California but the places where you have the
3 offsets.

4 And, lastly the complicated structures for the
5 cap and trade system don't allow the proper public
6 oversight that you've written into the proposed plan.
7 Actually, by going forward in this way, you actually
8 undermine that public offset that you claim that you want.

9 So this is sort of a handful of points that you
10 need to keep in mind as you go forward.

11 CHAIRPERSON NICHOLS: Thank you, Professor
12 Dorsey. And we appreciate your written comments very
13 much.

14 So Ulla.

15 MS. NEILSEN: Hi. Good afternoon. My name is
16 Ulla Neilsen. I'm a resident of Oakland, California. And
17 I'm here representing my one-year-old son who doesn't
18 understand any of this stuff. So I'm trying to understand
19 it for him.

20 And I'm concerned about his future. Global
21 warming threatens not just to cost us billions of dollars,
22 but it would threaten the existence of life on earth and
23 prove catastrophic. And scientists at Bali have said that
24 we only have about ten years to put working solutions into
25 practice. So I feel like it's imperative for us to find a

1 solution that actually works.

2 And the significant and growing evidence around
3 cap and trade is that it does not work very well. And I
4 really urge you guys to consider not -- I'm not
5 necessarily going to repeat the points that Michael just
6 made, because I think he made them better than I did. But
7 a carbon fee would be a much simpler more efficient way of
8 putting a price on carbon. And it would provide
9 consistent revenue for government. Also provide a
10 consistent price signal for investors.

11 And I guess I just feel like -- I know that you
12 guys have lots of interests to consider. And I know that
13 industry has very strong ideas about what it wants and
14 that you have to consider those things.

15 But I feel like it's really important that we
16 actually fix this problem. That we cannot just do the
17 thing that's easy, the thing that's popular. We have to
18 do the thing that's right. So I urge you to seriously
19 consider the evidence on cap and trade. Thank you.

20 CHAIRPERSON NICHOLS: Thank you. Sheone.

21 MS. FLEAGLE: Good afternoon. My name is Sheone
22 Fleagle. I'm here representing the Environmental Justice
23 Coalition for Water as well as Policy Link.

24 With both of these organizations, we work to
25 ensure that low income and people of color communities

1 here in California and across the country are protected,
2 that they do not disproportionately bear the costs of our
3 environmental policies and that they have an equal access
4 to the benefits of our policies.

5 While we are very excited about the opportunities
6 embodied in AB 32, we have serious concerns about the
7 proposed Scoping Plan. In particular, we're concerned
8 about the cap and trade program included in the plan. We
9 don't believe that it has been adequately assessed for
10 either its health or economic impacts on disadvantaged
11 communities here in California.

12 I'm not going to repeat everything Michael and
13 Ulla just said. I fully support their comments.

14 We do support you moving forward with a
15 regulatory piece of the plan. We think you've identified
16 many strong good measures in there and would like to
17 continue to see that go forward.

18 We have specific comments about pieces of the
19 plan that we'll be submitting in writing. In particular
20 on the land use, the water and the agricultural pieces,
21 we'd like to see the land use target bumped up. We would
22 like to see agriculture included in the plan in a more
23 robust way. And we have ideas about how you can
24 strengthen the water elements of the plan.

25 So we hope that that moves forward. We will

1 support you in seeing that happen. And we seriously hope
2 you will reconsider the cap and trade portion of the plan.
3 Thank you.

4 CHAIRPERSON NICHOLS: Thank you. Yes, sir.

5 MR. HARRIS: You already called my name.

6 CHAIRPERSON NICHOLS: All right. Go ahead.

7 MR. HARRIS: My name is Tim Harris, resident of
8 Richmond, citizen of the world and speaking on behalf of
9 the unborn children that will have to breathe toxic air
10 through their mother's nostrils also on behalf of the
11 cities of elderly or myself are from respiratory ailments
12 including my own mother.

13 On behalf of the residents in Richmond who have
14 lived next to a refinery for many years in poverty
15 ignorance and remain oblivious to the effects of breathing
16 air is killing them.

17 Also on behalf of the people who are
18 disenfranchised and as a result have become voiceless.

19 Richmond is like ground zero regarding the need
20 for clean air. The city I live in is consumed by machines
21 that constantly bellow vapors into the air I breathe. I
22 wonder how and why there could be an opposition to
23 breathing clean air.

24 For the most part, I believe I have a right to
25 breathe. My mother has a right to breathe. And all the

1 citizens of the world have the same right.

2 If we can put a man on the moon, a city in outer
3 space, I'm confident we can find a way to breathe clean
4 air. No matter what the cost might be, Chevron, Exxon
5 Mobile, and Shell continually kills. Thank you.

6 CHAIRPERSON NICHOLS: Okay. Thank you.

7 MR. JAUREGUI: Good afternoon, Madam Chair,
8 members of the Board.

9 My name is Ruben Jauregui here representing the
10 Latin Businesses Association, the Latino Institute for
11 Carbon Inclusion. And with me is Mr. Marco Polo, the
12 Executive Director of the San Diego Hispanic Chamber of
13 Commerce.

14 We are going to consolidate our remarks in the
15 interest of time.

16 CHAIRPERSON NICHOLS: Thank you.

17 MR. JAUREGUI: We would like to be optimistic
18 about the entrepreneurial possibilities of AB 32's
19 implementation, but we're not terribly encouraged by what
20 we see in the Scoping Plan.

21 The plan is heavily reliant on command and
22 control policies and ignores or discounts more efficient
23 flexible market-based approaches. This policy direction
24 typically tends to stifle innovation and send investors
25 and entrepreneurs to other locations, in this case states

1 or countries with fewer creative restrictions and barriers
2 to ideas that don't neatly line up with the vision of the
3 plan.

4 We're particularly disappointed the cap and trade
5 program has not been more clearly defined. Cap and trade
6 can be an efficient useful tool for reducing emissions at
7 relatively low cost, provided it is structured properly so
8 as not to impose draconian costs that must be passed along
9 to rate payers and consumers.

10 The predicted increase in electricity, natural
11 gas, and fuel costs as well as other taxes, fees, and
12 surcharges is likewise troublesome.

13 A plan for the implementation of a policy
14 initiative as far reaching, complex, and expensive as AB
15 32 should be designed to be as user friendly and painless
16 as possible.

17 Board Member Berg pointed out earlier this
18 morning the need for collaborative efforts by CARB with
19 the business sector. We believe that this would provide a
20 more reasonable, well researched plan, would enhance the
21 possibility for economic development, job creation, and
22 environmental leadership envisioned by its authors as it
23 stands. It's no more likely to inspire that. And jobs
24 are more likely to leave the state.

25 MR. POLO: Thank you, Madam Chair and members of

1 the Board. Marco Polo Perez with Hispanic Chamber of
2 Commerce We have over a thousand members in our
3 organization, most of whom are small members.

4 We support the goals of AB 32 and believe doing
5 business and supporting the environment are not mutually
6 exclusive. However, when my members like Maria Navarro
7 who owns a restaurant in the city of San Diego and -- who
8 owns a restaurant in Chula Vista, when they have to
9 purchase new technology and equipment with limited or no
10 incentives, it makes it very a impractical or appealing
11 for these businesses to support or embrace this challenge.

12 We believe the success of AB 32 depends on the
13 honest objective analysis of the cost and benefits and
14 real time and not in the long-term average.

15 Thank you.

16 CHAIRPERSON NICHOLS: Thank you. Can I just ask
17 you gentleman a question, if I may, because I'm really
18 concerned about this?

19 Would your members be willing to be involved in a
20 program in which they were either given or sold on the
21 very long-term low interest rate that could be paid back
22 through the utility bill the kinds of equipment that
23 you're talking about?

24 In other words, we're not talking about
25 mandatory -- just assuming for the moment that the plan

1 worked that way and there's some new piece of equipment
2 that the restaurant needs to use, which I don't even know
3 what it is. But just hypothetical.

4 MR. JAUREGUI: The initial answer to your
5 question is yes. You're addressing an issue we are
6 concerned about, and that is the cash flow impact,
7 up-front costs to implement. The implementation is major
8 concern. And we haven't heard enough about the details
9 concerning cost analysis so we can plan and access to the
10 capital necessary to implement.

11 CHAIRPERSON NICHOLS: But so in other words, if
12 this plan as we envision it -- and again all the details
13 have to be revealed before people can sign up to it.

14 MR. JAUREGUI: More transparency would be great.

15 CHAIRPERSON NICHOLS: But if the plan were
16 something where whoever your local utility is were to come
17 to you and say, you know, we'll help you put this piece of
18 equipment on. And we'll finance it up front and you can
19 pay us back in your electric bill, you wouldn't
20 necessarily oppose a program like that, especially if it
21 saved on your energy cost; right?

22 MR. JAUREGUI: No. If they want to save the
23 savings with us via that route --

24 CHAIRPERSON NICHOLS: This is really more let's
25 pin down the details and make sure this thing is

1 implemented.

2 It's important for us of all us to know there
3 could be a path forward. No guarantees, because we
4 haven't worked it out, but it could actually work for you.

5 MR. JAUREGUI: Very interested. Thank you.

6 CHAIRPERSON NICHOLS: Thank you very much.

7 Whoever you are, speak.

8 MR. TORRES: My name is Jesus Torres. I'm
9 community organizer with CBE and a Wilmington resident.
10 And in my community, we have four major oil refineries,
11 the port of L.A., Long Beach, numerous auto body shops,
12 over 40,000 diesel truck trips per day.

13 Our health suffers because of local pollution and
14 cumulative impacts from these big facilities burning
15 fossil fuels that cause both local pollution and
16 greenhouse gases.

17 More than 80 percent of people here in my
18 community are people of color. Are asthma rates among
19 youth are twice of L.A. County figures.

20 Our community continues to be the poster child
21 for environmental racism, and we need to change now. We
22 cannot wait any longer, because there are thousands of
23 lives at stake.

24 Climate change is an environmental justice issue.
25 We have a huge stake in AB 32, because communities like

1 mine are bearing the brunt of all this pollution for the
2 wealth of California to benefit from.

3 We don't want cap and trade. There is a better
4 way to clean up pollution in our town. This will improve
5 our health and solve climate change. This will also
6 improve our local economy and create local green jobs.

7 I'm asking the Board to support CBE's
8 recommendation for commitments to real, local, cost
9 effective cleanups of oil refineries and power plants to
10 be included in the Scoping Plan. This should have been
11 considered in the public health analysis.

12 Thank you for this opportunity to share our
13 story. And we hope that you do the right thing. Thank
14 you.

15 CHAIRPERSON NICHOLS: Thank you.

16 And I'm really doing our best, folks, to deal
17 with everybody who has their schedules the accommodate.
18 So let's just continue on according to the list of people
19 who have signed up if we possibly can.

20 I understand that like many of us there are
21 people in the audience who like to be able to leave and
22 come back tomorrow if they could.

23 But I need to talk to the Board members here,
24 because I'm not going to be with you tomorrow. I can
25 review the comments, and I will after the fact. But I'm

1 not going to be present. I know we have a quorum tomorrow
2 to hold the hearing. We do have some other items of
3 business on the agenda, however, that we need to get
4 through.

5 So I need to kind of do an assessment as to
6 whether it's better to just press on as I had suggested
7 and bring pajamas of whether it's better to have a
8 reasonable halt time and come back in the morning.

9 BOARD MEMBER LOVERIDGE: What's the estimate you
10 have of speakers?

11 CHAIRPERSON NICHOLS: Well, we are now at
12 approximately -- I don't know because they gave me a
13 second list.

14 CHAIRPERSON NICHOLS: We have almost 100 more.

15 CHAIRPERSON NICHOLS: Almost 100 more people that
16 signed up to speak. We don't have that many people in the
17 auditorium now. There are some people that have spoken
18 that are still here.

19 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: How many
20 people were on the list for tomorrow? Because that comes
21 off of the list for today.

22 BOARD CLERK VEJAR: There's about 14 or 15 for
23 tomorrow that have already left.

24 CHAIRPERSON NICHOLS: We have about 15 people who
25 left and asked to speak tomorrow. Some of these are

1 people whose names I called and who flaked out, if I might
2 say so. But others are not.

3 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: Those
4 names are included in the 100, I think. So it's only 85.

5 CHAIRPERSON NICHOLS: We're going to keep going
6 for a while. I'm not going to encourage anybody more to
7 not testify tonight, if that's what the question is. I
8 think we just need to keep going. So it is.

9 Listen up. Ruben Jauregui, Matthew Hargrove,
10 Michael Zuckermann, Bob Lucas, and Charles Frazier.

11 Michael Zuckermann.

12 Do you have copies of list? Why don't you post
13 it in the back so people can look and know where they are?
14 Then we can -- or at least have one over here so people
15 can check. Maybe they'll put it on the video. That would
16 be a great idea.

17 MR. HARGROVE: Chairman Nichols and Board
18 members, thank you for having me here today. I'm
19 representing several national organizations including the
20 International Council of Shopping Centers, National
21 Association of Industrial and Office Properties, and the
22 Building Owners and Managers Association of California.

23 And Chairman Nichols, I would be willing to throw
24 out my written testimony here to further explore with you
25 the idea of looking at how to finance up front energy

1 efficiency costs through some long-term programs.

2 That's one of the biggest concerns that our
3 members have is how do you square the up-front costs that
4 are needed with the economic analysis that shows in 2020
5 everything is rosy. And existing buildings which we
6 represent are a huge part of the solution. And we want to
7 figure out how to make that happen.

8 Some of the command and control policies that
9 have been talked about, which by the way have evaporated
10 out of the Scoping Plan from the draft plan to the current
11 plan, which we very much appreciate, we think will have
12 some negative impacts, things such as the time of sale
13 energy audits. We think that could actually stagnate some
14 investments in building.

15 So we would like to further explore with you how
16 do we get the up-front capital cost to allow all these
17 buildings across the state to invest in themselves. And
18 along with that, we would just hope that you don't adopt
19 any policies that discourage building new buildings,
20 because new buildings are 50 percent more efficient in
21 California than anywhere else in the rest of the nation.
22 And we think that's a big part of the solution.

23 So thank you for everything you're doing. Thank
24 you to your staff. We think that is a great start AND we
25 are moving forward. We have some issues, but we want to

1 work with you.

2 CHAIRPERSON NICHOLS: Thank you. We appreciate
3 your involvement so far. We are all focused on the same
4 thing, that we have to develop the ways to mobilize the
5 capital to do these things that need to be done. Thank
6 you.

7 Ruben, are you here? No.

8 Michael Zuckermann.

9 MR. ZUCKERMANN: Hello everybody.

10 I'm the Director of Sustainability for a
11 nightclub in San Francisco called Temple. And I'm also
12 here representing the Business Council on Climate Change,
13 which was mentioned earlier, a coalition of businesses
14 around trying to solve climate change. That's backed by
15 the United Nations.

16 We are a small business. And we've saved our
17 business tens of thousands of dollars a year by
18 implementing resource conservation. For example, we have
19 an 89 percent diversion from landfill, and we save about
20 \$16 a month from that alone.

21 And so we've been inspired to take some of these
22 things that we've implemented internally by being a part
23 of this business community and have tried -- began doing
24 free sustainability consulting for the rest of our
25 industry. Restaurants, bars, and nightclubs, there's

1 applicable things that can be applied across the board to
2 our entire sector.

3 And it's the innovation that Dr. Sperling was
4 speaking of before, not just in technology and in clean
5 tech, but also in business models. And the whole
6 corporate social responsibility has been very educational
7 to learn about. But that's been mostly about how can we
8 do as little harm as possible where I really see an
9 advancement to corporate social engagement which is how
10 can we do as much good as possible.

11 So I just wanted to throw in there that the
12 collaboration they also mentioned is a collaboration
13 through businesses. And we can all work together through
14 co-optation instead of against each other. And we can
15 also -- that action follows crisis and legislation but
16 also inspiration. So we can have fun while we're doing
17 this as well and work together, it's going to be a really
18 interesting challenge. And I look forward to it. Thank
19 you?

20 CHAIRPERSON NICHOLS: Thank you. Thanks for
21 coming.

22 Okay. Bob Lucas.

23 MR. LUCAS: Thank you. My name is Bob Lucas
24 representing the California Council for Environmental and
25 Economic Balance.

1 I'd like to say thank you and acknowledge the
2 good work of yourself, the Board, and especially the staff
3 in this massive undertaking of incredible importance.

4 But there's much left to be done. And I'd like
5 to give you some concise comments on some of those items.

6 Under cap and trade, we commend your proposal to
7 design a robust cap and trade program. As you proceed
8 with your design decisions, we'd like to emphasize the
9 importance to minimize cost, preserve opportunities for
10 innovation, and preserve use of offsets.

11 We also think it's important to avoid imposing
12 additional rules on sources under the cap.

13 We acknowledge issues raised by the EJ
14 communities and urge you to address these issues
15 separately to maximize opportunities to successfully
16 implement both.

17 On economic analysis, I'd like to adopt the
18 comments of Dorothy Rothrock a little bit earlier and add
19 to that our belief that you should continue to explore
20 opportunities to use the MRN model in addition to those
21 that you now rely upon. And at a minimum, we urge you to
22 use a range of assumed variable values instead of relying
23 on the most optimistic estimates of both costs and
24 savings.

25 We also urge you to adopt economic indicators to

1 track the implementation of the program. We believe this
2 will give you an opportunity do real time periodic checks
3 of the implementation of the program and its effects on
4 the economy and see whether any changes are necessary.

5 And, finally, as CARB considers the individual
6 rules necessary to implement the Scoping Plan, we urge to
7 also consider ways in which implementation and compliance
8 with these rules can be facilitated and streamlined so
9 people can actually perform under them.

10 Thank you very much.

11 CHAIRPERSON NICHOLS: Thank you.

12 Charles Frazier.

13 MR. FRAZIER: Good evening. Charles Frazier,
14 Legislative consultant to the California Black Chamber of
15 Commerce, speaking on behalf of Aubrey Stone and the
16 California Black Chamber of Commerce.

17 California Black Chamber of Commerce is a network
18 of dedicated business professionals working together to
19 improve the economic, cultural, and civic well being of
20 the African American community. Our mission, to maintain
21 a voice for economic strength in the California business
22 communities continues to be our first priority.

23 We are very concerned that the AB 32 Scoping Plan
24 will impose a disproportionate financial burden on
25 minority owned businesses.

1 For a very long time, we've been asking for this
2 agency for an analysis of the cost of AB 32 implementation
3 on a pure cash flow basis, and we haven't gotten that.

4 We do know from the limited information in the
5 Scoping Plan that those costs will be in the billions. In
6 this economy, that's a real problem.

7 The Scoping Plan also states small businesses
8 will need some assistance because they can't afford the
9 costs associated with AB 32 implementation, even though
10 they haven't told us what those costs are going to be.

11 A lot of the conversations with CARB staff have
12 resulted in them suggesting that there will be programs
13 and assistance for minority owned businesses to help keep
14 the costs down. But someone has to pay for any assistance
15 or subsidies that go to any community, not just ours. And
16 these costs will have be passed along, or the folks that
17 pay them will go out of business.

18 The same principle applies to the concept of
19 assessing carbon fees on certain emitters or using an
20 auction system for cap and trade. Whatever costs are
21 associated with those assessments or fees will be passed
22 along. So that what we will have game of financial
23 musical chairs where ultimately just about everyone will
24 be the loser. You can't keep picking one pocket to fill
25 another without crashing at the end, which reminds me of

1 what a climate change official recently said about
2 countries deciding to scale back their global warming
3 reduction efforts because of the poor economy. He said,
4 "You can't pick an empty pocket."

5 From the Black Chamber's perspective, it's better
6 to keep hands out of your pocket to begin with so you have
7 the resource to pursue a reasonable cost effective program
8 without recklessly imposing mandates and policies that
9 have been sufficiently thought through.

10 CHAIRPERSON NICHOLS: Mr. Frazier, you've used up
11 your time.

12 MR. FRAZIER: This isn't monopoly money we're
13 playing with. It's real money to real people who will be
14 in real trouble if this isn't done right.

15 We continue to urge the CARB Board to put a lot
16 more into this and look for a plan that pursues the most
17 effective means possible to achieve AB 32's goal in a
18 fiscally responsible manner.

19 As always, we stand ready to help. Thank you
20 very much.

21 CHAIRPERSON NICHOLS: Okay. Next group, Sarah
22 Skikne, Lee Harrington, Beverly Alkire, Carolyn Casavan,
23 Frank Caponi, and James Fine.

24 MS. SKIKNE: Hi. I'm Sarah Skikne. I'm
25 commenting on behalf of the Climate Group. We are an

1 international NGO. We represent over 50 of the world's
2 most influential corporations and governments. And our
3 membership includes corporations in California as well as
4 the city of Los Angeles and the state of California
5 itself.

6 Our goal is to accelerate the transition to a low
7 carbon prosperous future. And on that note, we believe
8 that California should continue leading on climate action
9 by adopting a robust climate policy in December. This
10 will not only allow but actually encourage the growth of
11 the economy as has been demonstrated by studies.

12 In particular, we support the use of market-based
13 incentives, cap and trade program that encourages
14 innovation, cost savings and energy efficiency measures
15 that protect Californians from volatile energy prices.

16 If we need evidence for how businesses will
17 benefit from climate action, we can actually look right
18 here in the state. For example, Anderson Lythograph, a
19 printing company, is able to make \$90,000 per month by
20 selling electricity produced at the clean co-generation
21 plant back that their utility.

22 Fresh and Easy, a supermarket, was able to use
23 the savings by design program through their utility to
24 design stores that are 30 percent more energy efficient
25 and therefore save them 30 percent per electricity bill

1 compared to the average supermarket.

2 British telecommunications has US headquarters in
3 El Segundo. They were able to use rebates from the
4 California solar initiatives to help fund their on-site
5 solar installation that will guarantee their electricity
6 supply at a predictable and affordable price for years to
7 come. So, so many businesses that are already doing the
8 right thing and reaping the economic benefits of climate
9 action.

10 CHAIRPERSON NICHOLS: Sorry, but your time is up.

11 MS. SKIKNE: Thank you. That's my message.

12 CHAIRPERSON NICHOLS: Lee Harrington, is he here?
13 Then Carolyn.

14 MS. CASAVAN: Hello. My name is Carolyn Casavan.
15 I'm here today speaking for VICA in the San Fernando
16 Valley, a business which represents over 300 businesses
17 and organizations. We are a member of the AB 32
18 Implementation Group and support their comments as well.

19 I want to address two points today.

20 In order to realize the economic benefits of AB
21 32, the plan needs to include measures to facilitate the
22 permitting of new facilities in California and to
23 encourage the purchase of California manufactured goods.
24 We believe this can be accomplished while protecting
25 environmental and public health interests.

1 The Governor's recent Executive Order
2 acknowledges the need for permit streamlining for
3 renewable energy projects and transmission lines.
4 However, the need for streamlining extends to other
5 facilities as well. New facilities are needed for
6 biofuels refining, renewable energy equipment
7 manufacturing, and green technology production.
8 Streamlining is needed for existing facilities to
9 implement greenhouse gas emission reduction measures.

10 My second point is the recommendation of measures
11 to encourage the purchase of goods manufactured in
12 California. These measures can include emission credits
13 for VMT reduction related to the purchase of locally
14 purchased goods and incorporation of incentives in
15 government contracts for the purchase of locally purchased
16 products.

17 The most effective source of funding for green
18 technology is the purchasing power of the public and
19 private sector. As Ms. Johnson noted earlier, the Los
20 Angeles Department of Water and Power will spend five
21 billion dollars on renewable energy projects over the next
22 five years.

23 They are currently purchasing their wind turbine
24 components from Germany, Brazil, and South Korea. Why?
25 Because we do not manufacture these products in

1 California. It is not enough to develop the demand for
2 new technologies. AB 32 will only provide economic
3 benefits to California if we are also able to produce and
4 manufacture green tech products in the state.

5 Streamlining, permitting, and encouraging local
6 purchasing will bring new technologies on line faster,
7 increase green tech investment, and reduce the cost of AB
8 32 implementation. Thank you.

9 CHAIRPERSON NICHOLS: Next.

10 MR. CAPONI: Good afternoon, Madam Chair, members
11 of the Board. Thank you to you and the staff for toughing
12 us out.

13 I have five comments I'd like to boil down from
14 about ten pages of comments. I'll try to get to these as
15 quickly as possible.

16 First, we support a very strong economic off-ramp
17 that should be contained within the Scoping Plan and
18 contain clear economic and market performance, market
19 indicators that would indicate when we reach that
20 off-ramp. We believe that is an important part of a
21 healthy and robust Scoping Plan.

22 Two issues regarding water and wastewater.

23 First, ARB proposed five measures to the water
24 sector for greenhouse gas reductions, but hadn't provided
25 any cost. We want the Board to be aware that the cost

1 would be over and above the cost of water and wastewater
2 agencies need for arcane infrastructure and the
3 infrastructure needs that will result from climate
4 adaptation. These costs very significant. In fact,
5 recent estimates put the yearly cost shortfall at \$37
6 billion, and this doesn't include adaptation.

7 ARB also proposes a public goods charge to help
8 achieve municipal wastewater recycling. You have to be
9 aware that these are in addition to the charges that the
10 public is already receiving. For example, our Board just
11 approved a 30 percent increase in discharge rates over the
12 next three years. And this is a result of regulatory
13 requirements that we have to meet that are not going away
14 and are increasing.

15 With regards to the solid waste side, there's
16 been some talk today about encouraging commercial
17 recycling, and we certainly support that.

18 We also support that ARB and sister agency, the
19 Waste Board, have a strong life cycle analysis that would
20 direct how waste management would be conducted under the
21 Scoping Plan.

22 Finally, with regard to essential public
23 services, we're very concerned that essential public
24 services whose primary function is waste management would
25 be included in the cap and trade program. We believe the

1 staff's intent is not to include these sources because
2 they're largely biogenic. But we think there's portions
3 of the plan that will capture some of these sources.

4 CHAIRPERSON NICHOLS: Time.

5 MR. CAPONI: Thank you very much.

6 CHAIRPERSON NICHOLS: James.

7 MR. FINE: Chair, members, thank you very much
8 for considering my testimony. I must confess I'm in ah of
9 your powers of concentration.

10 I'm here to deliver just two quick messages: To
11 urge to you support the Scoping Plan and to give to you
12 two summary brief summaries of two reports that EDF will
13 be releasing in the week prior to your vote on --

14 CHAIRPERSON NICHOLS: Sorry. I apologize, but
15 because I said I wasn't going to read the names, that
16 doesn't mean we don't need your name actually for the
17 record.

18 MR. FINE: My name is James Fine, economist for
19 the Environmental Defense Fund.

20 CHAIRPERSON NICHOLS: I know you are, but the
21 court reporter doesn't.

22 MR. FINE: So the Environmental Defense Fund is
23 very enthusiastic about the Scoping Plan. We see it as a
24 creative, comprehensive, and common sense approach for
25 launching California's new green economy and for securing

1 our environment for future generations.

2 Environment Defense Fund urges you to strongly
3 support the Scoping Plan when you vote on it in December.

4 As President Elect Obama said last week, strong
5 climate policy like AB 32 is really essential for solving
6 our energy, environmental, and economic challenges that
7 face California and the rest of the nation face.

8 You know, it's clear that our economic analyses,
9 both the studies by CARB and other analyses done at the
10 state, regional, and national level suggest that fighting
11 global warming will deliver economic benefits and create
12 well-paying jobs that are very much needed, specifically
13 here in California. This kind of economic stimulus is
14 going to be critical as we face high rates of unemployment
15 and continuing budget shortfalls.

16 I mentioned that we sponsored two studies I'd
17 like to bring to your attention. I would like to ask the
18 staff to help deliver. These are just one pages each.
19 One page each, two summaries.

20 So we asked economists Dr. Richard McCann to
21 examine the ability of existing models to represent the
22 cost saving features of market-based policies such as cap
23 and trade. In short, the model's don't do that well at
24 all. Dr. McCann articulates several ways in which well
25 designed cap and trade policies will deliver superior and

1 more effective emissions reductions results than
2 conventional more prescriptive approaches.

3 I've given you a two-page summary of his study,
4 and Dr. McCann is behind me. He'll be offering his
5 testimony immediately following me.

6 CHAIRPERSON NICHOLS: Okay. I'm going to need to
7 cut you off, because this is going to be the last
8 testimony before we take a brief break. Our court
9 reporter is going to expire if we don't.

10 MR. FINE: The second study is by Steven Moss.

11 CHAIRPERSON NICHOLS: Thank you. Go ahead. Just
12 very briefly. Two minutes' worth.

13 DR. MC CANN: Yes. Good afternoon. I'm Dr.
14 Richard McCann with Aspen Environmental Group. And I've
15 been retained by EDF to review the staff analysis and look
16 at its ability to compare different policy approaches.

17 The AB 32 Scoping Plan lays out an economy wide
18 set of measures that will involve investments to change
19 fundamentally California's energy systems. Yet economists
20 computer models have great difficulty analyzing these deep
21 fundamental changes and the differences in policies for
22 achieving these changes.

23 ARB staff has used two macro economic models that
24 are unable to compare the consequences of using different
25 policy approaches. Staff's analysis also discusses many

1 of the same limitations that I list here but does not
2 bring them to the floor in its evaluation.

3 Board members are better served to focus on
4 lessons from other programs and the economic literature
5 that highlights inadequacies of prescriptive or command
6 and control measures versus incentive-based or
7 market-based measures, notably cap and trade measures.
8 Market-based measures are very difficult to elicit with
9 modeling comparisons. Why modeling those advantages are
10 so difficult include economic models do not capture well
11 the differences among firms, nor regulators' inability to
12 fully know those differences. These difference are what
13 lead to the incentives to trade among firms. So the
14 models do not represent the very advantage of market-based
15 measures.

16 As Dr. Sperling noted this morning, technological
17 innovation and diffusion is a complex dynamic process that
18 is self reinforcing and adaptive but cannot be represented
19 easily in these models. Economic models tend to capture a
20 snapshot of the technology rather than changes over time.
21 Adaptability and robustness of policies have not been
22 evaluated using these models. Typically, only one or two
23 feature scenarios are models. It's hard to represent the
24 full range and possible futures, thus displacing
25 adaptation with static assumptions.

1 Finally, this economic modeling ignores the cost
2 of firms when regulations change. Regulatory certainty is
3 very valuable to firms. These models do not account for
4 the delays and compliance costs of continually revising
5 detailed directive regulations and associated litigation.

6 CHAIRPERSON NICHOLS: Thank you, but your time is
7 up.

8 MR. MC CANN: And thank you.

9 CHAIRPERSON NICHOLS: Okay. I'm going declare a
10 break until 5:30, which is somewhere between seven and ten
11 minutes. But I'm going by that one back there. So we'll
12 be back.

13 (Thereupon a recess was taken.)

14 CHAIRPERSON NICHOLS: I'm thinking 9:00 is the
15 absolute latest. All right. Have we got people out there
16 in the audience who are planning to testify? Good,
17 because we're here to listen.

18 Hank Ryan, James Duran, Andrew Barrera, Eric
19 Maldonado, Mark Martinez, Max Ordonez. Those people whose
20 names I just read, thank you. State your name.

21 MR. RYAN: Commissioner Nichols, Board, my name
22 is Hank Ryan. I'm Executive Director of Small Business
23 California.

24 We've actually provided comments that are on
25 another subject rebutting another flyer that came from a

1 business organization.

2 I'm going to talk about something different that
3 I think is more appropriate given what has been discussed
4 today.

5 Supervisor Roberts asked about 10:30 how cities
6 can move forward with implementing efficiency and
7 improvements. Mary Nichols actually just spoke to someone
8 about a program that might be at Sempra. I have to inform
9 you that on-bill financing as Bob Epstein referred to is
10 indeed now at Sempra. At zero percent providing loans to
11 businesses, any business, any installation that gets an
12 incentive, whether it be for businesses, multi-family, or
13 most importantly for government facilities federal, state,
14 county, and city. So that needs to be known more. It's
15 also mandated for all businesses for investor-owned
16 utilities by the PUC in 2009.

17 Here's the message I want to say. And I'm going
18 to be blunt. And I didn't plan on saying it. But I'm
19 going to say it anyway.

20 With all due respect to our Governor who has led
21 us tremendously, especially this week, he has so show more
22 in the game. The way he has to show more skin in the game
23 is to go the GBI. Because if the Green Building
24 Initiative starts to move the needle, then the cities and
25 counties are going to start saying, okay, this is serious.

1 And then the businesses are going to stop throwing their
2 hands up and get to work, because we can make it happen.
3 But we've got to get GBI moving. And it's not moving.

4 And that's not just about financing. They're
5 looking at OBF helping with 70 percent of their small
6 buildings. It's the silos and the processes that have
7 should be figured out. Cal Broom mentioned that for San
8 Francisco. And cities need that help to figure out how to
9 do this. The state needs to lead first. Once that needle
10 moves, the rest is going to become a whole lot easier.
11 Thank you very much.

12 CHAIRPERSON NICHOLS: Thank you for your comment.
13 Appreciate that.

14 MR. DURAN: Hello. I'm James Duran.

15 I have to tell you you've worn down three of my
16 peers who have already left that you just named after me,
17 Eric Maldonado, Mark Martinez, and Max Ordonez.

18 I'm Chair of the Legislative Action Committee for
19 the Hispanic Chamber of Commerce of Silicon Valley and
20 also Chair for the Legislative Action Committee for the
21 State Hispanic Chamber of Commerce which represents the
22 interest of over 700,000 hispanic owned businesses in
23 California.

24 We've been concerned about the cost of the AB 32
25 policy for quite some time now. And the most recent

1 version of the Scoping Plan has done nothing to change
2 that. If anything, it's increased the frustration because
3 it still doesn't disclose the true cost that we as
4 businesses and consumers will have to pay. That means
5 many of the CARB staff and officials have tried to divert
6 attention from the cost by bringing prospective of new
7 green jobs from AB 32 by professional background in HR,
8 and I find some of these green jobs claims particularly
9 misleading in view of the fine print and the greater
10 economic picture in California.

11 Scoping Plan predicts that under AB 32 there will
12 be an increase in jobs for low income workers which is a
13 workforce most associated with our membership. It says
14 the largest employment gains comes in the retail, food
15 service, agriculture, and health care fields. There
16 doesn't seem to be much potential for any enhanced
17 opportunities for these workers. They'll be doing the
18 same jobs they are now, only they will probably be paying
19 more taxes and receiving less benefits as employers are
20 forced to grapple with the costs of surviving in the new
21 green economy. There doesn't seem to be much cheer there.

22 The plan fails to plan for the alarming lose of
23 jobs currently occurring in California and across the
24 country. Business downsizing and closures have forced
25 many workers to run to the unemployment rolls. In fact,

1 the Sacramento Bee reported last month that California had
2 lost jobs for seven straight months in a row. Of course,
3 yesterday was even worse news.

4 One hopes the eventual re-employment of these
5 folks won't be advertised as new green jobs simply because
6 they might be in a restaurant with a new energy efficient
7 refrigerator. Even Silicon Valley where I'm from, the
8 high tech, green tech oriented companies are laying off
9 workers. And after all the work it took to bring Tesla
10 Motors to the valley, it recently announced a suspended
11 production plant for its new fuel efficient car are due to
12 the declining economy.

13 Even some jobs are created in AB 32 in the state
14 administrative called for the Scoping Plan. There is no
15 way of knowing how many there will be, what skill level
16 they require, what salary and benefits will apply or even
17 be located in California. Chances are they'll be outside
18 the state or county.

19 I recently read an article about a solar panel
20 company that was going to create a few hundred US jobs and
21 this was applied as evidence of a new green job explosion.
22 But later on the article mentioned the same company
23 employs thousands of workers in Asia. Not much attention
24 paid to that.

25 Perhaps your staff is afraid that the public

1 isn't ready for the truth about the cost so they're
2 avoiding disclosing the total all in one place. Likewise,
3 the prospect of new green jobs in a depressed economy
4 makes the plan more attractive. But if your staff is to
5 spin the consequences, I think a closer look is warranted.

6 I'll close by saying we support the goals of AB
7 32 and believe that under the right conditions it can be
8 good for our economy and job market.

9 We hope you'll be sure to take other factors
10 under consideration, including the current economic
11 climate before finalizing plan.

12 I'll also add that I left two papers that I
13 attached to my comments today. And both of them are by
14 Ph.Ds in economics from the Heritage Foundation in D.C.
15 and they coöperate any of the statements I've made
16 regarding loss of jobs and the negative impact on the
17 economy as we make this conversion.

18 CHAIRPERSON NICHOLS: I hope you know the
19 Heritage Foundation is an organization that makes its
20 living out being climate skeptics. IF you say you're for
21 AB 32, you might want to consider at least looking at some
22 other economists besides the Heritage Foundation.

23 We want to work with you, and we are very open to
24 trying to find ways to re-assure you that whatever it is
25 we're moving forward with is going to be helpful rather

1 than hurtful.

2 But I just have to say that that kind of blanket
3 comment that I know we're going to hear -- because I've
4 seen the Heritage Foundation stuff -- is not going to do
5 us much good when it comes to solving the problem of
6 global climate change, if you believe it's a problem worth
7 doing something about.

8 MR. DURAN: Absolutely. Last comment is I would
9 feel much better if I saw out of the eleven million
10 hispanic people in California, there's got to be one that
11 can fit on your Board. I see nine with the absence of one
12 mature Caucasian people. Thank you.

13 CHAIRPERSON NICHOLS: Thank you.

14 Yes. Andrew Barrera. And I gave you time of at
15 least one of your people that didn't --

16 MR. BARRERA: Madam Chairman and distinguished
17 members of CARB. I guess I want to try to close my --
18 make any comments short. I represent TELACU, the largest
19 community development corporation in the Country. I also
20 represent David Lizarraga, who's the Chairman of the
21 United States Hispanic Chamber of Commerce.

22 Our company, we're very much involved in
23 affordable housing, senior housing, construction for
24 first-time home buyers. We also have a large scholarship
25 program hopefully that train a new group of work force

1 talent in the new green economy.

2 And we have some reservations that this Scoping
3 Plan will have a tremendous impact on small business and
4 new businesses and existing businesses. As you know,
5 California is a sixth largest economy in the world. And
6 small businesses is the number one single employer in the
7 country. And we feel that this report is not transparent
8 enough for us to make an educated decision in regards to
9 what the true impacts it would have on small businesses.

10 And I would like to embrace, Madam Chairman, your
11 suggestion regarding assistance for small businesses. We
12 think that some kind of an incentive program where low
13 interest loans paid back over a duration of time through
14 utility bills and other types of measures may be the way
15 to go.

16 We want to be part of the solution. We recognize
17 that we want our communities to be healthy, to be happy,
18 to be growing, and to contribute to the economy.

19 And so that being said, we think that maybe it's
20 a little bit premature to move forward without a more
21 detailed understanding of what the true impact would be on
22 small businesses.

23 As you know, the Latino market, we are the
24 domestic emerging market. And so we very much realize
25 that we need to be part of the solution. Because just by

1 our pure numbers, we have a lot to contribute both good
2 and bad to your community in regards to energy efficiency
3 and pollution and all these other types of aspects.

4 CHAIRPERSON NICHOLS: Thank you very. Thank for
5 staying and thanks for your comments.

6 Okay. Next group Edwin Lombard, Betty Joe
7 Toccoli, Mary J. Griffin, Julian Canete, Eddie Price, Tom
8 Tanton.

9 I see one person. I'm going to keep calling
10 names until I get a group there.

11 Bill LaMarr, Susan King, Gina Solomon.

12 MS. STOFFER: Hello. Betty Joe Toccoli has asked
13 me to deliver her statement on behalf of the California
14 Small Business Association.

15 AB 32 is going to bring unique opportunities to
16 California, but it is also going to bring real challenges
17 and significant costs.

18 Small businesses by nature operate on narrow
19 profit margins and don't have the lengthy business cycles
20 where they can afford to wait for years to recoup costs or
21 realize the return on their investments.

22 That's why I think it's critical that as CARB
23 moves forward in developing rules, regulations, and next
24 steps of implementation for AB 32, CARB must remain
25 committed to finding the most cost-effective strategies at

1 every step. Cost effective solutions are out there.
2 Innovation and strategies that will help California met
3 its environmental targets while still protecting small
4 businesses and our dynamic state economy.

5 At the Governor's conference on small business
6 that occurred over the last two days, AB 32 cost concerns
7 was voted the number two highest priority issue out of all
8 37 by small businesses from all over the state.

9 We have recommended ongoing dialogue and the
10 availability of tailored information so that small
11 businesses are aware of what's going on and so that CARB
12 understands the implications of its proposals before they
13 are locked into place.

14 Additionally, small businesses need more detailed
15 assessments of the cost they will face at each phase of
16 this process. If there are financial assistance programs
17 available to mitigate costs like the ones that were
18 mentioned earlier, those need to be a part of the
19 discussion and evaluation as well.

20 And finally, small businesses experience many
21 layers of costs already in California's business climate.
22 So we urge CARB to interface with other public agencies to
23 avoid unnecessary layers of regulations or duplicative
24 costs.

25 Overall, small businesses support the

1 environmental goals of AB 32. But we urge CARB to move
2 prudently, identified the most cost effective options, and
3 fulfill the Governor's goal of stimulating California's
4 economy and creating a successful model for greenhouse gas
5 reductions that can be replicated elsewhere. Thank you.

6 My name is Allison Stoffer and it's on behalf of
7 the California Small Business Association.

8 CHAIRPERSON NICHOLS: Okay. Next. Please state
9 your name for the record when you start and.

10 MR. LA MARR: Good afternoon, Madam Chairman. My
11 name is Bill LaMarr, and I'm the Executive Director of the
12 California Small Businesses Alliance. We're a coalition
13 of trade associations whose members represent nearly
14 20,000 small businesses throughout California.

15 After nearly eight hours of testimony, I sense
16 from your comments, Chairman Nichols, and some from the
17 other Board members that you'll agree with the majority of
18 the speakers that more analysis is desperately needed if
19 we're going to realize our emissions reduction objectives
20 without inflicting an enormous economic burden on the
21 small business sector of our economy.

22 In fact, I was encouraged by one of your earlier
23 statements, Chairman Nichols, where you indicated or I
24 think you said that the Board wouldn't go forward with a
25 plan if you couldn't make it work. And I think that's the

1 reason that I came up from southern California was just to
2 ask you to please not do that if you can't find a way to
3 make it work.

4 Here in California, businesses in every sector,
5 but especially small businesses, are scaling back wherever
6 they can in order to preserve capital. Access to capital
7 at least from conventional sources is almost non-existent.

8 And, you know, consider when the Governor and the
9 State Treasurer have to go the Washington instead of Wall
10 Street for funds to take the state over through some lean
11 times. What chance does a small businesses have when they
12 need money for their small business needs?

13 Our members like other speakers have mentioned
14 support a cleaner, healthier environment, but they have to
15 have confidence that such a plan will not put them at a
16 competitive disadvantage or cost the employees their jobs,
17 benefits, and the homes they live in.

18 There are many other costs that we know of, but
19 there are also some costs that we don't know of. And
20 those are the ones that will come from the rulemaking that
21 will ensue from the plan that you ultimately adopt.

22 But before I leave, I would like to make one
23 recommendation that we strongly recommend that the final
24 plan have a mandate for a series of economic off-ramps
25 that will enable you or the Governor to exercise your

1 authority to declare a moratorium if there are compelling
2 reasons to believe that the plan is not cost effective or
3 able to produce the promised benefits.

4 We submitted earlier comment letters and we will
5 submit another comment letter following this meeting.

6 CHAIRPERSON NICHOLS: Thank you for that.

7 Susan King and then Gina Solomon.

8 MS. KING: Good evening, Chairman Nichols and
9 members of the Board.

10 I'm Susan King. And I'm an active registered
11 nurse for 37 years. I presently work at Methodist
12 hospital here in Sacramento in the recovery room and am a
13 proud member of the California Nurses Association.

14 As a nurse, protecting vulnerable communities
15 from air pollution is a top priority. The State's efforts
16 to address global warming must contain strong public
17 health protections from the following individuals. This
18 would include infants, children, the elderly, individuals
19 with existing heart and lung illnesses, as well as low
20 income communities.

21 These groups routinely face limited access to
22 health care, multiple sources of pollution and higher
23 rates of lung and heart disease. On behalf of the 85,000
24 members of CNA, I'd like to articulate like the many
25 speakers who supported strengthening the Scoping Plan, but

1 I will forgo.

2 What I'd like to add is if you don't think
3 hospitals are overcrowded now in our emergency rooms and
4 the hospital beds, wait until global warming further
5 impacts us all by poor implementation of AB 32.

6 Lastly, the California Air Resources Board must
7 carefully evaluate the health impacts of all measures and
8 strategies included in the State plan. The best way to
9 accomplish this is to establish a formal role for the
10 State and local health agencies to be meet AB 32
11 requirements.

12 Thank you.

13 CHAIRPERSON NICHOLS: Thank you.

14 Gina Solomon.

15 MS. SOLOMON: Good evening, Chairman Nichols,
16 members of the Board. My name is Gina Solomon, senior
17 scientists at the Natural Resources Defense Council and
18 also an Associate Clinical Professor of medicine at UCSF
19 where I'm the Associate Director for UCSF Pediatric
20 Environmental Health Specialty Unit.

21 And my comments today are focused on the
22 industrial sector and the health assessment where I
23 believe that there's some significant missed opportunities
24 and significant emissions reductions that are left on the
25 table.

1 The concerns of our environmental justice
2 colleagues that were expressed quite a bit earlier today
3 are concerns that I think should be taken quite seriously.
4 Because the people who will be paying the price of any air
5 quality -- currently of air quality problems and any
6 potential air quality decrements that could occur would be
7 the children living in the most vulnerable communities in
8 the state.

9 Fortunately, I think there are three things that
10 you can do that will go quite a long ways towards
11 enhancing the Scoping Plan and decreasing the risk of the
12 concerns that were mentioned around health effects related
13 to air quality.

14 The first is to beef up regulatory measures
15 regarding the industrial sector. There were two early
16 action measures on cement that were adopted by the Board
17 but seemed not to have made it into the Scoping Plan.
18 There were additional measures in draft, such as
19 efficiency process improvements for refineries, carbon
20 intensity standards for cement, and other measures that
21 were found to be cost effective and feasible and yet for
22 some reason are not in the plan. These measures would
23 make a huge difference in terms of verifiable and
24 guaranteed emission reductions.

25 In addition, you could substantially strengthen

1 the audit measure. For example, by lowering the threshold
2 to a quarter million metric ton from a half and also
3 creating hard targets.

4 And finally, I think there's significant
5 improvements needed for the public health assessment. For
6 example, there needs to be a range of scenarios considered
7 in the public health analysis. Some significant work
8 needs to be done on the local community analysis. And in
9 addition, I think it would be really helpful to bring more
10 public health expertise to the table to look at that
11 document.

12 I've been hearing people say, keep it simple.
13 Don't put a lot of additional regulatory measures into the
14 Scoping Plan. Make it really straight forward. But I
15 understand that, and I don't agree.

16 I think that for other scenarios other than the
17 industrial sectors there are regulatory measures in
18 addition to market mechanisms. That's not the case in the
19 industrial sector, except for some fugitive emissions.
20 And I think a package of regulatory measures will
21 guarantee both greenhouse gas reductions and co-benefits
22 in precisely the communities that are most at risk, which
23 will help to allay some of the concerns expressed. And in
24 fact, the list that I just offered would offer about 19
25 million metric tons of reduction.

1 So please don't walk away from the effort now of
2 adopting a full package of cost effective regulatory
3 measures for the industrial sector. Because I think
4 putting in some additional work on this now could really
5 save us from some more complicated and difficult work down
6 the road. Thank you very much.

7 CHAIRPERSON NICHOLS: Thank you. Okay.

8 BOARD MEMBER BALMES: Madam Chair, could I ask
9 one question. It's more to the staff as opposed to Dr.
10 Solomon.

11 But so Dr. Solomon mentioned two actions with
12 regard to the cement sector. There were apparently
13 approved by the Board before I was on it last fall that
14 are no longer part of the Scoping Plan. I was just
15 wondering what happened, given they were approved by the
16 Board. I think it was energy efficiency and usage.

17 DEPUTY EXECUTIVE OFFICER SCHEIBLE: Yes. When we
18 took the early action list to the Board, the Board did
19 several things.

20 One, it identified nine measures as what we call
21 the discrete early action and put them in the rulemaking
22 process. Those are all reflected in the plan.

23 And then there's several dozen additional
24 measures that were identified as things we were continuing
25 to study. And as we got through -- put into the Scoping

1 Plan process would come out as specific measures or
2 dropped or covered some other way.

3 So in the cement sector, there were a couple.
4 One was the increased use of blended cement, which means
5 you're mixing various materials and making the concrete
6 using less cement. And then an efficiency measure at the
7 actual cement kiln.

8 And our recommendation is that we cover cement in
9 the cap and trade program, but that we recognize we're
10 going to have to look at that specifically and how do we
11 deal with the issue of blended cement and how do we do
12 that under a cap and trade program.

13 BOARD MEMBER BALMES: Wasn't there also a user
14 fee considered?

15 DEPUTY EXECUTIVE OFFICER SCHEIBLE: I don't
16 remember whether there was a user fee.

17 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: No.

18 CHAIRPERSON NICHOLS: Okay. Thank you for your
19 comments.

20 We have our next on the list Bonnie Holmes-Gen,
21 Martha Arguello, Dr. Trisha Roth, Brandon Kitagowa, Linda
22 Weiner, Justin Malan, Tim Carmichael, Azibuike Akaba, and
23 Lamar Edwards. Great.

24 MS. HOLMES-GEN: Good afternoon, Chairman Nichols
25 and Board members. I'm Bonnie Homes-Gen, Senior Policy

1 Director with the American Lung Association of California.

2 And we want to applaud the work that you've done
3 today in developing this truly comprehensive and
4 groundbreaking plan to reduce greenhouse gases. And we
5 want to say firmly we do believe that this plan is
6 critical to our fight for clean and healthy air in
7 California and to addressing all the public health
8 emergencies that we've heard some compelling testimony
9 about today. We wouldn't be supporting this plan if we
10 didn't believe that it's truly important to that fight.

11 And I want to tell you that the public health
12 community is here with you in this effort. I have a
13 letter that I'm submitting today from 15 state and local
14 public health organizations that I believe you have now
15 before you and representing this letter today to call for
16 you to adopt the plan with strengthening changes.

17 And some of these organizations will be
18 represented in testimony. Some folks unfortunately had to
19 leave, including representatives of the Public Health
20 Institute, the Health Officers Association of California,
21 and Sacramento County Public Health. I want you to know
22 they were here all day.

23 And while we support the plan, as you know from
24 many of our communications with you, we are asking for
25 strengthening changes. I'm going to mention two things.

1 I want to underscore the concern about the land
2 use issue from a public health perspective. And we think
3 the numbers are very important in the case and the numbers
4 in the plan do need to go up. That target needs to go up
5 and at least be doubled.

6 I also want to emphasize the important of adding
7 the formal provisions we've been talking about for public
8 health review of AB 32 strategies. And very much
9 appreciate Dr. Balmes' comments earlier today. And we
10 appreciate the work staff has done so far to look at some
11 of the hard impacts, but this is only a start. And
12 broader review is necessary.

13 So we're specifically calling on you to direct
14 the staff to come back within three months with
15 recommendations for establishing a formal process to
16 include state and local public health agencies, academics,
17 and organizations and the development review of all
18 proposed greenhouse gas reduction measures, including
19 market mechanisms and to ensure that there was a broader
20 analysis of the broad range of health benefits and
21 concerns related to all these measures. So that the staff
22 would partner with other agencies and experts to look at
23 the broader range of chronic disease and other health
24 outcomes.

25 And in closing, I want to comment we do believe

1 that this public health analysis is especially important
2 as the staff and the Board moves forward to look at market
3 mechanisms. And we believe the Board needs to move very
4 cautiously in this area. And that's one reason why the
5 public health involvement is so essential. And I thank
6 you for the time.

7 CHAIRPERSON NICHOLS: Thank you.

8 Martha.

9 MS. ARGUELLO: Good evening, Board members.

10 I'm Martha Arguello, the Executive Director of
11 the Physicians for Social Responsibility. And I'm a
12 member of the EJAC Committee.

13 My comments I want to speak directly to the
14 health analysis in the Scoping Plan. I'm particularly
15 deeply concerned with the study on localized impacts. So
16 when we look at the section that talks about the localized
17 impacts and a target community like Wilmington, there
18 seems to be a margin of error for where the margins are
19 and many of the benefits wouldn't say in Wilmington.

20 The other part of the Scoping Plan where I think
21 while I applaud what they have done -- what they haven't
22 done is this is a very ambitious plan and it assumes ten
23 percent reduction. We're not sure we get those through
24 all the measures. We're not sure what's going to happen
25 on the goods movement and all the other measures. So we

1 shouldn't assume we are going to get all of those
2 emissions reduction. And the health analysis and the
3 health benefits that are stated assume all those emissions
4 reductions.

5 So I think it's a very overly optimistic
6 estimations of the health benefits we might actually get.

7 And if I read the letter of the law correctly, we
8 actually need to measure what would happen in a worst case
9 scenario. Let's say what the environmental justice
10 community and others have been saying that cap and trade
11 programs don't work to reduce emissions. What would
12 happen in communities like Martinez and Wilmington where
13 there might be an increase in refineries where we might be
14 siting some power plants? What would be the health
15 impacts then?

16 I think adequate health analysis needs to look at
17 and be honest with the public. This is what might happen
18 if we don't meet those goals.

19 CHAIRPERSON NICHOLS: I don't normally interrupt
20 people, but I want to clarify something. Because I want
21 to be sure. I think this morning the presentation said
22 that the health benefits numbers excluded cap and trade
23 one way or the other. In other words, they didn't
24 analyze -- cap and trade was held neutral in that
25 assessment. Is that --

1 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

2 CHANG: We did three. We did looked at three different
3 scenarios. We looked at a statewide analysis and a South
4 Coast analysis and then we did illustrations for a
5 localized area. We looked at the Wilmington area. In the
6 South Coast area, we did not include cap and trade
7 benefits.

8 CHAIRPERSON NICHOLS: I'm sorry. I apologize.

9 MS. ARGUELLO: No. It was kind of hard to figure
10 out by reading the Scoping Plan if the benefits were
11 outside of the cap and trade.

12 So my point is that if you did a cap and trade
13 and it actually drove up emissions like in the reclaim
14 program, we need to have impact assessments what that
15 looked like as well. Thank you.

16 CHAIRPERSON NICHOLS: Thank you.

17 DR. ROTH: Good evening. My name is Tricia Roth.
18 I'm a pediatrician. I have a bumblebee on my card.
19 Bumblebees we used to think we didn't know how they could
20 fly because wings are too small for their bodies. But
21 then somebody figured out it was the rotary movement. So
22 I want you to get my card.

23 So we don't really know how we're going to
24 accomplish these things. But in terms of an article, it's
25 going to be becoming out in January in Pediatrics which is

1 our major journal about third-hand smoke.

2 My back background is working on substance abuse.
3 As I worked on smoking and secondhand smoke, which is
4 what's left after the smoke disappears is the particulate
5 matter that settles in the gas. And children are most
6 sensitive. They're outdoors more and they're close to the
7 ground. And they touch all sorts of little things. So we
8 need to protect them.

9 As a pediatrician, I've watched children struggle
10 to breathe. And it's my job to help you protect them.
11 And we need to --

12 EXECUTIVE OFFICER GOLDSTENE: I just want to let
13 people know that at 6:00 in this building, because we are
14 LEED certified, the lights go off. And so we are working
15 on getting them back on.

16 CHAIRPERSON NICHOLS: They are capable of being
17 turned back on.

18 EXECUTIVE OFFICER GOLDSTENE: We will find out.
19 Of course, they are. We're working on it right now.

20 DR. ROTH: There were hearings today on Prop. 65
21 on particulate matter as reproductive toxins. So that's
22 another area that we need to consider.

23 The other issue is obesity and how obesity and
24 asthma related. Because if you can't run and you can't
25 exercise, your need to exercise is part of what we do to

1 keep our weight down. As you probably know, there's an
2 asthma epidemic and now there's also an obesity epidemic.

3 So I would like you to remember that in southern
4 California the Office of Emergency Health Services is
5 usually warning the L.A. Unified School District to
6 restrict kids' outdoor activities which is contributing to
7 the obesity problem.

8 So I've submitted other information. But I would
9 like you to consider looking at Jonathan Winicough's
10 article on third-hand smoke so it helps you understand the
11 way particulate matter and gases affect children in other
12 ways and help us craft public policy. Thanks.

13 CHAIRPERSON NICHOLS: Thank you.

14 MR. KITAGAWA: Good evening. My name is Brandon
15 Kitagawa, and I'm a Policy Associate with Regional Asthma
16 Management and Prevention. We're an initiative of the
17 Public Health Institute. We coordinate a statewide
18 network of asthma coalitions made up of health care
19 professionals, schools, environmental health and justice
20 organizations, asthmatic children and their parents called
21 Community Action to Fight Asthma.

22 While much of what I'm going to cover today has
23 already been mentioned, I feel a tremendous responsibility
24 to relay their voice to you today.

25 So the fact that regions in California have some

1 of the worst air quality in the country means that our
2 doctors, clinics, and school nurses are already treating
3 an ever-increasing number of children with asthma.

4 Today, in California, one in six children have
5 asthma. Without efforts to stem the effects of global
6 warming, we expect to see more emergency room visits,
7 hospitalizations, and lost school and work days due to
8 asthma.

9 This is why members of our asthma coalitions feel
10 it is vital that the State take strong measures to fight
11 global warming. Our members support the specific
12 recommendations that were submitted by the Health Network
13 for Clean Air. So I'll focus my comments today on those
14 that have the greatest impact on asthma.

15 First, land use and transportation planning
16 measures have a strong connection to improved overall air
17 quality and should be further emphasized in the plan.
18 Increased efforts to reduce vehicle miles traveled through
19 investment in public transportation and transit oriented
20 development may best maximize long-term emissions
21 reductions and improved air quality.

22 Second, while on average one in six children in
23 California suffer from asthma, in some neighborhoods this
24 is as much as one in four. And many of those communities
25 are represented here today by the central valley,

1 Richmond, southeast Los Angeles. But it's also
2 communities like west Oakland, East Palo Alto, Bay View
3 Hunter's Point in San Francisco, Long Beach, Commerce.
4 The list can go on.

5 So State efforts must activity protect
6 communities already burdened by multiple sources of
7 pollution, including ports, goods movement and --

8 CHAIRPERSON NICHOLS: Your time is up.

9 Linda.

10 MS. WEINER: My name is Linda Weiner with the
11 American Lung Association.

12 I want to thank the CARB staff for their very
13 long hours of work. And I'd like to make some
14 recommendations today to strengthen the higher level of
15 protection for public health and local communities.

16 And the reason I want to focus on this is that
17 the American Lung Association, we get the calls from
18 people who can't breathe. When there's wild fires or
19 particle pollution hanging in the air, hot stagnant days,
20 and high levels of smog, we get the calls. And we know
21 that with global warming there will be increased hotter
22 days and more wild fires.

23 And, of course, we're particularly concerned
24 about vulnerable individuals and communities. And of
25 course, this is even more an urgent situations in

1 communities of colors with multiple sources of pollution
2 because the data shows that heart disease, asthma, lung
3 disease are much higher in those communities. Not only is
4 the cost high in terms of human suffering, but also in
5 terms of economic costs.

6 I'm sure you're aware of the recent study by
7 California State Fullerton showing an economic loss of \$28
8 billion a year from the pollution, illness, and death in
9 L.A. basin and central valley.

10 We join with other public health organization
11 today in recommending that CARB establish a process to
12 identify and analyze any potential negative air quality or
13 health impacts of AB 32 regulations or measures in
14 vulnerable communities. And we ask that CARB direct staff
15 to ensure that any market-based compliant mechanisms are
16 designed to achieve maximum emission reductions and public
17 health benefits.

18 And finally, we asked CARB initiate a public
19 process to recommend how resources generated through AB 32
20 can be directed to assist in adaptation and emission
21 reduction measures in the most vulnerable communities.

22 At the risk of sounding cliché, the bottom line
23 is when you can't breathe, nothing else matters. And we
24 know that global warming will make that worse.

25 So in closing, I would say we respectfully and

1 urgently ask that you strengthen the public health
2 protections in the AB 32 implementation plan.

3 Thank you.

4 CHAIRPERSON NICHOLS: Thank you very much.

5 MR. MALAN: Madam Chair, Board members, staff,
6 Justin Malan with the Local Environmental Health
7 Directors.

8 WE feel like we're late to the game here. Many
9 of the environmental health folks haven't been engaged up
10 to now. But we want to offer our enthusiastic support for
11 your awesome job here.

12 Wants to offer our support as colleagues and
13 agents of the state.

14 We have submitted some formal comments. I want
15 to echo to words and the encouragement of the other folks
16 from the public health community to strengthen the role of
17 public health and maybe help find some funding for the
18 beleaguered Department of Public Health because they
19 struggle to bring their resources up, being General Fund
20 supported.

21 I do want to stress the need to identify and to
22 tell the public what the co-benefits are. I think we're a
23 little bit shallow on that. The co-benefits are
24 immediate. They're happening to the community right now.
25 And I think it helps sell the message.

1 And, finally, just to echo what's been said
2 before about taking care of those already impacted
3 communities. And we would agree. Would support the
4 increase of the land use goal from five to eleven or
5 fourteen million metric tons.

6 Thank you.

7 CHAIRPERSON NICHOLS: Thank you.

8 MR. AKABA: Good evening. My name is Isaac
9 Azibuike Akaba, and I'm working with one of the community
10 groups in West Oakland, the Environmental Indicators
11 Project in West Oakland.

12 Communities that live near the port of Oakland
13 and surrounded by different -- three different freeways.
14 So they're impacted by that 41 percent of the
15 transportation pollution greenhouse gases that people are
16 talking about.

17 Couple of things I wanted to talk about is quick
18 briefly -- although I do have a couple of minutes because
19 some other people deferred and gave me their credits.

20 CHAIRPERSON NICHOLS: DOESN'T work that way. We
21 don't run a trading system here. But we're very
22 suspicious of trading.

23 MR. AKABA: Someone sold me some bad credits?

24 So in relying on the language of AB 32, I was
25 saying prior to the inclusion of any market-based

1 compliance mechanism in the regulations, the State Board
2 shall do all of the following: Which is consider the
3 potential for direct, indirect, and cumulative emission
4 impacts from these mechanisms, including localized impacts
5 on communities that are already adversely impacted by air
6 pollution. And we think that should be the screening for
7 any type of market mechanism that's developed.

8 And that should be the criteria for as blanketed.

9 And then it says design any market-based
10 compliance mechanism to prevent any increase in the
11 emission of toxic air contaminants and criteria
12 pollutants. And this is very important for us, because
13 they already -- some people are living in non-attainment
14 zones. And some of the things that haven't been brought
15 out today is talking about the penalties for
16 non-compliance no matter what's being implemented. It is
17 there need to be very stiff penalties for violations for
18 whatever system that you are creating. That's not
19 apparent in the Scoping Plan.

20 And then also the point about the offsets. We
21 really think that the benefits of the best available
22 control technology benefits the direct localized
23 communities. And we think that offsets actually outsource
24 the benefits, and therefore we're very concerned that that
25 shouldn't happen.

1 CHAIRPERSON NICHOLS: I have let you go over.

2 But I think you're done.

3 MR. AKABA: Thank you very much.

4 CHAIRPERSON NICHOLS: Okay. I'm just going to
5 continue reading names until I get a bunch of people
6 standing up here. Cathy Reheis-Boyd, Adrian Perez, Jesse
7 Marquez, Greg Karras, Jane Williams, Anna Lee, Adrian
8 Blocke, Jim Sandoval, Audrey Chang, Robert Whyman, Andrew
9 Michael, Daniel Mills, Elizabeth Merry, Eileen Dutton, Ken
10 Johnson, Hugh Ewing, Adam Stern, Tim Frank, Susan Strong,
11 Martin Fuentes, Judy Moores.

12 That's enough for the moment. Okay. Very good.
13 Start with you then.

14 MS. REHEIS-BOYD: I guess it is good afternoon or
15 early evening. Chairman Nichols, members of the Board.
16 My name is Cathy Reheis-Boyd. I'm Executive Vice
17 President of the Western States Petroleum Association.

18 It's been nearly two years since we had the first
19 Scoping Plan meeting. And obviously there's been lots of
20 work and people are running pretty ragged. I think I fit
21 in that category myself. But certainly this transforming
22 and daunting.

23 And Chair Nichols noted, the leadership that CARB
24 has had on this issue -- and we certainly wanted to
25 compliment the Air Resources Board and the staff for all

1 the hard work that's been done.

2 I think the staff would agree we've been very
3 constructively engaged in the process. We've hosted six
4 different collaboratives. I think Bob Epstein mentioned
5 on offsets. And Chairman Nichols, you even had the
6 opportunity to sit through one of those. We hope they
7 were helpful. It's where we dive deeper into complex
8 issues and try to figure out what to do about them. So
9 we'll continue those as we go forward.

10 I think the one thing I heard that I'm very
11 encouraged on is the plan is a blueprint. We have a lot
12 of work to do that none of us have the corner on wisdom
13 going forward. So we are looking forward to continuing
14 our dialogue.

15 Good to hear the staff doesn't think that the
16 plan dictates any solutions that were flexible to look for
17 better options if we had them. And I think that's very
18 supportive.

19 One thing I did want to note is as you're looking
20 at your plan resolution, it would be helpful if you would
21 consider acknowledging the importance of adequate reliable
22 fuels as we go forward. And I think that will give not
23 only us but the consumers some comfort that we can
24 actually get there and sustain the long term goal of 2050
25 which is something we're all trying to strive for.

1 I think if you can acknowledge that and commit to
2 continue to work with the Energy Commission and the CPUC
3 on making sure we can meet our energy demands as we
4 transform into whatever it is we're going to be in the
5 future.

6 I'm not going to note -- the economic analysis we
7 certainly support the comment of the AB 32 Implementing
8 Group.

9 And then three things going forward that we would
10 be very most interested in working with staff on.

11 One of those is a review process where we look at
12 progress against plan. And we make sure that we check in
13 and make sure we're doing what we think we should and that
14 we make any mid course corrections if we need to. And I
15 think that's just prudent. And hopefully the staff will
16 be interested in working with us on that.

17 The two others are definite schedule and time
18 line for regulations and guidance document so we can have
19 a workable program.

20 And the other is regulatory certainty. We're
21 going to need a lot of help in things like streamlining
22 the regulatory hurdles we have before us, accessing things
23 like the grid, looking at permitting issues, and certainly
24 there's CEQA we all have to address.

25 So thank you very much, and I'll look forward to

1 working with you in the future.

2 CHAIRPERSON NICHOLS: Thank you.

3 I think I'm going to work on my time.

4 MR. WHYMAN: Good evening. It's Bob Whyman of
5 Latham and Watkins on behalf of the California Climate
6 Coalition.

7 Thank you very much for staying late tonight so
8 we can get this testimony in. I appreciate it.

9 We have written comments which we refer you to.
10 But I'd like to focus my comments this evening on how to
11 accelerate technology.

12 We really want this program to work. To work,
13 you're going to need -- we're going to need large scale
14 technology investment. There's some missing components to
15 ensure that that happens. I'll mention just three.

16 One is we really do need to clear the way for the
17 entitlements that will be needed, the permits that will be
18 needed for some of these projects, whether it's
19 transmission lines in order to get to renewable portfolio
20 objectives we sought, whether it's transportation fuels
21 projects for ethanol or other low carbon biofuels, all of
22 these will need to go through the entitlements process.
23 If we don't make major reforms to that process, we will
24 have the best of intentions, but no success.

25 Secondly, we need a whole regulatory framework to

1 support some of the investments that are required,
2 particularly for our long-term goals. Carbon capture and
3 sequestration is something we ultimately need, even though
4 here in the state we don't necessarily need it for coal
5 fired generation. But we may need it and want it for
6 other purposes.

7 We need to find property rights, liability
8 provisions. We need a mechanism as you've heard earlier
9 to reward energy efficiency investments by those outside
10 of the PUC process. All of this will require a regulatory
11 infrastructure that should go forward with as much speed
12 and priority as the AB 32 Scoping Plan.

13 Third, while the price signal will be terrific
14 when it comes, it may not be soon enough or robust enough
15 to accelerate technology investment today, especially when
16 we face scarcity in access to capital. If we want large
17 access to capital today and large investment today, we
18 need mechanisms to reward people to enable and to monetize
19 a carbon benefits of their investments today.

20 As the staff knows in the extensive proposal we
21 made in May, we have a proposal for innovative
22 technologies true game changers to allow them to get
23 carbon credit today for large scale investments that are
24 we know are in the strategic interest of the state. We
25 encourage you to look at our proposals.

1 We look forward to partnering with other
2 stakeholders in the state to do exactly that. These three
3 steps alone are only a few, but they would change our
4 ability to attract investment today.

5 CHAIRPERSON NICHOLS: Thank you for your patience
6 and for your comments.

7 MS. DUTTON: Good evening, Madam Chair and
8 members of the Board. My name is Eileen Dutton. I'm a
9 research scientist working for GAFL, the building
10 materials company. We're the largest supplier of roofing
11 products. But I'm here today as a representative of ARMA,
12 Asphalt Roofing Manufacturers Association.

13 First, let me thank you for the opportunity to
14 present our comments. We've had written comments
15 submitted that will more fully explain our position.

16 ARMA represents the deep and low sloping asphalt
17 roofing community. Most notably, asphalt shingles cover
18 four out of five homes in the United States. And last
19 year, over 50 million square feet of shingles were applied
20 in the state of California alone.

21 ARMA believes the work that the California Air
22 Resources Board is doing to meet the requirements of AB 32
23 is monumental and applauds the efforts of the staff in
24 developing the draft Scoping Plan.

25 However, we have concerns over how the voluntary

1 early action items, such as the cool community program,
2 fit into the overall AB 32 scoping document and whether
3 these voluntary programs are voluntary or intended to
4 become mandatory through local regulatory agencies.

5 Indeed, the final early action items defines
6 early items as measures that may be regulatory or
7 non-regulatory in nature. We believe these may be
8 voluntary in the same manner as CARB's suggested control
9 measures for volatile organic compound emissions. They
10 may become a blueprint for mandatory regulatory actions by
11 local agencies.

12 The cool communities program is largely based on
13 a paper by Dr. Ahshem Abari, Lawrence Berkeley Labs, that
14 while peer reviewed has not been reviewed by other
15 Department of Energy agencies or members of the cool
16 communities working group. It was reviewed two-and-a-half
17 years ago and conclusions from the peer review have not
18 been vetted with the key stakeholders.

19 In addition, the cool community program has not
20 done adequate research on the consumer cost benefit of
21 installing a cool roof nor incorporates the consumer cost
22 data provided to California Energy Commission in the
23 development of Title 24 --

24 CHAIRPERSON NICHOLS: Your time is up.

25 MS. DUTTON: Okay. Thank you. Our comments are

1 as I said written. Thank you.

2 CHAIRPERSON NICHOLS: Thank you.

3 MR. EWING: Madam Chair, Board members, my name
4 is Hugh Ewing. And I represent the Ebbets Pass Forest
5 Watch.

6 And I'm going to go in a little different
7 direction than others have. We do support AB 32. The
8 efforts that have been put into it are obviously
9 monumental. And we appreciate the direction that the
10 Board has taken with the vast majority of the initiatives
11 with AB 32.

12 Few concerns that we have though that involve the
13 forestry section.

14 Number one, specifically, five million metric
15 tons CO2 sequestration, to our knowledge, there are no
16 metrics out there that we have found that specifically
17 support that number.

18 So I'm not saying it's not true. I'm saying it
19 could be that number or something even larger, which I'm
20 sure many people would appreciate. So I think coming up
21 with a verifiable number that can create a base from which
22 everybody is working is an extremely important part of any
23 process. That's number one.

24 Number two, conversion. Conversion of forest
25 land right now are not as well controlled as they might

1 be. And CalFIRE specifically has mentioned the fact that
2 they are unable to be a part of that process to the extent
3 necessary to reduce the amount of conversion that goes on
4 in the state of California.

5 And number three, forest practices. Forest
6 practices are intrinsically tied to how much carbon
7 sequestration goes on within the forest. So without
8 getting into the dirty details of the various practices,
9 the science is starting to come around. And you guys I'm
10 sure have looked at a lot of it already. But the fact is
11 that forestry practices and how people harvest from the
12 private lands will make a large difference on
13 sequestration.

14 So just those three areas we would strongly
15 suggest that you pay -- well, I think you're paying
16 attention now. But you look into further.

17 CHAIRPERSON NICHOLS: Thanks for your comments.

18 MS. STRONG: Madam Chair, CARB members, I'm Susan
19 Strong, fellow Cornellian,

20 CHAIRPERSON NICHOLS: That will get you at
21 least --

22 MS. STRONG: And my nose is growing brown here.

23 And for 18 years, I've been the Executive
24 Director for the Extruded Polystyrene Foam Association.
25 And I've worked with you, Ms. Nichols, as you know on the

1 ozone depletion issue for a lot of those years.

2 I'm here today not only representing my
3 organization, but also three other foam plastic industry
4 organizations, including the Center for Polyurethane
5 Industry of the American Chemistry Council, the Polyiso
6 Insulation Manufacturers Association, and also the Spray
7 Polyurethane Foam Association. For those that have ever
8 worked with those groups, saying I'm here representing all
9 of those entities is something by itself.

10 So what I'd like to add is we've made written
11 comments. I'm not here to repeat those. But what I would
12 like to do is just summarize by saying that the use of
13 foam plastic insulation in building saves greenhouse gas
14 emissions. And I'm talking about that even though some,
15 including our own, are blown with greenhouse gases.

16 So I would like to give you a couple of facts
17 though that goes to your mission that you must achieve
18 real, quantifiable, and cost efficient reductions.

19 First, buildings consume 40 percent of our
20 nation's energy. Insulation reduces this demand,
21 particularly in the building envelope, and will therefore
22 energy load regardless of the equipment that's inside the
23 building.

24 I harkened by this woman this afternoon that said
25 she had trouble controlling her building. I guarantee you

1 foam plastic insulation is not on the outside of the
2 building or it wouldn't be happening.

3 DOE sites 60 million homes today are under
4 insulated. This translates into higher greenhouse gas
5 emissions. And if these 60 million homes met DOE energy
6 standards today, that would save 103 billion barrels of
7 oil or 51 super tankers of such. And it would also
8 translate into 41 million metric tons of carbon dioxide
9 emission that could be saved.

10 CHAIRPERSON NICHOLS: Thank you. You're out of
11 time.

12 MS. STRONG: Thank you very much. And we stand
13 on our written comments which go into other points.

14 CHAIRPERSON NICHOLS: Okay.

15 Believe it or not, we are down to a page and a
16 half of commenters left. And there aren't that many
17 people left in the room. So the end is in sight.

18 MR. SANDOVAL: Good evening, Madam Chair,
19 honorable Board members. Jim Sandoval with CH2. I'm
20 representing the Bay Area Clean Water Agencies, otherwise
21 known as BACWA.

22 BACWA commends the ARB for specifying
23 anthropogenic emissions only in the cap and trade in your
24 recent errata.

25 Regarding the public goods charge, BACWA

1 understands the public benefit of this charge. However,
2 public utility bills often include charges for water,
3 sewer, and solid waste services and a combined invoice to
4 consumers.

5 Based on our experience, utility bills have an
6 unpredictable amount of capacity for rate and fee
7 increases before the public challenges them. Please be
8 aware that adding the public goods charge reduces the
9 capacity and could burden the resources available for
10 essential capital and operational improvements.

11 Regarding cross media, like the ARB, we are
12 concerned about the cross media impacts that create
13 conflicts among air, water, and land-based permits and
14 regulations. For example, local air quality regs in some
15 districts create restrictions for public utilities that
16 make sustainable end uses of organic materials such as
17 composting and renewable energy very difficult to
18 implement.

19 BACWA commends the ARB for encouraging the use of
20 organic materials to produce compost to benefit soils and
21 produce biofuels and energy. Please add specific language
22 in the Scoping Plan that specifies the feed stocks
23 included in the organic materials definition, particularly
24 wastewater treatment, biosolids, and food waste.

25 Regarding offset projects, BACWA asks that you

1 allow groups of public utilities to bundle offset projects
2 so greenhouse gas reduction opportunities will abound for
3 all communities small and large.

4 Regarding cap and trade, BACWA commends ARB for
5 developing a strategy to reduce emissions. We recognize
6 the opportunity for non-capped utility providers to
7 generate offset credits and yield environmental benefits
8 and incentives. However, we are concerned that competing
9 in a cap and trade market may subject public utilities to
10 the uncertainty of supply and demand of credits in
11 fulfilling their mandate to provide infrastructure or
12 essential public services in a timely manner.

13 CHAIRPERSON NICHOLS: Mr. Sandoval, your time has
14 expired.

15 MR. SANDOVAL: Can I ask a question? The written
16 testimony -- we're putting together a letter for the
17 December 10th deadline. Will those comments be integrated
18 by the 12th or how will that work?

19 CHAIRPERSON NICHOLS: Well, if there's new
20 material that's presented that we haven't already seen
21 before, we will certainly take a look at it. And we'll
22 respond to it if it requires a response. At least we'll
23 consider it. Thank you.

24 Next group: Judy Moores, Rebecca Sutton, Anibal
25 Gurrero, Michael Green, Raphaelle Richarde, Michael

1 Quigley, John Mataka, Cynthia Babich, Stan Wieg, Kris
2 Tjernell, Jamie Hall, Norm Plotkin, Robert Blumenstock,
3 Rod Ries, John Boesel, Zack Kaldveer, Allen Desault,
4 Kirsten Schwind, Tom Frantz, Tracey Chavira, Damian Jones,
5 Jim Hawley, Rory Cox, Jennifer Hadra, Brian Nowicki,
6 Willaim Rostor, Andy Katz.

7 That's it. There are some people out there -- I
8 know. I see you, but I don't see your name. Maybe I
9 missed something here.

10 Well, is there anybody left in the audience who
11 signed up to testify and who hasn't been heard from?
12 Patty, I know you. Tony, I know you.

13 All right. This is it. This is the last bunch
14 then. And you better tell us your names, because you're
15 not on my list in some cases. Anyway, we are here and we
16 are happy to hear from you.

17 MS. SUTTON: Hi. My name is Rebecca Sutton, and
18 I'm a senior scientist with the Environmental Working
19 Group. We're a research and advocacy nonprofit and do a
20 lot of investigations on agriculture.

21 So I'm here to talk about deficiencies in the
22 plan on agriculture, because right now doesn't really
23 include that sector very much.

24 So outline very quickly five different broad
25 points.

1 First, we really like to see the Board staff do a
2 comprehensive evaluation of agricultural measures that we
3 can put in place right now that we have developed and can
4 use right now before 2012 to start making some changes to
5 reduce our emissions, because we really just can't wait
6 too long with this ambitious plans we've got in front of
7 us.

8 Second, we'd like to see the Board providing more
9 transparency in their decision making regarding these
10 different measures. I had a really hard time getting a
11 hold of information that I've asked the staff for,
12 including simple things like the basis for the cost
13 estimate of methane digesters at dairies. And then for
14 broader issues like why water conservation and water pump
15 efficiency wasn't included in the agricultural plan. Like
16 to see some written documentation on that so we can follow
17 the Board's decision making process.

18 Third, if we are going to go forward with cap and
19 trade, which includes agricultural offsets, we need to
20 make sure those offsets are real, new, feasible,
21 verifiable, and include a lot of co-benefits. So as
22 you're developing protocols, we also urge you to make sure
23 that they avoid all ambiguity. When you're doing the
24 rulemaking and have to follow it up with changes that
25 results in regulatory burden and instability on the carbon

1 market.

2 Fourth point, we're excited about the nitrous
3 oxide research program, but we need to see more research
4 that characterizes all the different emissions coming out
5 of a bunch of different agriculture systems in the state,
6 including organic agriculture.

7 Finally, we'd really like to see a commitment
8 from the Board and staff for an annual or biennial update
9 on agriculture's role in global warming and a review of
10 the measures that are currently in place or under
11 consideration.

12 CHAIRPERSON NICHOLS: Thank you. Your time is up

13 MS. SUTTON: Thanks.

14 Madam Chair and members of the Board, it is a
15 pleasure to speak with you tonight regarding the
16 transforming the goods movement sector in California to a
17 low carbon economy.

18 MS. SENEAL: My name is Patty Senecal
19 representing the International Warehouse Logistics
20 Association and a member of the Western States Goods
21 Movements Alliance.

22 IWLA is an international association of
23 third-party logistics providers and value-added warehouses
24 with 500 member companies providing cost effective
25 third-party logistics for manufacturing and retailing.

1 And we are committed to protecting the free flow of
2 products across international borders.

3 Our members conduct business in Canada and the
4 United States. The Western Goods Movement Alliance is a
5 supply chain coalition of companies that move goods in and
6 out of west coast ports, rails, and distribution centers.

7 Our mission is to support the successful
8 transition of the goods movement sector to a low carbon
9 economy. We advocate for technologically feasible,
10 verifiable, and cost effective initiatives that prevent
11 leakage in the competitive goods movement sector.

12 The draft Scoping Plan lays out the path for
13 goods movements that proposes to fundamentally change
14 vehicles, fuels, and commercial building standards and a
15 system wide efficiency through a series of regulations
16 taking place in the next two years.

17 With eight cost factors: Such as, reformulated
18 diesel fuel to the low carbon fuel.

19 Increase the renewables portfolio standards from
20 20 to 33 percent causing utility costs to increase for
21 warehouses and distribution centers.

22 Requiring distribution centers to retrofit their
23 trucks.

24 Purchase smart wave vehicles, and police the
25 compliance of this regulation.

1 Develop new heavy-duty engines standards that
2 limit CO2.

3 Pursuing energy efficiency goals toward zero net
4 energy that requires retrofit of existing building.

5 Please allow the distribution centers to generate
6 carbon credit through voluntary renewable retrofits using
7 solar and wind. Create goods movement measures for a
8 system wide efficiency with substantial tonnage
9 attributable to the goals in the plan.

10 Place declining cap on goods movement that could
11 only be reached by technology changes in engines and fuels
12 and reduce VMT.

13 We understand the need for the diversity of fuel
14 mix represented in the renewable portfolio standards.
15 This will cause increases in our utility cost. But with
16 an appropriate lead time, our members can adjust with
17 energy efficiency measures to optimize the cost increase.

18 We support the adoption a low carbon fuel
19 standard when the technology is commercially viable and is
20 adopted by all the western states.

21 CHAIRPERSON NICHOLS: Thank you. Your two
22 minutes of fame have come and gone.

23 MS. SENEAL: Appreciate the opportunity.

24 CHAIRPERSON NICHOLS: Thanks for waiting so long.
25 We appreciate it and for your support.

1 MR. KATZ: Thank you, Chair Nichols and Board
2 members and staff. My name is Andy Katz. I represent
3 Breath California.

4 We signed on to the Health Network for Clean Air
5 letter, and I'll be addressing some of the points from
6 that letter.

7 Thank you for your dedication to hearing from the
8 public today. There are several concerns from the public
9 health community, although many of us support the Scoping
10 Plan, as we do. And hope that you will adopt it with some
11 strengthening changes.

12 There needs to be a formal role for public health
13 in AB 32 implementation. I was just thinking since I
14 was -- when I found out I was the last card pulled today
15 and there was this joke about, no, we are not allowed to
16 trade between cards, what if people were given cards?
17 What if people could trade around their cards and trade
18 around their time? And then me at the back of the line.

19 And I think the analogy here is the communities
20 who breath the worst air, who live near refineries in
21 Richmond, many of the industrial sources, they're the last
22 card.

23 And if people are given credits, people are -- if
24 you don't move to 100 percent auction, if you don't have a
25 trading system or an offset system that isn't closely

1 monitored, doesn't have a formal role for public health,
2 there are consequences that are not being anticipated.

3 So I want to encourage ARB to make sure there is
4 a formal role for public health and that the cumulative
5 impacts of all these regulations are carefully evaluated,
6 carefully projected in terms of what are the economic
7 consequences, and how those projected economic scenarios,
8 multiple kinds of scenarios would lead to different
9 outcomes depending on how potential cap and trade --
10 hopefully cap and auction or carbon fee system would be
11 implemented. How will that actually look on the ground
12 when firms look to purchase and sell credit.

13 I want to encourage the Board to strengthen the
14 land use element. That five million metric ton number is
15 a good improvement, but it's based on as the authors of
16 this study said, it's based on old estimates. It's based
17 on old models. And the newer models that show 11 to 14
18 million metric tons possible, those include pricing
19 strategies that have since been evaluated in the stronger
20 way. Those include access models. The more communities
21 grow, the less people need to travel. Even when you're
22 driving, you're driving less. Because as we grow, we grow
23 closer together.

24 There are some strong policy justification and
25 strong -- I have a masters in city planning myself. And I

1 can see from the study how 11 to 14 million metric tons
2 really is justifiable based on what's already going on.

3 There's a study that shows that seven --

4 CHAIRPERSON NICHOLS: Thanks, but your time is
5 up.

6 MR. KATZ: I saw the light. Thank you.

7 CHAIRPERSON NICHOLS: Okay. You saw the light.

8 Great.

9 MR. FISHER: Thank you, Madam Chair and Board
10 members. I'm Tony Fisher representing NUMMI the GM/Toyota
11 automobile plant located in Fremont, California.

12 NUMMI along with other manufactures whose
13 operations can be relocated and are at a competitive
14 disadvantage with similar plants outside of California
15 request the Air Resources Board allocate free of charge
16 greenhouse gas allowances to cover such facilities.

17 Such free allocations would only be distributed
18 if, one, such manufacturers were installing reasonable,
19 cost effective, achievable technology to limit greenhouse
20 gases; and two, such allowances were prohibited from being
21 re-sold into the market.

22 This allocation of free allowances would be
23 consistent with the grandfathering that was done for
24 existing California operations emitting the health-based
25 criteria pollutants.

1 Also, such a free allocation would be appropriate
2 for existing manufacturers like NUMMI which are not able
3 to pass along such allocation costs in their products to
4 consumers because of competitive market situations.

5 And, finally, it would be justified because it
6 inhibits leakage of jobs production and higher emission
7 intensities of greenhouse gases to places outside of
8 California.

9 Thank you.

10 CHAIRPERSON NICHOLS: Thank you.

11 I have a couple of names I'm going to read to
12 make sure none of these people are here and thinking I
13 should have called them. Robert Meagher, Vania Ahmadi,
14 Will Seavey, David Roland-Holst, none of you are here.

15 Is there anybody else who needs to speak tonight
16 before we close this part of the hearing off?

17 All right. Hearing none, if there are any
18 members of the Board who based on today want to make any
19 observations about questions they're going to be raising
20 over the next day or two, I think it would be an
21 appropriate time to do it. If not, we can postpone this
22 until tomorrow and you can have the discussion when you
23 have heard from the 15 or so I believe people who did ask
24 to speak tomorrow. It's up to you.

25 BOARD MEMBER BERG: The only thing I would

1 appreciate is some guideline on how we're going to look at
2 issues or define issues that will be discussed as a part
3 of the regulatory process versus policy type issues. And
4 if we could get some leadership from you, that would
5 really help the conversation for tomorrow.

6 CHAIRPERSON NICHOLS: Okay. Let me think about
7 for just a minute or about how to do it. Maybe I'll
8 collect other comments from other folks.

9 Yes.

10 BOARD MEMBER LOVERIDGE: Mary, just your own
11 quick personal reflection listening to Obama's statement
12 what the national government is going to do and how it
13 might connect with what we're doing here, I would be
14 interested for your quick assessment.

15 CHAIRPERSON NICHOLS: Okay. Anything else?

16 Well, first of all, let me answer the one first.
17 I think it's pretty straight forward. In his four-minute
18 videotaped address that he sent out for the Governor's
19 Climate Summit, the President Elect indicated he was
20 looking to the state, California of course, but also the
21 northeastern states that have had an auction and a cap on
22 their utilities and the efforts of other states that are
23 trying to develop regional cap and trade programs. He
24 made a very specific commitment to a cap and trade program
25 at the national level.

1 He also talked about the importance of energy
2 efficiency and renewable technology standards. In
3 essence, he described the California plan which is a mixed
4 plan of measures and cap and trade and indicated that he
5 will be pushing for action in Congress right away as soon
6 as he gets into office. And people stood up and cheered,
7 needless to say. We were all pretty excited. So that's
8 great.

9 I do think that his agenda is going to be
10 informed by what we are doing here. And even more so I
11 think as Congress looks to its own legislative role.
12 Obviously, the President Elect will be working with the
13 new head of the House Energy and Commerce Committee, our
14 own Henry Waxman with Senator Boxer and others to develop
15 a bill that the states are going to be playing an active
16 role. I mean, I think we will be heard in that process in
17 terms of what kind of a role we envision for ourselves and
18 our own program.

19 And there's a variety of views on this. I think it's
20 great to know that, you know, we're not going to be
21 dealing with people who just want to go in and preempt the
22 states, which was the attitude of some in the past. But
23 obviously in developing a national system, there's going
24 to have to be an active partnership. And there was some
25 things the federal government can do better than we can at

1 the end of the day. If there's going to be a national cap
2 and trade system, we certainly want there to be one
3 currency. We want one full faith and credit if there are
4 allowances across state lines and so forth. That's going
5 to take some time to develop I think.

6 So my best guess is that Congress will act
7 swiftly but there will be details left to be worked out
8 over the coming months and years and that what we do here
9 is going to continue to play an important role in
10 informing everybody's thinking about what can actually be
11 implemented.

12 So it causes me to just want to give this our
13 very best shot now. But then recognize that we'll have to
14 be watching closely what's going on in Washington as we
15 start to dig through the details of the program ourselves
16 as well.

17 I'm a little bit taken aback I think by some of
18 the comments that we've heard today from people who just
19 plain don't believe or don't trust that we wouldn't adopt
20 a program that would have a negative impact on public
21 health and air quality efforts.

22 And at the same time, I also recognize that this
23 climate program is something new and it's big and
24 obviously it impacts everybody and potentially represents
25 big changes in the way we do business. And so people want

1 to make sure that it's going to do everything it possibly
2 could to benefit every community in every part of the
3 state and small business and minority communities and
4 environmental justice communities and so forth and so on.

5 And I guess I'm a little bit worried about trying
6 to do too much in the one Scoping Plan. I'm not sure that
7 one plan can accomplish it all.

8 But certainly a couple of the things that we've
9 heard today as policies about giving local government more
10 of a role, being more specific about some of what we'd
11 like to see. I, too, feel embarrassed about the fact that
12 agriculture's role in this is so limited. Although I
13 understand that there is a desire not to push for
14 mandatory measures on the part of the agricultural
15 community. At the same time, when you look at what we are
16 asking of other people, it does seem really -- kind of
17 sticks out like a sore thumb I would say as an area that
18 we're not really doing much with.

19 What that leads me to think is that in the
20 resolution and in some of the language in the Scoping Plan
21 there is a need for the Board to speak a little more
22 clearly than it has up until now. And so I'm hoping that
23 we can make some amendments. It may well be a sentence
24 here or there. But clearly people are looking very, very
25 closely at every word and every line in this plan. And so

1 we want to make sure that we have really given as much
2 policy guidance as we can, but at a policy level.

3 Yes.

4 BOARD MEMBER ROBERTS: I don't want to get into
5 asking staff questions tonight, because I don't know that
6 my brain can handle the answers.

7 But there are some things that were brought up
8 today that I'd like to have staff get into some discussion
9 tomorrow.

10 CHAIRPERSON NICHOLS: And remember, Board members
11 are always free -- yes, there is stuff that needs to be
12 formally in the record, but this is your staff.

13 BOARD MEMBER ROBERTS: Some of this is public
14 testimony that we'd be responding to.

15 The issue of raising the land use category from
16 five to ten to fifteen million metric tons I'm not sure
17 what the implications of that are. And I guess I'm --
18 every time we talk about the land use, land use is like
19 the super tanker. You can start to turn it now, but it's
20 going to be years before you're going to get the benefits.
21 So you can have all the wishfulness you want, but land use
22 happens very slowly. But I'd like to hear some
23 discussions relative -- what the implications of that
24 possible change are.

25 I think that the local governments, especially

1 the local air districts have to be key player in this. I
2 think they have to be the centers that supplied the
3 technical support to those cities.

4 I will tell you, we have 18 cities in San Diego
5 County. And every one of them is going in a different
6 direction. And I think some of it is counterproductive.
7 And I think we have to sort of rationalize the process a
8 little bit. And staff may talk about that.

9 I'm extremely concerned about transportation. No
10 matter what plan you look at, this is one of the big
11 gorillas in the room. And yet we're talking about
12 policies.

13 At the same time, Supervisor Hill, that every
14 public transit in the state has a crisis going on right
15 now. And it's not a short-term thing. We're talking
16 about public transit playing a major role. The last time
17 I looked, I thought that was the core of smart growth.
18 What good does it do for us to pass theoretical plans if
19 you cant at the -- end of the day, you're not going to be
20 able to implement it. And it seems to me we have to
21 address that issue so maybe we can get somebody's
22 attention.

23 CHAIRPERSON NICHOLS: I think time is also a can
24 key issue here. Your comment reminds of the fact there's
25 some things that have to happen right away. There are

1 other things that are going to phase in over time.

2 Even if we ordered a transit system to appear and
3 had the money to make it happen, it still wouldn't be on
4 line in six months or a year.

5 BOARD MEMBER ROBERTS: No. But your transit
6 systems -- see, that's not true. The transit systems
7 right today are cutting service.

8 CHAIRPERSON NICHOLS: Yes. We want them to go in
9 the other direction.

10 BOARD MEMBER ROBERTS: How can we expand that
11 service. How can we increase that ridership. And we are
12 forcing the situation.

13 And I shouldn't say we, because we don't have a
14 whole lot to do with that. But it seems to me it's
15 counterproductive both in the short term and the long
16 term. And somehow we have to get somebody's attention on
17 that.

18 I think building design was significant. There's
19 three or four major pieces here. Building design, the
20 transportation, power generation and usage, it seems like
21 those should be the core of our program. And we have
22 spent a lot of time today on a lot of other things that
23 probably have some significance but pail in comparison.

24 I just want to make sure we're solid on the big
25 issues, and the smaller stuff can sort itself out. So

1 maybe staff can help guide us through some of this in the
2 morning.

3 BOARD MEMBER SPERLING: It raises the process
4 question, which I think is where Sandy was going. When
5 are we going -- we're kind of burnt out tonight. But so
6 when are we going to have these conversations? Is it
7 tomorrow? Is it at the December meeting? I mean it
8 seems --

9 CHAIRPERSON NICHOLS: I would like to see us have
10 some discussion tomorrow at least the back and forth with
11 the staff so that people are not going down blind alleys.
12 If there's answer to the questions that are relatively
13 clear cut, you wouldn't want to waste your time between
14 now and the December Board meeting.

15 But I will assume we will have a few hours at the
16 December meeting to offer and make some specific proposals
17 and the staff will have heard a lot of the comments here
18 today. And even though they've had a lot of input and
19 there was a draft and all that, that there still are
20 things that clearly need to be refined or expressed better
21 than they have been so far. So I would imagine they would
22 be coming in with a set of proposals too.

23 Yes.

24 BOARD MEMBER D'ADAMO: I'm just wondering in
25 terms of our preparation. Because getting to maybe some

1 of the areas where we may not all be in agreement. I
2 guess tomorrow we'll go down the line probably get a
3 pretty good sense right away where there's agreement. And
4 then there will probably be some areas of disagreement
5 that each one of us would probably, I'm assuming, express
6 our desire as to how staff would proceed.

7 But then if staff doesn't proceed in a manner
8 consistent with where each of us individuals would like to
9 see it go, I guess we need some way to find out where
10 staff is. So if we choose to go further at the December
11 meeting with a recommendation, I don't want to throw
12 spaghetti on the wall

13 CHAIRPERSON NICHOLS: There's not a whole lot of
14 time between now and the December Board meeting. But I
15 would imagine that we could ask at least for some kind of
16 preliminary draft of what the staff proposed changes are
17 going to be.

18 EXECUTIVE OFFICER GOLDSTENE: I think after the
19 discussion tomorrow we'll make the adjustments that the
20 Board seems to be in agreement on and try to update the
21 proposed plan and get it back out to you so you can see
22 where we're going. There will be some other issues I know
23 relative to what the resolution may say where there may
24 not be a change in the plan itself, but may be some
25 directives or series of directive from you to us.

1 CHAIRPERSON NICHOLS: How you want to see staff
2 proceed as they begin to implement the plan, which is
3 really we get a day's rest between adoption and the
4 beginning implementation. Does that --

5 BOARD MEMBER HILL: If I could just follow up on
6 Supervisor Roberts' idea of using the local air districts.
7 And in other words, a resolution from CAPCOA, to look at
8 that and talk about it tomorrow, I think that will be
9 helpful to see if that could be --

10 EXECUTIVE OFFICER GOLDSTENE: We should talk
11 about that tomorrow. We know the air pollution control
12 officers throughout the state are going to have an
13 important role in the implementation of the plan. We need
14 to talk that through.

15 I know they're interested in having resolution
16 language that somehow makes some kinds of commitments.
17 I'm not sure. We should talk about this tomorrow to see
18 we're ready this way or as we begin --

19 CHAIRPERSON NICHOLS: One of the key things in
20 their resolution, if I may jump in, was how to finance
21 their activities in this area. That, you know, we would
22 sort of bless the idea of charging fees for these
23 activities.

24 And, you know, we have a fee ability, a fee
25 authority under AB 32 which comes to the Air Resources

1 Board. And frankly given the concerns of business about
2 even having state by state regulations differ, I think
3 there's a lot of concern about differences in approach
4 between local districts.

5 And so this might be one area where the state
6 would want to in effect hold a little of this authority
7 but understand the implementing arm is going to have to be
8 at the local level and resources need to flow in order to
9 make that happen. Because I know --

10 BOARD MEMBER HILL: I think that's what the
11 districts are saying. And I think they want the
12 opportunity to be able to work the staff in the first
13 quarter of next year to really develop that in some form
14 moving forward with it.

15 CHAIRPERSON NICHOLS: Good.

16 EXECUTIVE OFFICER GOLDSTENE: Madam Chair, may I
17 say a few things about logistics tomorrow?

18 We start at 8:30. And when we conclude our
19 hearing more testimony on this and then you conclude your
20 deliberation, we still have two more items to hear, which
21 will take about three hours. One is the small off-road
22 engine amendment and the other is the large spark-ignition
23 engine. So I just wanted to remind everybody that we
24 still have more work ahead.

25 CHAIRPERSON NICHOLS: Full two-day meeting.

1 BOARD MEMBER TELLES: I have one more comment.

2 As your newest Board member --

3 CHAIRPERSON NICHOLS: You can't get away with
4 that for too long.

5 BOARD MEMBER TELLES: I think I'm a unique Board
6 member --

7 BOARD MEMBER HILL: From the San Joaquin Valley.

8 BOARD MEMBER TELLES: That's one point of
9 uniqueness. And our valley had the most representative
10 here today. I want everybody to recognize that.

11 And in a way, that's my constituency. Even
12 though I'm not an elected official and I don't represent
13 anybody or anything other than perhaps my patients and
14 some of those folks you saw out there.

15 And I feel that I've kind of -- all my life I've
16 been trained to analyze things. And I think I'm pretty
17 good at that.

18 And I've spent a lot of time reading. I don't
19 want to speak heresy or anything amongst all of you folks.
20 But I've spent a lot of time reading about cap and trade
21 and listening to the testimony and all that. And I'm not
22 convinced that that's the way to go. And because of the
23 concerns about the environmental justice communities and
24 also the concerns that Dr. Dorsey mentioned that, you
25 know, maybe it doesn't work. There's other ways to put

1 incentives in there.

2 So what I want you guys to do is help me
3 understand that so I can help you. Because right now, it
4 just doesn't make a lot of sense to me. And I kind of --
5 I think my perspective is kind of the average citizen out
6 there is more informed with someone reviewing this that
7 represents the citizenship of California when they look at
8 this, the cap and trade thing doesn't make sense.

9 I have patients come to my office, they don't
10 know anything about this, but they say don't do cap and
11 trade. What is cap and trade? But that's my only
12 comment. It's a comment of uncertainty about one of the
13 major issues.

14 CHAIRPERSON NICHOLS: I think you are unique in
15 your willingness to confess openly concern that many
16 people have. So in that sense, I'm very glad that you
17 said what you did.

18 I think everybody needs a reminder if you will
19 some time at the Board meeting to be reminded why exactly
20 the staff came to the conclusion that this was the right
21 approach. And it's a long history. It goes back to the
22 time that AB 32 was passed. And I think many of us have
23 been through a trajectory on this and gone back and forth
24 a time or two ourselves about whether this was what we
25 wanted to do.

1 So I don't think it would be -- I think it would
2 actually be a good thing if before we vote on this in
3 December the staff did do some additional work on this.
4 Because we can tell, it's perfectly obvious, that the
5 general public doesn't know what cap and trade is, to
6 begin with. It sounds like it's mostly about trade and
7 not about cap. And even when you do talk about cap and
8 trade and people do understand at least the concept, there
9 still are so many details about how it works and why
10 people came to the conclusion that that was a better path
11 than the other alternatives. That it's worth making
12 another attempt to talk through it I think at the Board
13 level. Okay.

14 Anything else we can do tonight other than break.
15 Okay. Good night, everybody.

16 (Thereupon the California Air Resources Board
17 adjourned at 7:04 p.m.)

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CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of November, 2008.

TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277

