



September 1, 2015

The Honorable Mary D. Nichols
California Air Resources Board, Chair
1001 I St.
Sacramento, CA 95814

RE: Cap-and-Trade Auction Proceeds Second Investment Plan

Dear Chair Nichols,

The California Retailers Association (CRA) appreciates the opportunity to submit comments on the Air Resources Board's (ARB) draft concept paper for the Cap-and-Trade Auction Proceeds Second Investment Plan (Second Investment Plan). Specifically CRA would like to speak to ARB's goal to achieve increased energy efficiency for California through reducing the use of fluorinated gases (F-gases) typically found in refrigeration and air-conditioning systems.

The California Retailers Association is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, restaurants, convenience stores, supermarkets and grocery stores, chain drug, and specialty retail such as auto, vision, jewelry, hardware and home stores. CRA works on behalf of California's retail industry, which currently operates over 418,840 retail establishments with a gross domestic product of \$330 billion annually and employs 3,211,805 people—one fourth of California's total employment.

CRA supports the proposal within the Second Investment Plan to create incentive programs for businesses to transition their commercial refrigerant systems to low-GWP refrigerant systems. The financial barriers to accomplish this transition for our members are significant. These programs could potentially offset the costs to purchase and install new equipment and helps allow our operations to continue without interruption. Additionally, we recommend that other incentive programs continue to be explored. For example, pursuing programs that defray the cost of recovering and destroying high-GWP refrigerant will further incentivize businesses to make the transition. A price support or incentive to add value to a chemical slated for destruction will help ensure that reclaimers are more diligent in using best practices in recovering and reclaiming the chemical.

The pursuit of incentive programs is absolutely a step in the right direction, however we want to ensure that these incentive programs are coupled with thoughtful phase-out strategies, inclusive of robust stakeholder input. Based on the Short-Lived Climate Pollutant Reduction Strategy Concept Paper from May 2015, the ARB has indicated an interest in developing regulatory requirements to reduce the use of hydrofluorocarbons (HFCs) in new refrigeration and air-conditioning equipment by at least 80% by 2030. We understand that ARB will consider various measures to see that this goal is achieved. As ARB contemplates next steps, our members would appreciate the Board's consideration of certain issues which can be potentially concerning to our membership. Specifically, we would appreciate a dialogue if any of the following areas considered within ARB's regulatory authority:

- Sales ban or similar prohibitions on high-GWP refrigerants
- Fees on high-GWP refrigerants
- Limitations for low-GWP refrigerants
- Recycling fees on F-gases in pre-charged equipment
- Goals and timeline for a HFC supply phase-down schedule
- Requirement for the destruction of F-gas refrigerants no longer produced.
- Restrictions on new stationary equipment

We look forward to a collaborative approach with extensive stakeholder input as ARB works toward transitioning commercial refrigeration systems to low-GWP. Thank you for the consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angie Manetti', written in a cursive style.

Angie Manetti
Director, Government Affairs