

CMTA Supplemental Comments
2030 Target Scoping Plan Concept Paper
August 8, 2016



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Ms. Mary Nichols
Chair
California Air Resources Board
1001 I Street
Sacramento, California 95814

RE: California Manufacturers & Technology Association (CMTA) Supplemental Comments on the California Air Resources Board's 2030 Target Scoping Plan Update Concept Paper

Dear Chair Nichols:

The California Manufacturers & Technology Association (CMTA) respectfully submits the following supplemental comments, intended to accompany our July 8th comments, in response to the Air Resources Board (ARB) 2030 Target Scoping Plan Update Concept Paper (2030 Concept Paper).

CMTA works to improve and enhance a strong business climate for California's 30,000 manufacturing, processing and technology based companies. Since 1918, CMTA has worked with state government to develop balanced laws, effective regulations and sound public policies to stimulate economic growth and create new jobs while safeguarding the state's environmental resources. CMTA represents 400 businesses from the entire manufacturing –an economic sector that generates more than \$230 billion every year and employs more than \$1.2 million Californians.

The 2030 Concept Paper lays out ARB's initial options for implementing a post-2020 greenhouse gas (GHG) emission reduction program designed to accomplish mid- and long-term reductions beyond those authorized under AB 32 (2006). CMTA believes that additional legislative approval of these new emission reductions goals is necessary¹. However, as ARB proceeds with the development of these concepts, CMTA believes that critical analysis is imperative moving forward on the next phase in climate policy.

With this type of analysis in mind, CMTA commissioned NERA Economic Consulting to conduct the enclosed study² to estimate and compare the economic impacts of various policy scenarios for reaching the proposed 2030 emission reduction goal. NERA analyzed scenarios that include a suite of some or all of the significant measures and targets proposed in the ARB Scoping Plan in different combinations. These policies include cap and trade, low carbon fuel standard (LCFS), renewable portfolio standard, petroleum reduction targets, efficiency standards, and electric vehicle targets. While this research was commissioned and largely conducted in advance of the release of the 2030 Concept Paper we believe the results remain relevant and instructive.

¹ *California Manufacturing and Technology Association Initial 2030 Scoping Plan Concept Comments*, July 8, 2016: <http://www.arb.ca.gov/lists/com-attach/65-sp-concept-paper-ws-AmEHbARxVWcKU1Vn.pdf>.

² NERA Economic Consulting, *Economic Impacts of Major California Climate Change Goals*, July 2016.

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CMTA extends an offer to meet with ARB at your convenience to discuss this important research. We would be happy to have a detailed discussion regarding the scenarios, assumptions, modeling and outcomes. At its core, this research demonstrates that there are several policy options when working to achieve a GHG emission reduction goal or goals and those options are important. Relying on certain policies over others can significantly minimize or maximize program costs and economic impacts while promoting or hindering program success. CMTA maintains that ARB should choose options consistent with existing statute that minimize program costs and economic impacts and promote program success. With this in mind, CMTA would like to make two specific requests of CARB as they analyze the concepts proposed in the 2030 Concept Paper through the Scoping Plan process.

1. **Conduct an economic analysis of the proposed concepts:** ARB should conduct an economic analysis of the concepts provided in the 2030 Scoping Plan Target Concept Paper to provide a full range of costs of the policy options for policy makers to make the most informed choices possible. The significance and potential impacts of picking the wrong path to achieve these significant emissions reduction goals could negatively impact all Californians. As a result, making policy decisions based upon detailed modeling, informed analysis and stakeholder input is the only way to achieve a comprehensive, consensus driven program.
2. **Include a true market-based concept:** ARB should add a 5th concept to its 2030 Concept Paper that relies more heavily on market mechanisms. In NERA's analysis you will see that the "Market-Driven" suite of policies resulted in a significantly less costly program that achieves the desired emission reduction goals. Moreover, as highlighted in our initial comments and supported by the NERA analysis, ARB should focus primarily on scenarios that include a market-based mechanism and not policies that limit our ability to find the least-cost emission reductions, such as those put forth in scenarios 2 and 3.

With more than a decade of experience with AB 32, California's current climate program, and a little more than three years until 2020 there is time to conduct the thorough, impartial analysis of our post-2020 policy options to determine the best path forward. This analysis is needed to ensure the ARB is meeting a major pillar of AB 32, that the programs be technologically feasible and cost effective. This type of analysis will prove invaluable as the Legislature, ARB and stakeholders consider the best policies to achieve post-2020 goals.

In summation, CMTA believes that any further reductions in GHG emissions beyond 2020 must take into account the impact on the manufacturing industry and the ability of this important economic sector to continue to thrive in California, providing high quality, good-paying jobs for those living in the state. In that case, a properly designed and accountable market-based mechanism provides regulatory flexibility to reach reasonable goals while protecting California's economy. We stand ready to work with you to better understand this analysis and to provide substantial input into the analysis we hope ARB will conduct, as recommended above.

We will be reaching out to ARB staff to schedule a meeting to discuss the study and the findings. In the meantime, please contact me at mshaw@cmta.net or (916) 498-3328 if you have further questions.

Sincerely,



Michael Shaw
Vice President, Government Relations
California Manufacturers & Technology Association (CMTA)