



AB 32 Implementation Group



Working Toward Greenhouse Gas Emission Reductions
And Enhancing California's Competitiveness

March 5, 2008

Mr. Jerry Hill
Chair, Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109

Dear Chairman Hill:

RE: Proposed fees for district climate change activities

The AB 32 Implementation Group is a coalition of more than 140 organizations representing companies that provide millions of jobs throughout the state. We are an active participant in the AB 32 implementation process striving to achieve reductions in greenhouse gas emissions while keeping California competitive in the global economy. On February 25, we participated in a workshop where your staff presented its proposal to impose a new fee on dozens of large and small companies to pay for expenses related to the district's climate change program. Several speakers at the workshop representing small power generators, waste management companies, biofuel producers, refiners, small manufacturers and others expressed concern about this proposed new fee. We share the following concerns:

- AB 32 requires the state's greenhouse gas emission reduction plan to meet a number of criteria regarding cost-effectiveness, technological feasibility, and avoidance of leakage or the shifting of emission sources to another state or country. These criteria were included in AB 32 to ensure the state has a balanced plan that reduces greenhouse gas emissions while protecting jobs and the economy. The district has adopted no such criteria to protect Bay Area businesses and consumers.
- Creating a duplicate greenhouse gas regulation system at the Bay Area district will make Bay Area businesses less competitive because companies outside of the region will not face similar costs.
- We believe the Bay Area effort to regulate greenhouse gases is not legally justified under AB 32. AB 32 (The Global Warming Solutions Act) grants the California Air Resources Board, not local air districts, the authority to develop and enforce the state's plan to reduce greenhouse gas emissions. The Air Resources Board is fully engaged in the implementation of AB 32.

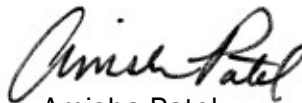
- Efforts by the district to impose climate change regulations create duplication and inconsistency. For example, the district proposes to create its own separate inventory and reporting system for greenhouse gases which is different and inconsistent with the mandatory reporting system the CARB Board approved in December 2007. This means Bay Area companies will have to report their greenhouse gas emissions to CARB, the USEPA and now to the BAAQMD – each with its own different and conflicting set of forms and procedures and each with its own fee schedule. This creates duplication, wasted time on the part of agency personnel, and wasted time by private companies that must fully comply with different and conflicting regulations. This kind of overlap and wasted energy is not what the Legislature and Governor had in mind with AB 32.
- There is no state program for GHG emissions yet, but the local district is moving ahead now to adopt its own greenhouse regulations in permits. Such regulations will likely overlap with CARB’s AB 32 scoping plan and regulations when they are finally adopted. District permittees may be subject to double the costs or double the reduction requirements to meet AB 32 regulations.

Achieving climate change goals will require all Californians to engage in the effort. CARB has undertaken a massive planning process on a tight time schedule. It is vital that all government, industry and stakeholder interests work together in support of CARB’s effort to develop a unified approach to this tremendous challenge. We urge the District to reconsider the wisdom of adopting this fee, and instead support the processes and outcomes envisioned in AB 32.

Sincerely,



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Vice President
California Manufacturers &
Technology Association



Amisha Patel
Co-Chair AB 32 Implementation Group
Policy Advocate
California Chamber of Commerce

cc: Jack Broadbent, Air Pollution Control Officer, BAAQMD
Brian Bateman
Mary Nichols, CARB
Governor Arnold Schwarzenegger