



February 9, 2024

California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: The State of California's Draft Priority Climate Action Plan – Public Comments

Dear Colleagues:

The California Manufacturers & Technology Association (CMTA) and the California League of Food Producers (CLFP) are pleased to offer formal comments on *The State of California's Draft Priority Climate Action Plan (PCAP)*. Our respective organizations continue to collaboratively engage in California's evolving climate policies and participate in the ongoing dialogues of implementation at the California Air Resources Board (CARB), the California Energy Commission (CEC), and the California Public Utilities Commission (CPUC), among others. We are aware of our sector's contributions to California's total emissions and of the legislative requirements promulgated by Senate Bill 32 (Pavley, Chapter 249, Statutes of 2016) and Assembly Bill 1279 (Muratsuchi, Chapter 337, Statutes of 2022). Collectively, our associations were also heavily involved in the 2022 Scoping Plan Update, and we recognize that the Scoping Plan has informed the development of the PCAP. Our comments will focus exclusively on *Section 3.5 – GHG Reduction Measures for Industry*.

CMTA is the statewide trade association dedicated to supporting and enhancing a strong business climate for California's 30,000 manufacturing, processing, and technology-based companies. For more than a century, CMTA has worked with the state government to develop balanced laws, effective regulations, and sound public policies to stimulate economic growth and create new jobs while safeguarding California's precious environmental resources. Today, CMTA represents more than 400 businesses from the entire manufacturing community—an economic sector that generates approximately \$300 billion annually and employs more than 1.2 million Californians. Our sector is also responsible for the research, development, and manufacturing of the technologies that are helping mitigate the impacts of climate change.

CLFP has been the voice and the advocate for California's food-producing industry since 1905. CLFP represents the interests of both large and small food processors and beverage producers throughout the state and works to help ensure a favorable and profitable business environment for its members and the entire food-producing industry. CLFP is the only statewide food-producing organization in California focused specifically on protecting the interests of food processors before all branches of state government. CLFP is at the forefront of addressing the many regulatory issues facing the industry in a state.

Comments: Section 3.5 – GHG Reduction Measures for Industry

We appreciate the recognition that California's industrial sector is the economic engine that continues to drive the state's economy. The diversity of California's industrial sector, and manufacturing more specifically, is correctly captured and does encompass sectors that include computer and electronics, chemicals, pharmaceuticals, food and beverage, petroleum, durable

goods, aerospace and defense, machinery, fabricated metals, motor vehicles, and nonmetallic minerals. California manufacturing, when compared to other U.S. states, is the largest in terms of output and employment.¹

However, reducing emissions from California's industrial sector is more complicated than other high-emitting sectors like transportation and energy. Generally, a dramatic shift in electrifying vehicles and providing equitable access to charging will further result in more significant emission reductions from transportation. At the same time, a change in energy sources from fossil fuels to renewable has already demonstrated further emission reductions from the energy sector. Unlike the other two high-emitting sectors, the creation of industrial products and the processes that support their creation are exceptionally varied. These processes have many different emission sources, unique technology needs and requirements, and the sector faces significant economic competition from other national and international actors. There is no "one-size-fits-all" strategy for industrial decarbonization, but combining strategies will certainly reduce industrial emissions in California.

We recognize that PCAP addresses these complexities and broadly supports innovation, cost-effectiveness, and practical implementation. We support the reference to the United States Department of Energy's (DOE) Industrial Decarbonization Roadmap, which identifies four key pathways to reduce industrial emissions. A combination of energy efficiency, industrial electrification, low-carbon fuels, and carbon capture, utilization and storage are strategies that can deliver both near-term and long-term emission reductions. We support multiple pathways, technological solutions, and maximizing flexibility or optionality for how the industry will ultimately invest in strategies that further reduce emissions. To that end, leveraging existing incentive programs, such as the CEC's Industrial Decarbonization and Improvement to Grid Operations Program (INDIGO), is beneficial to expanding the opportunities for decarbonization.

While INDIGO is intended to include all industrial sub-sectors, PCAP could be strengthened by including additional sector-specific and existing programs. For example, the Food Production Investment Program (FPIP) was established in 2018 and initially funded by Assembly Bill 109 (Ting, Chapter 249, Statutes of 2017) and Senate Bill 856 (Chapter 30, Statutes of 2018). FPIP also received additional funding from AB 209 (Chapter 251, Statutes of 2022) to continue program implementation. The program uses Greenhouse Gas Reduction Funds (GGRF) from the California Climate Investment Program (CCI) and other General Fund monies to further reduce emissions, reduce energy use, and sustain grid reliability.

Food processing and production costs are generally higher in California than elsewhere, potentially making it difficult for in-state companies' products to compete with similar products produced outside of the state. Supporting the updates and improvements of food production facilities with energy-efficient, decarbonizing technologies, or both will reduce operating costs and emissions. FPIP and INDIGO are complementary programs structured to accelerate the adoption of advanced energy efficiency, decarbonization, and renewable energy technologies and to support grid reliability. As of 2023, FPIP has realized nearly 3 million metric tons of carbon dioxide equivalent (MTCO_{2e}) estimated emission reductions.²

The PCAP should include all relevant programs designed to reduce industrial emissions. Both INDIGO and FPIP work in tandem with the industrial sector and should be leveraged to the

¹ CMTC. *5 Statistics That Show California Manufacturing is Alive and Well*. <https://www.cmtc.com/blog/statistics-california-manufacturing-jobs>.

² California Climate Investments. Food Production Investment Program (FPIP). <https://www.caclimateinvestments.ca.gov/fpip>

maximum extent possible. This is especially true when the consideration of \$4.3 billion in Climate Pollution Reduction Grants (CPRG) is a competitive solicitation. While FPIP is narrower in overall focus than INDIGO, FPIP essentially serves as a model for how INDIGO may ultimately achieve similar results when funding levels fully materialize. Further, FPIP benefits from a fully developed programmatic perspective as the program continues to provide funding solicitation opportunities to food and beverage manufacturers. INDIGO is nearly there, but the diversity of California's industrial sector warrants thoughtful consideration of how INDIGO will ultimately be structured to benefit local communities, the state, and participating industrial partners. The PCAP should capitalize on the immediateness of a proven program like FPIP and further build INDIGO into a national model for more widespread industrial decarbonization success.

Thank you for the opportunity to provide public comment, and we look forward to our continued collaboration on industrial decarbonization.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert Spiegel". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert Spiegel
Vice President, Government Relations

A handwritten signature in black ink, appearing to read "Katie Little". The signature is cursive and elegant, with a large initial "K".

Katie Little
Director of Government Affairs
California League of Food Producers