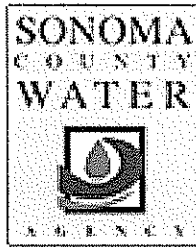


Chris Mertens  
10-11-1 & 10-11-2



Working Today for  
Water Tomorrow

December 16, 2010

Clerk of the Board  
Air Resources Board  
1001 I Street  
Sacramento, California 95814

RE: Comments on Proposed Regulation to Implement the California Cap and Trade Program

Dear Chairwoman Nichols and ARB Board Members:

The Sonoma County Water Agency (SCWA or "Agency") submits the following comments on the Air Resources Board's (ARB) Proposed Regulation Order for "*California Cap On Greenhouse Gas Emissions And Market-Based Compliance Mechanisms*" ("cap and trade regulations"). SCWA would like to thank you for the excellent series of public workshops on the cap and trade regulatory effort, and for the opportunity to comment on the proposed Regulation Order.

The mission of Sonoma County Water Agency is to effectively manage the resources in our care for the benefit of people and the environment in our service area. SCWA is a regional leader in water resources management. SCWA is proud to provide an array of services including, but not limited to, naturally filtered drinking water to 600,000 residents in portions of Sonoma and Marin counties, flood protection, distribution of recycled water, recreational opportunities and wastewater treatment.

SCWA has a duty to secure water for future generations of Sonoma County residents. The potential impacts of climate change will make it more difficult to meet that mission. The more the Agency can do to mitigate the impact of the climate change, the more secure the source of water will be for the future. Being the largest energy user in Sonoma County, in 2006, the Agency committed to the goal of operating a carbon free water system by 2015. To achieve this goal, SCWA is actively working to diversify its energy portfolio and reduce its energy and fuel needs through efficiency and renewable energy production. Through this effort SCWA is helping to pioneer new technologies that have been carefully evaluated for economic viability.

The Sonoma County Water Agency supports the adoption of the proposed regulations for the cap and trade program. However, as we have discussed with ARB staff, we have two main concerns

1. How will the cap and trade regulations impact voluntary compliance programs for greenhouse gas (GHG) reductions, and in particular those administered by

local agencies and special districts? Although we are not asking for specific amendments to the regulations at this time, we are preparing concepts and proposals for future revisions to the regulations to ensure full recognition and accounting for emissions reductions from viable, voluntary compliance programs.

2. ARB must ensure that the cap and trade regulations do not create an inadvertent windfall for utilities and fuel distributors who claim allowance credit for GHG emissions reductions that are actually resulting from the actions and accomplishments of voluntary local programs. That is, the county makes the investment in GHG reductions, and another entity is able to discharge their surrender obligation without actually making the investment and incurring the cost of the emissions reduction.

What the regulations do not accomplish is a framework to encourage, retain, energize and reward the many voluntary efforts in California to reduce carbon emissions. SCWA would point to our "carbon free water" program as an example of this type of effort. Sonoma County also invests directly in programs to reduce energy use and fuel consumption. The Sonoma County Energy Independence Program is on track to invest \$100 million in renewable power and energy efficiency. Through statute (AB 881, Statutes of 2009), the County has also established the Sonoma County Regional Climate Protection Authority as regional governance body for climate protection programs.

SCWA would like to work with ARB through the AB 32 implementation process to develop a clear set of policies – and potentially regulations – that accomplish the following goals:

- Support the development of a community-scale accounting protocol (GHG Accounting Protocol), which is consistent with regulatory and voluntary reporting requirements and frameworks, to assist local governments in the measurement of greenhouse gas emissions in their communities
- Request that CARB become signatory to an MOU or formal partnership with ICLEI and others (US EPA, The Climate Registry, etc.) to develop and adopt the Protocol
- Develop a list of best practice measures for public-sector (local government) programs
- Assign CARB staff to serve on a high-level steering committee to provide strategic direction on the development of a community-scale emissions reduction protocol (GHG Reduction Protocol) – participate in regular meetings, assist in the development and implementation of a public engagement plan, assemble technical committees, determine reporting and inventory processes and concept development
- Ensure consistency with the Western Climate Initiative's regional cap-and-trade program and work to inform or incorporate broader national/international standards as they pertain to local government participation in the Program

SCWA understands that emissions reductions must be real, additional, permanent and verifiable and is willing to work to establish protocols to meet these requirements. A successful program in Sonoma County could become a model for other counties statewide and could contribute to statewide goals under AB-32. We look forward to working with ARB in 2011 and beyond to expand and improve the cap and trade program. If you have any questions about our comments, please contact me at [Tim.Anderson@scwa.ca.gov](mailto:Tim.Anderson@scwa.ca.gov) or via phone at 707-521-6208.

Sincerely,

Tim Anderson  
Government Affairs Coordinator  
Sonoma County Water Agency