

BOARD MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
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TIFFANY C. KRAFT, CSR, RPR
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APPEARANCES

BOARD MEMBERS

Ms. Mary D. Nichols, Chairperson

Dr. John R. Balmes

Ms. Sandra Berg

Ms. Dorene D'Adamo

Ms. Lydia Kennard

Mr. Jerry Hill

Mr. Ronald O. Loveridge

Mrs. Barbara Riordan

Mr. Ron Roberts

Mr. Daniel Sperling

Mr. John Telles

STAFF

Mr. James Goldstene, Executive Officer

Mr. Tom Cackette, Chief Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Mr. Michael Scheible, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Kathleen Quetin, Ombudsman

Mr. Jeff Austin, Health and Ecosystems Assessment,
Research Division

Ms. Autumn Bernstein, Climate Plan

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APPEARANCES CONTINUED

STAFF

Ms. Susan Fischer, Air Resources Engineer, Research Planning and Climate Change Outreach Section, Research Division

Mr. Kevin Kennedy, Chief, Program Evaluation Branch, Office of Climate Change

Ms. Laura Lawrence, Air Quality and Transportation Planning Branch, Planning and Technical Support Division

Ms. Danielle Osborn Mills, Center for Energy Efficiency & Renewable Technologies

Mr. Rob Oglesby, Legislative Director, Office of Legislative Affairs

Ms. Monica Vejar, Board Clerk

ALSO PRESENT

Dr. George Alexeff, Deputy Director, OEHHA

Ms. Diane Bailey, Coalition for Clean Air

Mr. Arthur Boone, Northern California Recycling Association

Ms. Nidia Bautista, Coalition for Clean Air

Mr. Tim Carmichael, Coalition for Clean Air

Ms. Audrey Chang, NRDC

Mr. Anton Chiono, Pacific Forest Trust

Ms. Bernadette Del Chiaro, Environment CA

Ms. Kristina Erikson, Planning & Conservation League

Mr. Charles Frazier, CA Black Chamber

Ms. Bonnie Holmes-Gen, American Lung Association

Ms. Rachael Katz, Pacific Forest Trust

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Edwin Lombard, CA Black Chamber

Ms. Linda Mazur, Environmental Challenges and Indicators
Section, Office of Environmental Health Hazard Assessment

Mr. Duncan McFetridge, New Fuels Alliance

Ms. Carmen Milanes, Environmental Challenges and
Indicators Section, Office of Environmental Health Hazard
Assessment

Ms. Danielle Osborn Mills, CEERT

Ms. Lauren Navarro, Environmental Defense

Ms. Erin Rogers, Union of Concerned Scientists

Ms. Dorothy Rothrock, CA Manufacturers & Technical
Associate

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1 PROCEEDINGS

2 CHAIRPERSON NICHOLS: Good morning, ladies and
3 gentlemen. We have several other Board members here who
4 are in the back room listening. But we have a quorum, and
5 I think we should get started.

6 So the October 23rd public meeting of the Air
7 Resources Board will come to order.

8 And we'll start with the Pledge of Allegiance.

9 (Thereupon the Pledge of Allegiance was
10 Recited in unison.)

11 CHAIRPERSON NICHOLS: Clerk, would you please
12 call the roll?

13 BOARD CLERK VEJAR: Dr. Balmes?

14 Ms. Berg?

15 BOARD MEMBER BERG: Here.

16 BOARD CLERK VEJAR: Ms. D'Adamo?

17 BOARD MEMBER D'ADAMO: Here.

18 BOARD CLERK VEJAR: Mr. Hill?

19 BOARD MEMBER HILL: Here.

20 BOARD CLERK VEJAR: Ms. Kennard?

21 BOARD MEMBER KENNARD: Here.

22 BOARD CLERK VEJAR: Mayor Loveridge?

23 Mrs. Riordon?

24 BOARD MEMBER RIORDAN: Here.

25 BOARD CLERK VEJAR: Supervisor Roberts?

1 Professor Sperling?

2 BOARD MEMBER SPERLING: Here.

3 BOARD CLERK VEJAR: Dr. Telles?

4 BOARD MEMBER TELLES: Here.

5 BOARD CLERK VEJAR: Chairman Nichols?

6 CHAIRPERSON NICHOLS: Here.

7 BOARD CLERK VEJAR: Madam Chairman, we have a
8 quorum.

9 CHAIRPERSON NICHOLS: Thank you very much.

10 As usual, we have a closed session listed on our
11 agenda as a standing item in which we can receive reports
12 on lawsuits in which we're litigants. But we're not going
13 to be holding the closed session at today's meeting.

14 And I'm also supposed to give you the logistical
15 reminders that the exists are in the back of the room
16 here. And in the event of a fire siren or alarm going
17 off, we're supposed to leave the room immediately and go
18 down the stairs and out of the building until we hear an
19 all-clear signal.

20 That has happened a couple of times. So can't
21 take it for granted.

22 Also just a reminder that if you wish to testify
23 on any of the items before the Board, we will be imposing
24 a time limit of three minutes. And we would appreciate it
25 if you have written testimony or longer testimony you

1 would just summarize it in your oral remarks. It's much
2 easier for us to follow testimony if people don't actually
3 read from their prepared text, because we have it in front
4 of us. And we can read faster than you can talk.

5 With that, I think we will begin with the health
6 report. Mr. Goldstene.

7 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
8 Nichols. Good morning, Board members.

9 Asthma is a major health problem that affects
10 nearly five million people in California. It's a complex
11 illnesses which causes are poorly understood.

12 Today's health update is the latest in a
13 continuing series of updates on the subject of asthma and
14 the role of air pollution in causing it and exacerbating
15 its systems.

16 Today's presentation focuses on a study just
17 published in July 2008 which investigates the impact of
18 early childhood and prenatal exposure to criteria
19 pollutants on the lung function of young children with
20 asthma. The study was co-founded as by the Air Resources
21 Board as part of our effort to push the frontiers of
22 understanding on this important health issue.

23 Jeff Austin from our Health and Exposure
24 Assessment Branch will give the presentation. Mr. Austin.

25 (Thereupon an overhead presentation was

1 presented as follows.)

2 MR. AUSTIN: Thank you, Mr. Goldstene.

3 Good morning, Chairman Nichols and members of the
4 Board.

5 Asthma is different from other diseases linked
6 with air pollution in that it affects large numbers of
7 children. While heart disease, strokes, and cancer
8 predominantly affect older adults, asthma strikes people
9 of all ages, including infants and children with
10 debilitating and potentially life-threatening consequence.

11 For today's update, I will present the results of
12 a study that examines the relationship between exposure to
13 air pollution and lung function in young asthmatic
14 children.

15 --o0o--

16 MR. AUSTIN: Asthma is the leading cause of
17 chronic illness in American children, according to the
18 Center for Disease Control's National Health Interview
19 Surveys.

20 In 2005, an estimated 16 percent or 1.5 million
21 children in California have been diagnosed with asthma at
22 some point in their lives. The prevalence is rising.
23 Four years earlier, it was 14 percent.

24 A report recently released by researchers at UCLA
25 stated that 28 percent of the children in California who

1 suffer from daily or weekly asthma symptoms miss at least
2 one week of school per year.

3 The cost of treating children with asthma in
4 California is estimated to be around \$500 million per
5 year.

6 --o0o--

7 MR. AUSTIN: At present, the causes and risk
8 factors for developing asthma are a subject of active
9 research. Asthma appears to be the result of a very
10 complex interaction of genetic susceptibility and outdoor
11 and indoor environmental factors. The link between air
12 pollution and asthma is well established. Several past
13 health updates have focused on this subject.

14 A growing body of research shows that children
15 who live near traffic are more likely to have asthma and
16 suffer worse symptoms. Numerous studies in California and
17 elsewhere have confirmed this effect.

18 Studies also have clearly demonstrated that
19 children exposed to higher ambient levels of ozone and
20 particulate matter are more likely to be admitted to
21 emergency rooms for acute asthma symptoms.

22 The evidences that air pollution plays a role in
23 causing asthma is not as strong. However, the ARB's
24 Children's Health Study found that 9 to 16-year-olds who
25 were active outdoors and lived in high ozone areas were

1 more likely to develop asthma.

2 --o0o--

3 MR. AUSTIN: Parts of the central valley suffer
4 much higher rates of asthma among children than the rest
5 of the state. The rate of illnesses in Fresno County, for
6 example, is 50 percent higher than the statewide rate.

7 The Fresno Asthmatic Children's Environment
8 Study, or FACES, was initiated to study how air pollution
9 may contribute to this problem. Mostly funded by the ARB,
10 FACES was designed to examine the effect of long-term
11 exposure to air pollution on the course of childhood
12 asthma.

13 Today's study is the first to report findings
14 from FACES. The main question it sets out to answer is:
15 To what extent does prenatal and early life exposure to
16 air pollution impair lung function in young asthmatic
17 children?

18 --o0o--

19 MR. AUSTIN: The study examined 232 asthmatic
20 children in the Fresno urban area age 6 to 11. The study
21 group was drawn from a broad spectrum of California's
22 population: 14 percent of the children were African
23 American, 38 percent were hispanic, and 45 percent were
24 white non-hispanic.

25 Almost half of the children were from low or

1 moderate income families whose household income was less
2 than \$30,000 per year. Nine percent of the children's
3 mothers smoked during pregnancy.

4 --o0o--

5 MR. AUSTIN: To estimate exposure, pollutant
6 concentrations were spatially interpolated to each child's
7 home address, then averaged over key developmental periods
8 in the child's life: The three trimesters of gestation,
9 the entire gestation period, the first three and six years
10 of life, and lifetime.

11 To assess the severity of their asthma, each
12 child's lung function was measured using spirometry as
13 shown here.

14 This information was used to construct
15 statistical models to relate lung function to pollution
16 exposure, medical history, socioeconomic status,
17 ethnicity, and other factors. The study used a
18 sophisticated recently developed statistical methodology
19 to find the factors with the strongest impact on lung
20 function.

21 --o0o--

22 MR. AUSTIN: The investigators found that the
23 children most exposed to carbon monoxide, PM10, and
24 nitrogen dioxide suffered a reduction of up to 8 percent
25 in lung function, compared to the children who were least

1 Results from these studies should become available in the
2 next few years and will continue to expand our knowledge
3 of the disease.

4 This concludes the presentation. We'd be happy
5 to answer any questions you may have.

6 BOARD MEMBER TELLES: I have a question.

7 CHAIRPERSON NICHOLS: Excuse me. If I may just
8 interrupt. For anybody who's watching this on the web,
9 you're not seeing a presentation because we're having
10 technical difficulty. Apparently, they can see the room,
11 but they can't see the presentation, which puts those in
12 the audience in the exact same position as the Chairman
13 because my screen isn't working either. It's not the
14 fault of the company who's doing the video. It's a
15 problem here in the building. We're trying to fix it.

16 BOARD MEMBER TELLES: Was this study
17 differentiate socioeconomic group whether that was a risk
18 factor in itself maybe even overpowering exposure?

19 MR. AUSTIN: Not specifically, no. They did look
20 at socioeconomic factors in various exposure metrics, but
21 they didn't specifically differentiate.

22 BOARD MEMBER TELLES: Coming from Fresno, I have
23 to make a personal comment that this is a very real
24 problem we have.

25 When I was -- one reason why I'm here is because

1 of what happened when I was a soccer coach for under 12
2 kids. I used to carry probably no fewer than five little
3 inhalers for the kids out in the field that would come in
4 and get a little puff and go back out and play soccer.

5 But it's a real problem in the central valley.

6 And I'm glad you bring it to our attention.

7 CHAIRPERSON NICHOLS: Thank you, Dr. Telles.

8 Are there other comments from the Board?

9 Yes, Supervisor.

10 BOARD MEMBER ROBERTS: Is there any work being
11 done to look at the immediate environment that people live
12 in in terms of factors? Because we found that the best
13 practices in helping kids stay in school is affected
14 dramatically by that environment. And yet we seem to be
15 looking at a lot of other factors. I'm wondering if that
16 could play a role not only continuing, which is pretty
17 concern, but on an initial basis. And it seems like we're
18 kind of avoiding that.

19 BOARD MEMBER BALMES: If I might comment. I'm
20 actually a co-investigator of the study. So I want to
21 thank the staff for a nice presentation of our work.

22 And I also want to thank the Board for their
23 patience with regard to the Fresno Asthmatic Children's
24 Environment Study. I came up with that acronym FACES.

25 Because the study has been sort of long in

1 gestation, and this is one of the first papers that's come
2 out with some tangible results that have -- that can be
3 used in developing policy.

4 But in response to the specific question of
5 Supervisor Roberts about whether we're looking at current
6 factors, FACES is really designed to look at that. This
7 was something we could publish before we're ready to
8 publish the current factor analysis.

9 The results that we hope to publish soon show
10 that of the criteria air pollutants that we've looked at,
11 we've looked at all of them, NO2 seems to be the one that
12 most is associated with symptoms and changes in lung
13 function that are happening now, current exposures. So
14 we're hoping to have publication out soon on that.

15 And there's another study funded by the CDC
16 called Fresno Kicks Asthma that I'm the principle
17 investigator of where we're trying to specifically look at
18 asthma in schools. And we're going to be associating
19 where kids live in relation to their air pollution
20 exposure, traffic exposure. Not only whether they have
21 asthma or not, but how severe their asthma is.

22 I don't know if that answers your question.

23 CHAIRPERSON NICHOLS: I'm not sure. But if I
24 could follow-up on the question, unless you wanted to
25 pursue that further.

1 BOARD MEMBER ROBERTS: I'm probably not being
2 clear. But I'm thinking more in sort of the immediate
3 living conditions and environment.

4 BOARD MEMBER BALMES: Of the kids.

5 CHAIRPERSON NICHOLS: Exposure to things like
6 pesticides in the home.

7 BOARD MEMBER ROBERTS: Things like dust and mold
8 and things like that.

9 BOARD MEMBER BALMES: One of the things we looked
10 at in FACES is exposures in the home to allergens and the
11 dust, dog, cat, house dust mite, et cetera, and secondhand
12 smoke exposure.

13 We haven't looked at pesticides. We are
14 indirectly going to look at pesticides, but not from the
15 homes. We're taking Department of Pesticide regulation
16 data on pesticide applications in fields and distance from
17 those fields with regard to asthma outcomes. But we don't
18 have any information on pesticides in the home. We do
19 have information on allergen and the dust and secondhand
20 smoke exposure.

21 BOARD MEMBER RIORDAN: Madam Chair.

22 CHAIRPERSON NICHOLS: Yes, please.

23 BOARD MEMBER RIORDAN: Thank you very much for
24 making the presentation. Because we have, you know,
25 really a lot of information we can gather in this

1 particular area.

2 One of the things that -- and I can't remember if
3 it was here or I might ask for the investigator to
4 respond. I saw a study where they gave children a little
5 camera and allowed the children to video their
6 environment. And it was very interesting what was found
7 by just the little videos these children would create of
8 some of the other problems that were in their homes.

9 Have you ever thought of doing that with these
10 children? Or is that sort of impossible and expensive?

11 BOARD MEMBER BALMES: Well, we currently have NIH
12 funding to continue the FACES project that CARB funding
13 started.

14 And we haven't given the kids cameras, but we
15 have given them GPS devices they can carry around in their
16 backpack. So we know where they were for stretches of
17 time. But so we do know when they were indoors and when
18 they were outdoors. But we don't know exactly what was in
19 their environment, because we didn't have a camera.

20 BOARD MEMBER RIORDAN: Well, it was very
21 interesting. Of course, the children got very excited
22 because they could record all of their things. And you
23 know children. They take very good care about what
24 they're doing. And they really demonstrated some of the
25 other problems that were in those homes that, you know,

1 don't relate to necessarily traffic outside but really
2 concentrate right there with real indoor air pollution.

3 BOARD MEMBER BALMES: There's no question that
4 indoor exposures are very important with regard to asthma.
5 And so our use of the GPS device is to try to separate
6 time indoors from time outdoors to give us a better way to
7 estimate exposures to the outdoor pollutants.

8 BOARD MEMBER RIORDAN: Thank you.

9 CHAIRPERSON NICHOLS: Other questions? Yes.

10 BOARD MEMBER D'ADAMO: I would just comment I
11 think the San Joaquin Valley is a perfect laboratory here.
12 You look at those high rates, and it's so alarming. And
13 intuitively you think it's got to be air quality. But
14 there are so many unique factors in the San Joaquin
15 Valley. We look at socio economics. A lot of people may
16 not have air conditioning, so perhaps their homes have
17 more mold or dust. Obesity and diet, the role that plays.

18 I was talking with Dr. Balmes here also about
19 genetic factors and are there certain racial or ethnic
20 groups that are more predisposed.

21 I think we have to keep moving forward and dig
22 deep beyond the surface.

23 And I would just also comment to the Board that
24 my boss, Congressman Cardoza, and an entire delegation of
25 elected officials and businesses and educators in the

1 valley are pushing for U.C. Merced to develop a medical
2 school for a variety of health-related issues that can be
3 closely studied. And this is at the top of the list,
4 asthma, and the unique circumstances and perhaps causes
5 that we may be able to research in the valley.

6 CHAIRPERSON NICHOLS: I think some of our
7 frustration probably is the level of effort in these
8 studies, while it's important, seems so small in
9 proportion to the size of the problem.

10 The Air Resources Board, as I'm sure everybody
11 knows, does have a small basic research budget, but it's
12 really small. And it's the only area of general fund
13 money that we get.

14 Everything else that we do here is supported by
15 various kinds of fees that are targeted towards specific
16 activities, which is wonderful in terms of protecting us
17 in hard budgetary times. But it does point out the fact
18 that the research program is our most vulnerable area and
19 yet this is really essential to being able to develop the
20 kinds of programs we would like to develop.

21 This is a commercial for your work, Dr. Balmes.

22 BOARD MEMBER BALMES: I was just going to say
23 that in the world of air pollution health effects
24 research, CARB is considered a major player. And it has
25 been for a long time.

1 But I think with the Children's Health Study
2 especially seen as really probably the air pollution
3 health effect study we've learned the most from.

4 People would feel it in the entire research
5 community with regard to health effects of air pollution
6 if CARB would no longer able to fund research.

7 CHAIRPERSON NICHOLS: Well, we've been able to
8 preserve a modest program here. And not suggesting that
9 we're not going to be doing this research in the future.
10 It's just really is worthy of expansion, not of being cut.

11 Do we have anyone from the audience who asked to
12 comment on this item?

13 All right. If not, there's no action required.
14 But thank you very much for the presentation. We
15 appreciate the focus.

16 And we move to the next item on the agenda, which
17 is public meeting to consider appointments to the Research
18 Screening Committee.

19 EXECUTIVE OFFICER GOLDSTENE: Thank you, Madam
20 Chair.

21 In early October, the Governor signed Assembly
22 Bill 2991, which expands the Research Screening Committee
23 from the current maximum of nine members to eleven members
24 and specifies that at least two members must have
25 demonstrated expertise in the field of climate change.

1 mission, which was significantly expanded by the
2 California Global Warming Solutions Act of 2006, also
3 known as AB 32.

4 I will now summarize the qualifications of Dr.
5 Matthew Kahn and Dr. Suzanne Paulson, both of the
6 University of California, Los Angeles, whom staff
7 recommends the Board promote from adjunct members to
8 permanent voting members effective January 1, 2009.

9 --o0o--

10 AIR RESOURCES ENGINEER FISCHER: Matthew Kahn is
11 a professor at UCLA's Institute of the Environment with
12 secondary appointments in the Department of Economics and
13 Department of Public Policy. He is a Research Associate
14 at the National Bureau of Economic Research.

15 In addition to UCLA, Dr. Kahn has taught at
16 Colorado, Harvard, Stanford, and Tufts University. He
17 serves on the editorial boards of the Journal of Urban
18 Economics, Regional Science and Urban Economics, and the
19 Journal of Regional Science. Dr. Kahn's most recent books
20 published in 2006 and 2008 are "Green Cities: Urban
21 Growth and the Environment" and "Heroes and Cowards: The
22 Social Face of War." His research focus is environmental
23 and urban economics.

24 As an RSC member with climate change expertise,
25 Dr. Kahn will help guide ARB with respect to economic and

1 eleven voting members.

2 Expanding the numbers of members of the Committee
3 to include climate experts and requiring the RSC to review
4 and provide advice on research projects related to climate
5 change will help ARB build an effective regulatory program
6 necessary to implement AB 32.

7 BOARD MEMBER LOVERIDGE: Move approval.

8 CHAIRPERSON NICHOLS: Thank you very much, Dr.
9 Fischer.

10 I'm a colleague of both of these individuals and
11 recommended them initially for service on the Research
12 Screening Committee, because I noticed when I got here
13 that although the University of California was well
14 represented, UCLA was not helped at all on the Research
15 Screening Committee. So I actually recruited two of what
16 I thought were really outstanding people there. And
17 fortunately they were both willing to serve.

18 However, although I don't -- since I'm no longer
19 receiving any salary from UCLA, I don't think I'm legally
20 prohibited from voting. But perhaps just as an excess of
21 caution, I will not vote on this item. So --

22 BOARD MEMBER LOVERIDGE: So moved.

23 BOARD MEMBER HILL: Second.

24 CHAIRPERSON NICHOLS: All in favor please say
25 aye.

1 (Ayes)

2 CHAIRPERSON NICHOLS: I will be noted as an
3 abstention then. Thank you very much.

4 This was an excellent step forward. And by the
5 way the legislation for the Research Screening Committee
6 was sponsored by the Air Resources Board. It was
7 something that we actually wanted to get done. That's a
8 nice segue I think into our next item.

9 EXECUTIVE OFFICER GOLDSTENE: Thank you, Madam
10 Chairman.

11 This year's legislative session had many
12 significant bills that will have a direct impact on our
13 activities. Some of the bills of course were very
14 controversial I guess, like SB 375 and SB 974.

15 This was a busy legislative year. And of course
16 going into next year, there is new leadership in both the
17 Senate and the Assembly. And we'll be actively engaged as
18 we are every year in working on the important legislation
19 that's before it.

20 Now Rob Oglesby, our Legislative Director, will
21 provide an overview of this past session.

22 CHAIRPERSON NICHOLS: Welcome.

23 (Thereupon an overhead presentation was
24 presented as follows.)

25 LEGISLATIVE DIRECTOR OGLESBY: Madam Chairman,

1 California's population, now 38 million, is
2 projected to grow to 46 million by 2030. That is the
3 equivalent of adding eight new San Franciscos to the
4 state. Each year, California on average builds 135,000
5 new homes. More people means more cars. And more cars
6 mean more miles driven. And that growth threatens to
7 erode the progress of all the vehicle-related global
8 warming reduction measures ARB is currently developing.

9 In order to reach the greenhouse gas reduction
10 goals set out in AB 32, Californians need to rethink how
11 we design our communities. SB 375 does this by providing
12 emissions-reduction targets and aligning transportation,
13 land use, and housing planning activities. The bill also
14 provides incentives for local government and developers to
15 follow new consciously-planned growth patterns.

16 What this will mean is more environmentally
17 friendly communities, less time spent in cars, more
18 alternative transportation options, and attractive
19 neighborhoods.

20 You will play a large role in ensuring the
21 successful implementation of SB 375. So I want to focus
22 on some of the key provisions of the bill.

23 --o0o--

24 LEGISLATIVE DIRECTOR OGLESBY: SB 375 directs ARB
25 to develop regional greenhouse gas emission reduction

1 revise the targets every four years if it feels new
2 information, technologies, or modeling techniques warrant
3 a revision to the targets.

4 --o0o--

5 LEGISLATIVE DIRECTOR OGLESBY: Each MPO will
6 prepare a Sustainable Community Strategy as a component of
7 its Regional Transportation Plan, known as an RTP. This
8 strategy will act as a land use element of the RTP and
9 will prescribe how the region intends to meet its
10 greenhouse gas target. It must use transportation and air
11 emission modeling techniques consistent with the
12 guidelines prepared by the California Transportation
13 Commission to document greenhouse gas emissions.

14 ARB is required to review an MPO's methodologies
15 and comment on any techniques that may need to be refined
16 or corrected.

17 If ARB determines that a region's Sustainable
18 Communities Strategy will not meet its target, the MPO
19 must prepare an alternative planning strategy. The
20 alternative strategy must also be submitted to ARB for
21 approval.

22 Projects already programmed in the Statewide
23 Transportation Improvement Program through 2011 and
24 certain voter-approved projects are exempted from the
25 provisions of the bill.

1 and other criteria would have streamlined CEQA analysis.

2 The Governor also signed SB 732 by Senator
3 Steinberg which compliments SB 375.

4 --o0o--

5 LEGISLATIVE DIRECTOR OGLESBY: That bill provides
6 a comprehensive framework to implement the new programs
7 under Proposition 84, the \$5.4 billion initiative voters
8 passed in 2006 related to water, resource protection, and
9 park improvements.

10 The bill also establishes the Strategic Growth
11 Council composed of State agency heads and one public
12 member. Most important to the successful implementation
13 of SB 375, the Council will manager \$180 million that is
14 available as grants and loans to support the planning and
15 development of sustainable communities.

16 Of this, 90 million is available to assist
17 regional and local governments in planning activities
18 related to SB 375.

19 Now I'll move on to the budget and other
20 legislation.

21 --o0o--

22 LEGISLATIVE DIRECTOR OGLESBY: The budget
23 continues to reflect the Governor's and the Legislator's
24 commitment to reduce global warming and air pollution.

25 --o0o--

1 funds as grants. We expect to recover some capital that
2 will extend the capacity of the program in future years
3 through the return on loans. In addition, we hope to
4 leverage additional private sector funds, perhaps by
5 enhancing credit with loan guarantees and using private
6 sector lending institutions.

7 AB 1338 also dedicates \$48 million from the Air
8 Quality Improvement Program created last year by AB 118 to
9 provide financial assistance with ARB's on-road truck
10 regulations.

11 Like the Prop. 1 B program, it allows ARB to
12 leverage the funds through loans and loan guarantees. It
13 also requires priority funding for financial hardship and
14 for short haul trucking like port drayage and other small
15 trucking businesses.

16 AB 1338 also expanded on the obligation of
17 Cal/EPA to prepare an annual report card on State agency
18 efforts to reduce greenhouse gas emissions. The report
19 card must include a five-year work plan summary and a
20 budget display for each State agency implementing climate
21 solutions. In addition, the report card is to be
22 submitted to the Legislature in conjunction with the
23 Governor's budget due January 10 each year.

24 And the bill also blocked the PUC's unilateral
25 effort to establish a Climate Change Research Institute,

1 but more I'll talk more about this later.

2 --o0o--

3 LEGISLATIVE DIRECTOR OGLESBY: In the interest of
4 time, I want to briefly mention several other important
5 bills almost headline style that were signed in law. I'd
6 be happy to provide more detail following today's meeting
7 on any of these.

8 --o0o--

9 LEGISLATIVE DIRECTOR OGLESBY: Beginning again
10 with global warming, ARB sponsored AB 2991 by Assembly
11 Member Nunez to add the climate change expertise to ARB's
12 Research Screening Committee. Earlier today, you began
13 that process with the designation of climate experts to
14 serve on the Research Screening Committee.

15 --o0o--

16 LEGISLATIVE DIRECTOR OGLESBY: ARB's enforcement
17 will be enhanced by another bill that ARB sponsored, AB
18 2922 authored by Assembly Member and former Board member
19 Mark DeSaulnier. This bill updates the Health and Safety
20 Code to especially include enforcement authority for new
21 mobile source programs.

22 I must add that it was certainly a pleasure to
23 work with Mr. DeSaulnier in his new role, and I look
24 forward to similar relationships with any future former
25 Board members who may happen to find themselves in the

1 Legislature.

2 CHAIRPERSON NICHOLS: Should that occur.

3 --o0o--

4 LEGISLATIVE DIRECTOR OGLESBY: This year's
5 session also produced legislation dealing with the growing
6 concern about the chemicals that have become so common in
7 every household. AB 1879 by Assembly Member Feuer and SB
8 509 by Senator Simitian directed the Department of Toxic
9 Substances Control to inform the public about toxic risks
10 in consumer products and to embark on a program to reduce
11 exposure. This new program will involve the work of
12 several agencies, including ARB, and dovetails well with
13 efforts to improve indoor air quality.

14 --o0o--

15 LEGISLATIVE DIRECTOR OGLESBY: And the San
16 Joaquin Valley will benefit from Assembly Member
17 Arambula's AB 2522, which empowers the San Joaquin Air
18 District to increase their motor vehicle registration
19 surcharge from the current \$6.00 to as much as \$30 to
20 reduce pollution from mobile sources.

21 --o0o--

22 LEGISLATIVE DIRECTOR OGLESBY: The appointment
23 process for city representatives on the San Joaquin Valley
24 District Governing Board will be clarified by Senator
25 Florez's SB 1548 which sets up a process and committee to

1 take on the task.

2 --o0o--

3 LEGISLATIVE DIRECTOR OGLESBY: Finally, the South
4 Coast Air District can continue its good work under the
5 Clean Fuels Program with the continuation of the one
6 dollar motor vehicle registration surcharge. Senator
7 Padilla's SB 1646 established permanent authority for this
8 surcharge that raises 12 million annually for clean
9 vehicle grants.

10 --o0o--

11 LEGISLATIVE DIRECTOR OGLESBY: Looking ahead,
12 I'll mention a few high priority air quality issues that
13 we will be working on next session.

14 One of this session's major disappointments was
15 the failure to reach an agreement on legislation that
16 could have raised over 200 million annually to reduce
17 pollution related to the movement of containerized cargo
18 from the state's ports through the state's trade
19 corridors. That bill was Senator Lowenthal's SB 974.
20 Although many differences were resolved in negotiations
21 during the final days of the session, agreement was not
22 reached and the Governor vetoed the bill. It is possible,
23 but not certain, that this issue will be reintroduced and
24 the dialogue can be resumed.

25 And of course more climate change legislation is

1 Scoping Plan. And leadership in both houses of the
2 Legislature recognizes the importance of a more aggressive
3 RPS. In fact, the Assembly has created a work group
4 chaired by Assembly Member Krekorian to address the issue.

5 A bill to improve the Smog Check Program also
6 floundered. SB 616 sponsored by the Sacramento Air
7 District and CCEEB and carried by Assembly Member Jones
8 was held in the Senate during the last weeks of the
9 session.

10 This bill would have required an annual smog
11 check for vehicles that are 15 model years or older.
12 Vehicles older than the 1976 model year would remain
13 exempt from smog check, as would vehicles that are likely
14 to pass a smog check.

15 We own Sacramento Air Pollution Control Officer
16 Larry Greene a debt of gratitude for taking the lead on
17 this legislation and dedicating the resources needed to
18 take a good run at it.

19 We need to improve the effectiveness of the
20 program, and it will take legislation to do that.
21 Hopefully the effort will be more successful next year.

22 SB 385 was a great accomplishment. But even as
23 it was signed, it was acknowledged that cleanup
24 legislation would be necessary. So we will see additional
25 work on that as well.

1 here for members of the public. The report can also be
2 accessed on line at ARB's website.

3 --o0o--

4 LEGISLATIVE DIRECTOR OGLESBY: This concludes my
5 presentation. Thank you for your attention. And on
6 behalf of the entire Legislative Office, I want to thank
7 the Chairman, Mr. Goldstene, and the executive office, and
8 program staff for their steadfast support.

9 CHAIRPERSON NICHOLS: Thank you very much, Mr.
10 Oglesby. It was a very busy year. They usually are. But
11 I think this one resulted in a couple of really major
12 accomplishments as well as you indicated. Some
13 disappointments as well.

14 It was also interesting to look at the shear
15 number of bills that were introduced in our area. I don't
16 know how it compares with other topics, but it seems to me
17 like it's an awful lot on the tracking.

18 Board members have questions or comments?

19 Ms. Kennard.

20 BOARD MEMBER KENNARD: I have a question I guess
21 and also kind of an editorial comment about SB 375. It
22 kinds of remind me of the old jobs/housing balance where
23 there was a movement to try to get people to work and live
24 in the same community, which was really not a successful
25 program because you couldn't force the market to invest in

1 jobs in particular in outer lying areas.

2 I'm assume thing new legislation is trying to get
3 the transportation network out to where people live so
4 they can more effectively get into work places. Is that
5 the intent from a planning perspective?

6 LEGISLATIVE DIRECTOR OGLESBY: It's more focused
7 at making sure the communities are livable and that
8 they're less motor vehicle based. That you have walkable
9 communities. You have essentially a community that can
10 meet the residents' needs and are high quality attractive
11 that are less dependent on automobile travel.

12 BOARD MEMBER KENNARD: I'm thinking of the Inland
13 Empire which is very suburban, very car dependant for
14 everything you do, shopping, recreation. So what's the
15 idea is to have new communities that are designed more on
16 a pedestrian friendly configuration?

17 LEGISLATIVE DIRECTOR OGLESBY: That would be one
18 tool. But there are other tools available. Transit is
19 another way of linking areas more aggressive and complete
20 transit system.

21 But it's really a forward looking planning
22 process that allows the regions to design communities in
23 the way that makes most sense to those communities and
24 won't be uniform throughout the state. Some areas are
25 vastly different in the circumstances and conditions.

1 And what you were empowered to do is in setting
2 the greenhouse gas regional targets for them to meet is to
3 consider the circumstances that exist in each of those
4 regions and then empower the regions to work with those
5 targets to make development plans that make sense.

6 CHAIRPERSON NICHOLS: But just to be clear, all
7 the Air Resources Board does is establish the number based
8 on this process. And then it's up to the regions to do
9 the over lining of their housing, land use transportation
10 plans. And there's basically just two incentives in it
11 and no clubs which was one of the criticisms that came
12 from some I know from the environment side who wanted
13 there to be real hammers.

14 So all that's in 375 is the potential for more
15 funding if you do have a transportation plan that meets
16 your sustainability goals. And for the developer
17 community, an incentive in the form of an expedited or
18 relaxed CEQA process for your project if it's within the
19 plan. So hopefully that overcomes some of the obstacles
20 that have been there in the past to moving past in this
21 direction. But we're still a long way from having
22 anything in place.

23 I think what was really the inspiration for this
24 was the Sacramento blueprint which was clearly established
25 itself as a successful tool at the local level for helping

1 developers decide on projects that fit more within the
2 goals of walkability, livability, et cetera, and achieved
3 I think the broadest level of consensus that I've ever
4 seen about what the growth pattern should be.

5 But it's going to be a long process. And I don't
6 think anybody feels like it's the panacea. But at least
7 from a process perspective, it seems like it builds on
8 some sound learning about what works and what doesn't work
9 in these areas.

10 BOARD MEMBER KENNARD: The local planning
11 agencies like SCAG, the regional authorities, those will
12 be the planning participants as opposed to every local
13 city?

14 DEPUTY EXECUTIVE OFFICER TERRY: Just briefly.
15 There's 18 MPOs involved. In the SCAG regions, there's
16 special provisions for sub-regional plans to be developed
17 from a sustainability standpoint. And then SCAG has the
18 responsibility to try to coordinate those.

19 So it's going to be extremely challenging in
20 southern California region.

21 BOARD MEMBER KENNARD: It could be a whole career
22 for somebody. Thank you.

23 CHAIRPERSON NICHOLS: Comments or questions?
24 Question, Ms. D'Adamo.

25 BOARD MEMBER D'ADAMO: Well, I have a lot of

1 questions about SB 375, but I don't want to take up time
2 today, except in just one area and that is on the targets.
3 As I understand it, this Advisory Committee will come up
4 with recommendations. They'll bring those recommendations
5 to our Board, and we will adopt regional targets.

6 LEGISLATIVE DIRECTOR OGLESBY: Yes

7 DEPUTY EXECUTIVE OFFICER TERRY: Just a
8 clarification. The Advisory Committee's charge actually
9 is to look at methodologies and not to recommend a
10 specific target.

11 What the bill does, however, has a very back and
12 forth kind of a process where the ARB staff is to share
13 technical information, including the types of information
14 that would come out of the Advisory Committee process.
15 The MPOs may propose a target they would like us to
16 consider. So I think it's very valuable that there's a
17 lot of round up participation imbedded in this process as
18 we go forward.

19 BOARD MEMBER D'ADAMO: I know we're going to be
20 talking about AB 32 later. But on the chart that provides
21 targets for the various sectors, the regional
22 transportation related targets, which is this area here on
23 local land use and transportation indicates that the
24 number that we have in this report represents an estimate
25 of what may be achieved for land use changes, but it's not

1 the SB 375 regional target. So these regional targets
2 could go higher or lower; correct?

3 DEPUTY EXECUTIVE OFFICER TERRY: That's exactly
4 right. And we were very careful in the staff presentation
5 to be clear that we took the median number, the middle
6 number, in terms of the academic studies out there that
7 focus on just the fundamental relationship between
8 transportation, land use patterns, and vehicle miles
9 traveled.

10 But certainly if other considerations such as
11 congestion pricing and a lot of other mechanisms are put
12 in the mix that you can get much greater benefits. And
13 certainly we as staff expect that once we get through the
14 regional planning process we'll do much better.

15 BOARD MEMBER D'ADAMO: Just food for thought for
16 the other Board members. I think it's important since
17 we're going to be adopting this in December that we hit a
18 high target. Because although we could at a later time go
19 higher or lower, I think it's important to hit a fair
20 reasonable high target so that those regional plans can
21 fold into it. Because I think that process is going to
22 get very complex, especially as regions fight for -- well,
23 certain regions fight for status quo as much as possible.

24 CHAIRPERSON NICHOLS: Ms. Berg.

25 BOARD MEMBER BERG: No.

1 CHAIRPERSON NICHOLS: Yes. Mayor Loveridge.

2 BOARD MEMBER LOVERIDGE: Just a quick comment
3 about 375 question and four quick questions, Rob, if you
4 can pursue them.

5 I guess my premise is that local government are
6 rational decision makers. You put incentives and we
7 respond. And I do think in the SCAG region the RTP is an
8 example of getting very diverse priorities together in a
9 generally accepted plan.

10 Four questions. One is the budget numbers and
11 new people. I think that can't be very often we look
12 across the state bureaucracy, there is not many places
13 where you have an increase in staff positions. Just a
14 quick comment on that.

15 Second, just curious how many bills we sponsored
16 out of all these that are in this booklet that actually
17 had CARB's sponsorship connected with it.

18 Third, if you just help maybe Board members
19 understand how if CARB takes a support or oppose position,
20 how that position emerges.

21 And then on SB 974, I take it from Alan Lowenthal
22 this weakened it's going to be coming back. In my own
23 judgment, we kept moving the goal post on the Senator.
24 And does seem to me that if CARB has a role, we should be
25 involved earlier rather than keep moving the goal post.

1 LEGISLATIVE DIRECTOR OGLESBY: Cue me up as we go
2 through the answers to the questions.

3 But yes. It is unusual particularly in this
4 budget cycle to get an augmentation, generous amount to a
5 state agency's budget. That reflects the priorities of
6 the administration, the task before us, and also the
7 support in the Legislature which put these duties upon us
8 and the expectations that we will implement them
9 successfully.

10 It's also important to note that the funding
11 source for those positions are not from the General Fund.
12 They're from special funds. And indeed, the AB 32 efforts
13 is a decision that will come before this Board to develop
14 and adopt a long-term self-funding mechanism that will not
15 only carry forward the program, but will help pay back the
16 loans. Because it's been operating on loans.

17 In terms of the number of sponsored bills that
18 ARB had, we had two official sponsored bills, the two I
19 mentioned in the report: One on enforcement and the other
20 one on the Research Screening Committee.

21 We also sponsored the element in the budget that
22 provided more latitude on doing grants and loans and
23 financial credit instruments for the Prop. 1B funds.

24 The question about how do we develop a
25 position --

1 BOARD MEMBER LOVERIDGE: Support or oppose.

2 Maybe you can help the Board members.

3 LEGISLATIVE DIRECTOR OGLESBY: Essentially, the
4 development of a support or oppose position is something
5 that comes up in consultation internally with the
6 executive office and the Chairman.

7 A formal position that we can take is we are part
8 of the administration. I serve at the pleasure of the
9 Governor, as does the Board. And the only positions that
10 we are authorized to take or bills we are authorized to
11 sponsor are those that receive the approval of the
12 governor's office.

13 So we're part of a much larger -- a much larger
14 organization that reflects a number of diverse interests,
15 not all of which are always perfectly aligned with our
16 world view. And the process in the Governor's office is
17 one that tries to sort through those different values and
18 program priorities and comes forward with a position.

19 BOARD MEMBER LOVERIDGE: I just want to take my
20 comments as editorial. No need to respond.

21 CHAIRPERSON NICHOLS: Other comments?

22 BOARD MEMBER SPERLING: I'd like to add to the
23 discussion on the SB 375. I see that as a tremendously
24 important, one of the most important bills laws that have
25 been passed. And the fact this has been the support

1 across the state I see it as representing an attitude that
2 we really need to do something about our cities and our
3 growth. And climate change is certainly an important
4 part. But there are other forces at work there and
5 support for it.

6 And I would note that this is important not just
7 for California but for the US and perhaps even beyond.
8 Because what we do here, this is seen as a model. And
9 it's just like a lot of what we're doing here. Sometimes
10 it's kind of scary. But we're taking a lead here in
11 California in this area. And it's incumbent upon us to
12 really try to get it right.

13 And the importance of it is that if you look at
14 vehicle traveled growth -- I don't know the numbers for
15 California. But nationally the vehicle growth is expected
16 to more than double by 2050 and even higher for
17 California. And so if we're really serious about reducing
18 greenhouse gases, this has to be a very important part of
19 that plan and of that strategy. And so as we go forward
20 to kind of support what Board member Dee Dee D'Adamo said,
21 we need to think about how 375 links up to AB 32 and some
22 of the targets that we're talking about.

23 So I'm just emphasizing that this is -- we do
24 need to take this, especially in a very -- as something
25 very important in that it does go beyond just CO2 and

1 greenhouse gases.

2 CHAIRPERSON NICHOLS: Thank you for the comment.

3 And I agree with it.

4 I would also add that given the rather slow roll
5 out of 375, there's a lot of time for involvement by
6 members of the Board in the process. And I thought about
7 creating a Committee and then decided really this was
8 something that would be advantageous if everybody on the
9 Board could take a roll in. So I'm hoping the staff will
10 be coming back to us shortly with a schedule of events
11 going forward and that there will be at least one or two
12 that all of us will be able to participate at the regional
13 level.

14 I think, having participated in the final
15 discussions about the bill and the discussions at the
16 Governor's office right before he signed it, there's a lot
17 of good will going into this. The fact that there was
18 this coalition, really remarkable coalition, the people
19 from the building industry, local government, and from
20 environmental organizations coming together and agreeing
21 that something needed to be done and that this was a
22 compromise that people could actually work with is very
23 heartening.

24 But we're already seeing, as Ms. D'Adamo's
25 comments indicated, people starting to question what does

1 that number mean and what is ARB doing. And every step we
2 take is going to be fraught with difficulty I'm sure. So
3 this is going to require everybody's help and involvement
4 to actually make it work. Thank you.

5 And we do have some public comment apparently.
6 Okay. Nidia Bautista from the Coalition for Clean Air on
7 the legislative report.

8 MS. BAUTISTA: Good morning, Chair, members of
9 the Board.

10 Just want to take this opportunity since we're
11 talking about legislation to mention that last year during
12 the session there was a bill passed, SB 719, which would
13 add a doctor and a scientist along with additional city
14 representation to the San Joaquin Valley Air District
15 Board.

16 We have our doctor on that Board now. And I
17 should compliment Dr. Telles as well as former ARB Board
18 member Judy Case. Because there was an incident at this
19 past hearing, a medical emergency in fact. And it was
20 really great to at least have a doctor in the building
21 that was actually able to attend to the issue. But
22 obviously his role on the Board in terms of providing that
23 medical expertise is just so valuable, especially in that
24 valley.

25 But I did want to mention that the scientist seat

1 is still vacant. And we're approaching the end of
2 October. And that seat still remains vacant. So just
3 want to ask that to the extent this Board and the
4 leadership of this agency can apply some pressure to the
5 proper folks in the administration, I know that region is
6 really looking for that scientist. And we're very aware
7 of a couple of candidates who are very well qualified who
8 live in the valley. We're really concerned about why
9 there has been a delay. But want to urge to you press the
10 administration to make the appointment

11 CHAIRPERSON NICHOLS: Thank you.

12 As I think Mr. Oglesby's comments illustrated, we
13 actually are the administration for better or for worse.
14 But we appreciate your comment. And we're hopeful there
15 will be an appointment soon.

16 If there are no further comments on this item,
17 we'll move on to the next one.

18 EXECUTIVE OFFICER GOLDSTENE: Thank you, Madam
19 Chair, members.

20 Today, staff will present the proposed Scoping
21 Plan. It took the collaborative efforts of hundreds of
22 people to get to this point. ARB started putting the
23 foundation together well over a year ago through
24 workshops, seeking ideas through public solicitation and
25 its scores of stakeholder meetings to create the Draft

1 Scoping Plan that was released in June.

2 Ninety-thousand downloads of the Draft Plan in
3 the first week after its release let us know our work was
4 being watched around the world. Since then, hundreds of
5 Californians took the time to attend the workshops and
6 community meetings we held on the Draft Plan, giving us
7 their suggestions throughout the process.

8 In addition, thousands of people communicated
9 with us either in person or by posting comments on ARB's
10 website.

11 Our partners on the Climate Action Team and local
12 government and the Legislature, on the Economic and
13 Technology Advancement Advisory Committee, the
14 Environmental Justice Advisory Committee, and the Market
15 Advisory Committee all provided comments and
16 recommendations as we built the proposed Scoping Plan from
17 the ground up.

18 All of these comments and suggestions were
19 reviewed as staff worked through the updates and the
20 revision of the document.

21 This will be the first of three Board meetings at
22 which we will discuss the proposed Scoping Plan. Today
23 staff will review the key elements of the plan. At our
24 November Board meeting, staff will provide more detail
25 about the key issues in the plan. And finally at the

1 December Board meeting, we will present the proposed
2 Scoping Plan to the Board for approval.

3 Now I'd like to ask Kevin Kennedy from our Office
4 of Climate Change to begin the staff presentation.

5 (Thereupon an overhead presentation was
6 presented as follows.)

7 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: Thank
8 you, Mr. Goldstene. Good morning, Madam Chairman, members
9 of the Board.

10 Today I'm here to discuss the proposed Climate
11 Change Scoping Plan which we released last week.

12 --o0o--

13 PROGRAM EVALUATION BRANCH CHIEF KENNEDY:
14 Although it has been clear for some time that we must
15 address climate change, it seems like almost every week
16 there is new evidence that climate change is a serious
17 problem that demands immediate attention.

18 Just this Sunday, the Sacramento Bee had a story
19 on the shrinking of Lyell Glacier and other glaciers in
20 Sierra. This is just one more in a long series of reports
21 from California and throughout the world about the rapid
22 advance of climate change.

23 As the Governor has said, "The time for action is
24 now." The Scoping Plan provides a framework for the bold
25 actions that California must take to help address this

1 know, we released the Draft Scoping Plan in June. We
2 spent the summer soliciting input on the draft plan in a
3 series of workshops, community meetings, and meetings with
4 a wide variety of stakeholders.

5 We also received thousands of comments from the
6 public. We worked with other State agencies on the
7 Climate Action Team to evaluate these comments. And we
8 continue to monitor other climate change programs,
9 regionally, nationally, and internationally.

10 In addition, both the Environmental Justice
11 Advisory Committee and the Economic and Technology
12 Advancement Advisory Committee met and provided formal
13 comments on the Draft Scoping Plan.

14 We continued to evaluate the Draft Scoping Plan
15 over the summer and released the supplemental evaluation
16 that showed the Draft Plan would have beneficial impacts
17 on both the economy and public health last month.

18 Overall, these efforts culminated in the release of the
19 proposed Scoping Plan last week.

20 We are still receiving comments on the
21 assumptions and methodologies used in the supplemental
22 analysis and will update the Board in November on these
23 analyses. For the economic analysis, we also chose to
24 initiate a formal peer review process look that we've used
25 for many previous regulations. We expect to receive

1 comments later this month from the members of the Peer
2 Review Panel and will update the Board on that part of the
3 process next month as well.

4 --o0o--

5 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: The
6 recommendation in the plan, like in the Draft Scoping
7 Plan, is a mix of complementary strategies that combine
8 market-based regulatory approaches, other regulations,
9 voluntary measures, fees, and potential monetary and
10 non-monetary incentives.

11 In developing the recommendations, we looked at
12 the contribution of each source or source category. And
13 the emission reduction strategies we are proposing calls
14 from emission reductions from every sector.

15 The key elements of the recommendation include
16 even more aggressive energy efficiency programs. Although
17 California has been a long-time leader in energy
18 efficiency, we can and must find ways to expand these
19 programs to include more households and businesses.

20 ARB will work with the California Energy
21 Commission, the Public Utilities Commission, utilities,
22 and other stakeholders to ensure that all Californians,
23 including low income household and small businesses have
24 access to the full range of energy efficiency programs.
25 We also recommend an increase in the renewable energy

1 resources from the current requirement of 20 percent in
2 2010 to 33 percent by 2020.

3 A central feature of our recommendation is a Cap
4 and Trade Program developed in California that will link
5 to the Western Climate Initiative partner programs. As I
6 will discuss later, this program will set a firm cap on
7 the greenhouse gas emissions in the largest sectors:
8 Electricity, transportation, and industrial sources,
9 providing a cost effective means to achieve emission
10 reductions.

11 We also recommend regional targets for
12 transportation-related greenhouse gas emission reductions.
13 As was just discussed last month, the Governor signed SB
14 375 that puts in place a process for setting regional
15 greenhouse gas-related transportation targets and doing
16 sustainable land use and transportation planning.

17 For the Scoping Plan, we estimated the potential
18 greenhouse gas reductions using published data on the
19 fundamental relationship between land use and vehicle use
20 and the ability of good planning to reduce vehicle miles
21 traveled. As SB 375 is implemented, the regional targets
22 with the reductions that accrue statewide will replace the
23 initial estimate we included in the plan.

24 It will also be critical for ARB to continue our
25 progress in implementing our existing policies and

1 programs. Emission reductions from the Pavley program
2 continue to be a significant portion of the reductions we
3 are counting on to meet our 2020 target. Although we
4 believe that California will ultimately be able to
5 implement the Pavley greenhouse gas standards, the
6 proposed Scoping Plan also describes the back-up measure
7 to obtain equivalent reductions from mobile sources.

8 ARB is investigating a feebate program to
9 replace the Pavley program if we are unable to enforce the
10 Pavley regulations or to obtain additional reductions from
11 the transportation sector. We have initiated a research
12 contract to analyze the benefits from the implementation
13 of feebates in California both in place of and in
14 addition to the Pavley standards.

15 The plan also recommends targeted fees. For
16 example, ARB is proposing a public goods charge on water
17 to help fund efficiency improvements in the water sector
18 and other actions that reduce greenhouse gas emissions in
19 the water sector. We are also proposing a fee on high
20 global warming potential gases.

21 We are also pursuing a fee on greenhouse gases to
22 help fund the State's administration of the climate change
23 program itself. We plan to hold an initial workshop for
24 that rulemaking on this fee in the near future and plan to
25 bring the fee regulation to the Board early next year so

1 we can start collecting the fee in the 2009-2010 fiscal
2 year.

3 --o0o--

4 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: This
5 slide provides a graphic illustration of the reductions in
6 the proposed Scoping Plan. The two columns show projected
7 emissions in 2020, under business as usual conditions or
8 with one side or with the implementation of the Scoping
9 Plan on the other.

10 In between, we list the various emission
11 reduction measures included in the plan. As you can see,
12 the measures in the plan would achieve a 174 million
13 metric ton reduction. The majority of emissions and
14 emission reductions are in sectors included in the Cap and
15 Trade Program.

16 --o0o--

17 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: The
18 proposed Scoping Plan is a stronger plan than the June
19 draft. This plan is built on the principle that the most
20 effective way to curb emissions and promote economic
21 growth is through the implementation of a comprehensive
22 set of strategies. However, the proposed plan benefits
23 from additional analyses, expertise, and public input.
24 This slide summarizes the key changes from the June draft.

25 --o0o--

1 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: We
2 received numerous comments that the plan should include a
3 margin of safety in case our regulatory efforts fall short
4 of our current estimates.

5 For capped sectors, the firm cap provides
6 certainty that the needed reductions will be achieved.
7 For example, even if our energy efficiency efforts fall
8 short of the targets we've set, total emissions from all
9 sources in the program would still be limited due to the
10 cap in the Cap and Trade Program.

11 We have also incorporated additional measures in
12 the uncapped sectors, equating to a 20 percent margin of
13 safety for the uncapped sectors.

14 We also received many comments about the regional
15 transportation targets with almost everyone advocating for
16 a more stringent target than the two million metric tons
17 we included in the draft. We worked with U.C. Berkeley's
18 transportation sustainability research center to evaluate
19 over 20 existing modeling studies, including four from
20 California's largest metropolitan planning organizations
21 to see if a larger target was achievable.

22 Based on this work, we have more than double the
23 transportation greenhouse gas target to five million
24 metric tons in 2020. We made clear, however, this
25 estimate is not the specific target called for in SB 375

1 as was just discussed, which will be established after
2 further deliberation, including input from the new
3 advisory committee and public consultation with the
4 metropolitan planning organizations.

5 To emphasize the important role of local
6 government, the proposed plan encourages local governments
7 to develop climate change plans themselves and to set a
8 goal that parallels the state goal of reducing greenhouse
9 gas emissions to 15 percent to below today's levels, about
10 a 30 percent reduction from the business as usual levels
11 in 2020.

12 After further review of the measures under
13 evaluation in the Draft Scoping Plan, we have added four
14 additional direct regulatory measures that address
15 industrial sources. Two of these measures focus on
16 refineries and would reduce refinery flaring and remove
17 the methane exemption for volatile organic compounds at
18 refineries. The other two measures address fugitive
19 emissions from oil and gas extraction and transmission.

20 We worked closely with our colleagues at the
21 Integrated Waste Management Board to re-evaluate measures
22 in the recycling and waste sectors. Based on that
23 re-evaluation, we have incorporated additional measures
24 that emphasize the importance of addressing not just the
25 methane emissions from landfills, but also ways to reduce

1 the materials that go to landfills. These measures will
2 encourage commercial recycling and the movement toward a
3 zero waste future.

4 After further evaluation, we are also
5 recommending a fee on high global warming potential gases
6 to compliment the regulatory program. Most emissions from
7 these gases are not included in the Cap and Trade Program,
8 but we believe that placing a price on these gases can
9 help send a market signal, discouraging use and
10 encouraging the development of innovative alternatives.

11 Revenues from the fee can be used to mitigate
12 greenhouse gas emissions either from these compounds or
13 from other sectors.

14 We also included in the plan a de minimis
15 emissions threshold as required under AB 32. The
16 recommended threshold is one-tenth of a million metric
17 tons annual emissions per source category. ARB and other
18 agencies implementing measures should carefully consider
19 this de minimis level in developing the regulations, and
20 only regulate smaller source categories if there is a
21 truly compelling necessity.

22 Finally, we added a section to the plan that
23 looks beyond the reductions needed to meet the 2020 target
24 to see whether the emission reduction measures set
25 California on the trajectory needed to do our part to

1 are included in the Cap and Trade Program. These measures
2 are designed to obtain cost effective reductions while
3 accelerating the necessary transition to the low carbon
4 economy needed to meet the 2025 target. The low carbon
5 fuel standard and the renewable portfolios standard help
6 directly transfer the energy supply mix in California,
7 while efficiency mandates can help overcome market
8 barriers to achieving the maximum cost effective
9 reductions possible.

10 All three of ARB's Advisory Committees, the
11 Market Advisory Committee, the Environmental Justice
12 Advisory Committee, and the Economic and Technology
13 Advancement Committee realize the benefits of including
14 these types of complementary measures in addition to
15 putting a price on carbon emissions.

16 --o0o--

17 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: In the
18 uncapped sectors, ARB and our State agency partners will
19 be pursuing a variety of measures. In the industrial
20 sector, ARB will be developing regulations to address
21 fugitive emissions from oil and gas extraction and
22 transmission.

23 ARB will also develop regulations to reduce
24 emissions of high global warming potential gases from both
25 new products and existing banks of these gases.

1 the comments we received.

2 --o0o--

3 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: Our
4 analysis of the public health benefits of the plan shows
5 the plans reliance on energy efficiency measures will
6 reduce fuel combustion leading to improved public health
7 statewide.

8 We estimate that implementation of the plan will
9 avoid 400 premature deaths statewide in 2020. Combined
10 with other health benefits, including almost 11,000
11 avoided instances of asthma and lower respiratory symptoms
12 and 67,000 avoided lost work days, the plan will achieve
13 \$2.2 billion in air quality related public health
14 benefits.

15 We also believe there can be additional benefits
16 from the transportation and land use measure. To the
17 extent that better land use planning leads to more
18 walkable communities that facilitate moderate physical
19 activities, the plan may help to reduce serious health
20 risks like coronary heart disease, diabetes, and obesity.

21 As with the economic evaluation, the public
22 health evaluation is based on the best information
23 currently available on the measures in the plan. As we
24 develop measures during implementation of the plan, we
25 will conduct more detailed evaluation of the individual

1 measures.

2 --o0o--

3 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: In
4 addition to evaluation, we also completed a review of the
5 potential environmental impacts from implementing the
6 measures in the proposed plan to satisfy the requirement
7 of the California Environmental Quality Act, or CEQA.
8 Because most of the measures have many implementation
9 details to be worked out, this evaluation remains fairly
10 broad brush. More detailed CEQA evaluations will be
11 conducted when the measures are being implemented and more
12 details are available.

13 --o0o--

14 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: I will
15 now discuss the major issues and how the proposed Scoping
16 Plan will address those issues.

17 --o0o--

18 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: During
19 the workshops and in the comments, one of the fundamental
20 issues was the role of the Cap and Trade Program. How big
21 a role should it play in the Scoping Plan?

22 Industry advocates in general believed that the
23 cap and trade should play a large role with less reliance
24 on direct regulatory measures.

25 Some environmental groups and the Environmental

1 consumers, the effect on regulated versus unregulated
2 industries, the use of auction revenue.

3 ARB will be seeking input from a broad range of
4 experts in an open public process regarding options for
5 allocation and will be coming back with more specific
6 recommendations in the future.

7 --o0o--

8 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: Offsets
9 are surplus emission reductions that happen outside the
10 Cap and Trade Program. The role of offsets was also a
11 topic of much discussion. Most business groups advocated
12 for no quantitative or geographic limits on offsets. Most
13 environmental groups argued for quantitative limits, while
14 views on geographic limits varied. The Environmental
15 Justice Advisory Committee argued offsets should not be
16 allowed.

17 The proposed plan would require that the majority
18 of emission reductions from capped sectors must come from
19 capped sources, not offsets. Offsets would only be
20 accepted if they met the AB 32 requirements of being real,
21 permanent, quantifiable, verifiable, enforceable, and
22 additional. Offsets that met those requirement could be
23 accepted, regardless of where they are generated.

24 --o0o--

25 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: Use of

1 statewide.

2 It is important to note there is nothing in the
3 plan that would encourage sources to emit more than they
4 would in the absence of the plan. In fact, the Cap and
5 Trade Program, for example, will encourage covered sources
6 to emit less by placing a new regulatory requirement,
7 which is to surrender allowances that have monetary value
8 for all of their emissions.

9 As we develop the regulations and have more
10 specific proposals, we'll be able to take a closer look at
11 the potential air quality and environmental impacts.

12 And AB 32 requires that to the extent feasible we
13 consider direct, indirect, and cumulative emission impacts
14 of market-based compliance mechanisms before they are
15 included in any regulations the Board adopts.

16 --o0o--

17 PROGRAM EVALUATION BRANCH CHIEF KENNEDY:

18 Although the Scoping Plan is aimed primarily at 2020, we
19 know that it is only a weigh station and that the real
20 goal is significant, long-term reductions in greenhouse
21 gas emissions.

22 The Governor has set a goal of an 80 percent
23 reduction below 1990 levels by 2050. This plan puts
24 California on the path towards that 80 percent reduction.
25 We will need to pursue additional measures, measures that

1 are logical extensions of the programs in the plan. By
2 lowering the emissions cap, doubling the greenhouse
3 emission reductions from vehicles, increasing the use of
4 renewable energy, further reducing the carbon intensity of
5 fuel, and increasing energy efficiency in green building
6 efforts and continuing to implement sound land use
7 policies, we can continue on the glide path toward an 80
8 percent reduction in 2050. These are tough measures to
9 take, but they are doable and necessary in the long run.

10 --o0o--

11 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: We
12 released the proposed plan and opened the CEQA comment
13 period last week. This Board meeting is the first in a
14 series of meetings in which the Board will hear discussion
15 of the proposed Scoping Plan.

16 In November, after the Board and public have had
17 time to digest the plan, we will provide a more detailed
18 update. And the Board will conducted a public meeting to
19 discussion the plan. ARB intends that the November
20 meeting will be the main forum for hearing oral testimony
21 on the plan and requests that the public consider this
22 when planning their testimony.

23 In December, the Board will vote on the Scoping
24 Plan.

25 --o0o--

1 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: As you
2 all know, the hard work isn't in adopting a plan. It is
3 implementing the plan. Or as the Governor might say, the
4 follow through.

5 AB 32 gives us two years to adopt the regulations
6 needed to implement the Scoping Plan. We will follow our
7 normal rulemaking process with ample opportunity for
8 public input and comment. Implementation and enforcement
9 will play a critical role in achieving the goals of AB 32.
10 ARB will work closely with a variety of partners in
11 implementing this plan. We will work with local
12 governments and regional agencies, with the State's energy
13 agencies, and other agencies of the Climate action Team
14 and with our local air district partner as we evaluate how
15 best to develop, implement, and enforce the measures in
16 the proposed Scoping Plan.

17 Another key consideration will be the potential
18 impacts and opportunities for small businesses. We will
19 not be successful in achieving the ambitious targets we've
20 established for energy efficiency and other reduction
21 measures if small businesses and low income communities
22 are not able to fully participate in the reductions and
23 resulting savings that are part of this plan.

24 Finally, we will have to come back five years
25 from now to report on our progress in an updated Scoping

1 Plan that will provide further direction for what
2 California must do to address the looming crisis of
3 climate change.

4 --o0o--

5 PROGRAM EVALUATION BRANCH CHIEF KENNEDY: We all
6 know that we cannot award to weight to address climate
7 change. It is simply the greatest environmental challenge
8 of our generation and the next generation.

9 The plan puts California on the path toward
10 sustainability. It illuminates the path forward that
11 others, throughout the country and throughout the world,
12 can follow to a better future for our children and our
13 grandchildren.

14 Thank you.

15 CHAIRPERSON NICHOLS: Thank you, Mr. Kennedy, for
16 an excellent presentation.

17 And before we go to public comment, I want to
18 make a couple of remarks.

19 First of all, this is a phenomenal piece of work.
20 I just want to put it in context. I know the Board
21 received the draft of the Scoping Plan when it came out
22 back in June. I think if you haven't already had a chance
23 to read it through in any detail, you will see that
24 although it's expanded slightly in the number of pages, it
25 is also a far tighter, more compact, and really more

1 readable document than it was in its draft form.

2 As far as I can tell, this is the first
3 comprehensive plan of its kind ever done by any
4 governmental agencies anywhere in the world. And it's
5 therefore kind of startling in its scope and ambition.
6 And at the same time, it's quite simple and straight
7 forward in its approach to how to achieve a task that was
8 assigned to us.

9 I do want to underscore a couple of things.

10 First of all, as you will see, much of this plan
11 relies on others than the Air Resources Board for its
12 successful implementation. This is not a plan for things
13 that the ARB is going to do all by itself. It's a plan
14 for how the state of California, including state
15 government, local government, and citizens together can
16 achieve the goals of AB 32. And I think in that respect
17 it's quite different from anything we've ever done before,
18 because it is an invitation to begin a process as opposed
19 to the sort of plans that we normally adopt when we
20 approve SIPS, which immediately begin to take on a
21 regulatory power of their own.

22 And I commend the staff for having resisted a lot
23 of pressures coming from various of our stakeholder groups
24 to turn this into something more like a SIP and less like
25 the kind of blueprint that I think it was really intended

1 to be. I think it will stand the test of time, but it
2 will not be -- years from now, it will not exist in
3 exactly the form that it does today. It will be changed
4 as we've learned more and as we see that some things
5 improve and others perhaps are much harder than we thought
6 they might have been going forward.

7 It involved, as you heard, many, many staff
8 people both here and in other places as well as a
9 tremendous amount of input from the public, including
10 business entities that will be regulated under the
11 proposed plan as we move forward, but also many citizens
12 and many interested parties from within and without
13 California. And I think that is a real testament to the
14 importance of what we're doing here.

15 For those who are signed up to speak today, I
16 just want to re-emphasize this is not the public hearing
17 on the plan. If you wish to be heard on the record on the
18 plan, you need to testify beginning in November. So if
19 you're thinking this is your opportunity to testify and
20 have it be part of the public record, I would urge you to
21 forgo your comments today and come back for the Board's
22 November hearing.

23 But for those of you who do wish to make comments
24 about the plan now, I'm going to ask you to keep them to
25 two minutes. Because as I indicated earlier, we're really

1 not in a position to take action based on what you say
2 today.

3 So having said that, we have 15 people that
4 signed up to speak on the release of the proposed plan.
5 I'm sure we'll be talking to them all as we move forward
6 as well.

7 So I'll just begin with Rachael Katz followed by
8 Anton Chiono, and Lauren Navarro. Please come forward.

9 And I will ask the Clerk to set this for two
10 minutes rather than our usual three.

11 MS. KATZ: Hi. Good morning, Chairman and
12 members of the Board. I'm Rachael Katz.

13 MR. CHIONO: I'm Anton Chiono.

14 MS. KATZ: We're with the Pacific Forest Trust,
15 and we just wanted to comment briefly. Of course, we'll
16 come back in November and have longer and more prepared
17 comments and also written comments to submit.

18 But we wanted to first and foremost quickly
19 commend the ARB for the excellent work that went into the
20 proposed Scoping Plan. The plan is an important
21 accomplishment and critical for moving California towards
22 a low-carbon economy and continues its pioneering role in
23 demonstrating how carbon emissions can be reduced while
24 also sustaining and stimulating the economy.

25 PFT particularly appreciates the inclusion of

1 forests and land use in the proposed Scoping Plan. The
2 no-net lose target for the forest sector is particularly
3 important and will ensure that future generations will
4 also have this critical tool to maintain a healthy
5 climate.

6 Forests serve as a key part of the solution to
7 global warming, but only when they are conserved,
8 restored, and sustainably managed.

9 We also appreciate the inclusion of plans to
10 establish a robust monitoring system to account for
11 changes in the forest sector and ensure the no-net lose
12 target is met and that real and lasting gains in the
13 sector are achieved through additional offsets.

14 CHAIRPERSON NICHOLS: Thank you.

15 MR. CHIONO: Want to thank you very much for
16 everything the ARB has done in this respect. And we look
17 forward to working with you in the future as well as the
18 Resource Agency and Fish and Game. Thank you very much.

19 CHAIRPERSON NICHOLS: Thank you for being here.

20 Ms. Navarro followed by Edwin Lombard and Charles
21 Frazier.

22 MS. NAVARRO: Good morning. Thank you for
23 listening to me today. My name is Lauren Navarro from
24 Environmental Defense Fund.

25 Environmental Defense Fund applauds CARB for the

1 impressive effort involved in producing the final Scoping
2 Plan. The plan includes a robust balance of measures that
3 will allow California to cut our emissions by 30 percent
4 by 2020 and put us on a strong path towards achieving the
5 80 percent cut in emissions by 2050.

6 As California and the world face a faltering
7 economy, we must support policies that grow our economy
8 and save families and small businesses money. The Scoping
9 Plan will drive a clean energy economy that will not only
10 create drive and drive innovation and investment at home,
11 but will give us a competitive advantage as other states
12 and countries seek the technologies we pioneer.

13 For example, implementing the Scoping Plan will
14 create more than 100,000 new jobs and provide job
15 training. These jobs are real. A UC Berkeley study
16 released last week showed California energy efficiency
17 policies created a net of nearly 1.5 million jobs from
18 1977 to 2007 and cost mere thousands.

19 The Scoping Plan will deliver tremendous cost
20 savings for small businesses and residents throughout the
21 state associated with reduced usage of electricity and
22 fuels under the mix of policies recommended by the plan.

23 And that brings me to my last example. The
24 Scoping Plan will help us reduce our dependence on foreign
25 oil and improving energy efficiency, increasing the

1 stability of energy costs.

2 While prices will rise slightly as a result of
3 these policies, they would loosen the ties that have
4 caused prices to rise dramatically as a result of our
5 dependence on foreign oil. As an illustration, the same
6 early investment in energy efficiency that created all
7 those jobs I mentioned earlier also allowed California's
8 per energy use to remain stable -- per capita energy use
9 to remain stable while the rest of the country's has
10 increased by 50 percent putting money in our pockets.

11 I like that, personally.

12 CHAIRPERSON NICHOLS: Thank you, Ms. Navarro.
13 You have used up your two minutes. Sorry.

14 MS. NAVARRO: Thank you for everything.

15 CHAIRPERSON NICHOLS: We appreciate your kind
16 words.

17 Mr. Lombard and Mr. Frazier.

18 MR. LOMBARD: Madam Chair and Board members, good
19 morning. My name is Edwin Lombard. I represent the
20 California Black Chamber of Commerce, which is 21 black
21 chambers throughout the state of California. Also
22 representing the California Association of Black Pastors
23 this morning.

24 We support the goals of AB 32. But the road map
25 that CARB has proposed to achieve these goals has us

1 worried. Our organization represents the interests of
2 minority-owned business in the underserved community.
3 When we see a plan that says right off the bat there will
4 be increases in prices to energy and fuel, we are worried.
5 The fact they say though increases will be offset by
6 cutting back on uses is not comforting to us.

7 In our communities, especially with our
8 businesses, can't afford the high prices and utility
9 prices we already have. We've cut back as far as we
10 possibly can.

11 We've been asking CARB for a long time to tell us
12 what AB 32 implementation is going to cost us in real time
13 in the immediate future. And frankly the staff has been
14 very evasive. They still haven't told us where the
15 billions of investments high cost requiring up front to
16 get this thing AB 32 to where it's going to be is going to
17 come from. And we know normally these costs trickle to
18 the consumer and small business owners, instead of
19 continuing to assure us that AB 32 policy will bring
20 venture capital and new green jobs to California.

21 For a long time we've been asking what kind of
22 jobs they're talking about. In the new plan they finally
23 give us some idea. They said the lower income workers
24 like a lot folks in our community will bring slight
25 increases in job. And these jobs are pretty much the same

1 types of jobs they already have, just working for green
2 businesses. That concerns us also.

3 It's real disappointing in my community where
4 employment opportunities are limited and education is a
5 challenge. How is it supposed to inspire our kids there
6 is a bright future for them? We understand there's going
7 to be lower cost once this plan and by the year 2020 once
8 everything gets there. Our concern is what do we do in
9 the interim. How do we stay alive and exist during that
10 time frame?

11 A lot of these small businesses, month to month
12 they make just enough money to make payroll. They make
13 just enough money to keep ahead of the curve. If they're
14 required to increase their cost significantly within the
15 first five, ten years, they might no longer be able to do
16 business here.

17 CHAIRPERSON NICHOLS: Mr. Lombard, your time is
18 up. Thank you. Appreciate your comments. And we can
19 respond in a moment.

20 Yes, Mr. Frazier. Followed by Erin Rogers.

21 MR. FRAZIER: Thank you, Madam Chair, Board
22 members, staff.

23 Today I'm representing the Sacramento Black
24 Chamber of Commerce.

25 And you're right, Chairwoman Nichols. This is a

1 great piece of work. But we continue to be concerned that
2 the Scoping Plan even now continues to ignore the very
3 real immediate and near to mid-term costs that will impose
4 on underserved and low income communities.

5 The plan uses long-term averaging to conclude
6 that low income families will have about an extra \$400 in
7 their pockets in 2020. With all due respect, the families
8 in my community are struggling to pay their bills next
9 week and next month. The promise of a few extra dollars a
10 month 12 years from now is not helpful for comforting to
11 these folks.

12 We're also being told there will be lots of green
13 jobs for low incomes workers. But the Scoping Plan says
14 these largely will be in food service, agriculture,
15 retail, and health care. And no new training will be
16 required.

17 In other words, we can expect our gas prices,
18 utilities bills, and other costs to go up right away, but
19 we still have our same low paying jobs in the new green
20 economy as we have in the old one.

21 Not only does this fail to improve things for low
22 income families for at least a decade, it will probably
23 make it worse right now when things are already worse than
24 they have been in a long time. It certainly doesn't
25 inspire hope in our youth who are already discouraged from

1 their future prospects.

2 The Scope Planning acknowledges that low income
3 communities are going to need some help. But it doesn't
4 say what form that help might take, where it will come
5 from, and whether the cost of that help will mean
6 increases in other costs that have to be passed along by
7 the people who will be taxed more to pay for that help.

8 The goals of AB 32 are worthy, and we believe
9 there is potential for success if it is implemented in a
10 reasonable way that takes into account the current
11 economic crisis and the reality of the financial burdens
12 it will impose on those least able to afford it.

13 The plan your staff is asking you to approve
14 doesn't do that. I hope you will send this plan back to
15 your staff and direct them to conduct a new more realistic
16 economic analysis and come back to you with a plan that
17 adequately addresses the near-term costs and offers more
18 cost effective alternatives than what is before you now.

19 CHAIRPERSON NICHOLS: Thank you.

20 Let me just briefly say that I agree with you
21 that the plan does not adequately address all the issues
22 you've raised. I think it alludes to them, but it
23 requires that there be more done to fill in these blanks
24 that you're talking about. Not just with respect to small
25 businesses or black owned businesses or others, but to a

1 whole panoply of things that are included in the plan and
2 acknowledges that there's going to have to be pretty
3 intensive work done before anything can actually be done
4 under the plan.

5 I just want to reiterate that the plan itself
6 doesn't actually require anybody to do anything even if we
7 were to adopt it today, which we're not going to, because
8 we have more work to do in terms of gathering input.

9 But it seems to me that based on the language
10 itself of AB 32 that the Board still has to go through a
11 whole lot of work before we could actually impose any
12 requirements on anybody. And that couldn't possibly
13 happen for at least another year or two.

14 So I really want to encourage you to work with
15 the staff to develop some specific proposals. I know
16 you've spoken with staff. I'm not saying you haven't. I
17 appreciate the fact there's been communication. But the
18 time is going to come for there to be now actual specific
19 recommendations that we can plug in as we move forward to
20 what will be done under this plan as opposed to just the
21 framework that's what we're looking at right now.

22 So I don't know if staff has anything additional
23 they want to add in terms of process.

24 But I do appreciate your coming. It's not that
25 we think this is perfect. My compliments for the plan

1 were based on the fact I do think it lays it out in big
2 terms. But there's still an awful lot of pieces that have
3 to be filled in.

4 MR. FRAZIER: Our offices are open from 8:00 to
5 5:30. We're still waiting on those phone calls.

6 CHAIRPERSON NICHOLS: You'll be sitting by your
7 phone. Thank you.

8 BOARD MEMBER SPERLING: To rise the -- not in
9 terms of the process, but I've been involved a lot in some
10 of the energy efficiency studies and projects. And you
11 know, there was a study that came out American Physical
12 Society about a month ago. There's another one from the
13 National Academy that just makes the point there's
14 tremendous opportunities for energy improvement and energy
15 efficiency.

16 And I bring that up because that in itself is
17 going to generate huge numbers of new jobs. And that is
18 because there are all these opportunities and there's
19 going to be all the incentives. Everything from replacing
20 windows and insulation and so on to things like putting
21 sensors into buildings. And all of these are
22 green-collared jobs, skilled jobs. And because the
23 potential energy savings and carbon savings are huge,
24 there's a tremendous incentive to do it. And they haven't
25 happened, you know, for a variety of reasons. But partly

1 because there's what we call the principle agent problem
2 where the house renter doesn't have the same incentive as
3 the landlord in terms of reducing electricity use and so
4 on.

5 But out of this, you know, the AB 32 work -- and
6 it's going to be going more through the Public Utility
7 Commission and California Energy Commission. And they're
8 already starting these kinds of programs.

9 Just one highlight. One example, at UC Davis,
10 the parking garage. You drive by it on I-80. It's lit up
11 in the middle of the night. You see all this light.

12 Well, now the University is putting in little
13 sensors. And so that if there -- the reason it's lit up
14 is for security reasons. That you don't want someone
15 going to get in their car at night and people -- bad
16 people hiding behind the columns and attack you or
17 something. So it's lit up.

18 But now they're putting in sensors. And it takes
19 a fair amount of investment. People are going to be hired
20 to do this and contractors. They're going to be putting
21 in these sensors so the lights flash on immediately as
22 soon as someone comes near the building at night. This is
23 just a tiny, tiny example through our economy. There's
24 going to be these kinds of innovations taking place that
25 are going to generate huge numbers of jobs. Even if they

1 weren't in AB 32, it wouldn't make sense. But this is
2 going to provide the motivation to do that.

3 So I would suggest to organizations and
4 businesses and people just thinking about this how to
5 create these businesses and how these jobs are going to be
6 generating and take advantage of this opportunity.

7 CHAIRPERSON NICHOLS: I believe you're correct.
8 But I would just say I can understand that if you're out
9 there in the community and just looking at this plan, you
10 want to know how those jobs are going to come to your
11 business or your community and not just to take it on
12 faith that there's going to be this grand big set of
13 opportunities. So we're going to have to find ways to I
14 think put this into a forum where we can really
15 effectively deliver on the potential that's there.

16 I completely agree with you about the potential,
17 or we wouldn't be doing this work. But now we're going to
18 have to find out how to make it real.

19 BOARD MEMBER D'ADAMO: Madam Chair, I would just
20 add I think we need to go full steam ahead. This is a
21 very exciting time, but our economy is in a tailspin. So
22 folks are concerned. I think all of us are concerned.

23 If you look at the micro analysis, all of us are
24 concerned about what the future is going to look like. So
25 anything staff can do before the next hearing to

1 incorporate some of the comments that we'll be receiving
2 and then -- there's not enough time for a full blown
3 analysis. But somehow incorporate some of the changes our
4 economy is going through right now. A lot of this work
5 was done before the big economic tail spin.

6 CHAIRPERSON NICHOLS: fair point.

7 Ms. Berg.

8 BOARD MEMBER BERG: I do think it is a very well
9 taken point that the near term and the mid term we should
10 be able to address that. We should be able to say what
11 the near term and the mid term impact, not just what the
12 12 year impact is going to be.

13 CHAIRPERSON NICHOLS: Thank you. We're going to
14 hear -- is that it? Thank you.

15 Erin Rogers, followed by Dorothy Rothrock,
16 followed by Kristina Erikson.

17 MS. ROGERS: Hi. My name is Erin Rogers, and I
18 work with the Union of Concerned Scientists.

19 I just want to say in response to the last couple
20 of speakers that we do think that the proposal that staff
21 has put forward is going to be a great economic stimulus
22 and create a lot of jobs.

23 It will be helpful though as we move into the
24 next phase, which is this intensive rulemaking phase, to
25 do some in-depth economic work on how lower income

1 consumers will be impacted economically and also health
2 wise to do some more in-depth health analysis of the
3 different policy choices we're faced with so we can make
4 really good and sound policy choices moving forward.

5 I know we want to keep comments to a minimum, but
6 I just wanted to say I feel like this is a very momentous
7 day. Union of Concerned Scientists worked very hard on
8 producing a study that showed what the impacts of global
9 warming could be to California before AB 32 was passed.
10 We've been working for years on this, and the staff has
11 just done an amazing job putting together a world-class
12 excellent plan. And I feel like we have to mark this
13 moment in time as an important moment in history. The
14 world is definitely watching us.

15 We're very pleased that the Scoping Plan relies
16 on strong sector all policies for the majority of
17 emissions reductions we expect to get. We're very happy
18 with increasing our renewable energy standard to 33
19 percent and relying on California's landmark clean car
20 standards for emission reductions.

21 We hope that the Board also eventually adopts a
22 fee bates program to go on top of those clean car
23 standards.

24 The main areas of concern with the plan for us --

25 BOARD MEMBER RIORDAN: Ms. Rogers, I'm going to

1 take over for the Chairman for a moment. You are out of
2 time. I need a summary sentence.

3 MS. ROGERS: The main areas of concern are with
4 the Cap and Trade Program design, especially around
5 offsets and auctions. But we can get into that more next
6 time.

7 BOARD MEMBER RIORDAN: Thank you very much.
8 Dorothy Rothrock.

9 MS. ROTHROCK: Thank you, Madam Chair and member.
10 And Ms. Riordan, just wave your hand when I'm at two
11 minutes.

12 My name is Dorothy Rothrock with the California
13 Manufacturers and Technology Association. I'm also
14 co-chair of AB 32 Implementation Group, which is a
15 coalition representing small and large businesses
16 interested in implementation of AB 32 to support jobs and
17 growth in the economy.

18 And I just briefly wanted to talk a little bit
19 about the economic analysis today. I won't be redundant.
20 But I want to emphasize something that I heard earlier
21 that it's very important for this economic analysis to
22 actually serve your purpose, which is to help create the
23 best plan possible.

24 Right now, what we have is an analysis snapshot
25 of 2020. And we don't know how it stacks up with other

1 alternatives, how alternative scenarios would either
2 increase or decrease costs for the plan. Nor do we know
3 how to necessarily tell other policy makers in the state
4 how they need to take steps or embrace policies that will
5 mitigate costs that are going to occur in the near and
6 long-term for various elements of the plan.

7 So we are hoping that you take a look at this
8 analysis that we've had conducted about the economic
9 analysis by Justin Gaffy and Johnson Borck of the analysis
10 group. It goes through the problems they see with the
11 current analysis, and they make some recommendations for
12 things that we hope you can do before the next hearing on
13 the Scoping Plan.

14 Thank you very much.

15 CHAIRPERSON NICHOLS: Thank you, Ms. Rothrock.

16 Kristina Erikson, Tim Carmichael, Bonnie
17 Homes-Gen.

18 MS. ERIKSON: Hi. My name is Kristina Erikson
19 with the Planning and Conservation League.

20 And we agree that the proposed Scoping Plan is an
21 important step forward in California's historic effort to
22 fight global warming. However, we believe there are a few
23 components that need modification before the Board
24 approves the final document.

25 In particular, we suggest that the Board

1 strengthens the land use component of the plan by both
2 further increasing the numerical emission reduction target
3 and identifying specific policy measures that the Board
4 will adopt including an indirect source rule.

5 Thank you very much. And we look forward to your
6 continued support and leadership on this issue.

7 CHAIRPERSON NICHOLS: Thank you.

8 Tim Carmichael. Not here. Nidia.

9 MS. BAUTISTA: Madam Chair, with your permission,
10 Tim and I would like to switch spots actually if that's
11 okay.

12 CHAIRPERSON NICHOLS: He likes the last word.

13 MS. BAUTISTA: Good morning, Madam Chair, members
14 of the Board again.

15 Nidia Bautista with the Coalition for Clean Air.

16 We are very encouraged by the AB 32. And I think
17 we share that vision and encouragement with you all in
18 terms of the potential here in the implementing AB 32.
19 However, we also recognize that's going to be some
20 challenges. And we want to specifically speak about the
21 disproportionately impact to communities and how we can
22 make that very real. And I think those were your words,
23 Madam Chair. That is the challenge before us. How do we
24 ensure the mandate and the law is actually a reality in
25 the lives of the people that are breathing this air?

1 I think, you know, the history has shown that
2 while there's been a lot of great efforts both agencies
3 and legislative efforts to address localized impacts and
4 disproportionately impacted communities, I think there's
5 been increased awareness and knowledge about the problem
6 and that's been great. However, we need to match our
7 words with some more action. And I think that AB 32
8 represents this great opportunity, because the law does
9 say those communities need to be protected and benefited.

10 Our concern is that when you implement a market
11 mechanism, how do you ensure that that is designed in a
12 way that makes that real? And I think your study on the
13 community in Wilmington, for example, showing there is a
14 potential for 50 percent reduction in air pollution in
15 that community by 2020. Appropriately, most of that is
16 coming from regulations. But when there is a market
17 mechanism in place, how do we ensure that is best
18 protected?

19 So the first is to identify these communities. I
20 think too often we're talking about these
21 disproportionately impacted communities but without any
22 real clarity about who and where we're talking about. So
23 that process needs to be a public transparent open process
24 to identify those communities.

25 Secondly, in order to protect those communities,

1 we need to place restrictions through this market
2 mechanism to ensure those communities are protected.

3 And then thirdly, how to ensure those communities
4 are benefited. Certainly market mechanisms the revenues
5 that are generated, we need to allocate and dedicate a
6 certain part of funding to those very communities.

7 And I think the urgent need again to identify
8 those communities again in 2009 to ensure that we're going
9 through a process to begin those discussions about how
10 much of the allocation needs to go to those very
11 communities for both air pollution reductions, but also
12 the adaptation that's going to be needed for these
13 communities to deal with climate change. And that
14 includes the opportunity then for those small businesses
15 like those mentioned by the Black Chamber to ensure
16 they're benefiting as the law states.

17 Thank you very much for your time.

18 CHAIRPERSON NICHOLS: Thank you. I know you were
19 speaking fast, but we heard you.

20 Ms. Homes-Gen.

21 MS. HOLMES-GEN: Good morning, Chairman Nichols
22 and Board members.

23 On behalf of the American Lung Association of
24 California, I do want to applaud the Board's leadership on
25 the challenge of global warming and specifically applaud

1 the release of the Scoping Plan. It really is a truly
2 momentous day. And we recognize this is a ground breaking
3 document. Represents an amazing account of work. And it
4 will truly move the state toward a healthier and
5 carbon-free future.

6 I just want to make a few specific comments about
7 the land use piece of the plan, because this is such an
8 important part of the plan to the public health community.

9 As you're considering and reviewing the land use,
10 please remember five things:

11 First of all, that the SB 375 process that we
12 discussed earlier, it does lay out a valuable process for
13 establishing regional targets and promoting better playing
14 at the local level. But we want to encourage you to not
15 be limited by this process. There is more that you can do
16 to take a leadership on land use.

17 Second of all, consider the importance of
18 establishing a stronger goal -- greenhouse gas reduction
19 goal in the land use sector. We have joined with others
20 in recommending at least doubling the goal you've put out
21 in the draft.

22 Third, consider the number of local governments
23 who are already leaders in their own right in this area of
24 greenhouse gas reductions and who truly want to and can do
25 more and will be asking you to do more. Strong state

1 leadership will help them be more proactive at the local
2 level. Many want a stretch goal.

3 Fourth, consider requiring the use of strategies
4 such as indirect source control regulations and not just
5 putting them out there as something to be considered in
6 the regional planning process, but actually requiring them
7 in the plan.

8 And fifth, please remember the multiple public
9 health benefits from land use strategies. Communities can
10 realize not just air quality improvement but reduction of
11 chronic diseases, including lung and heart diseases,
12 reduction of premature deaths, obesity, injury prevention.
13 There's so many public health benefits that come together
14 in this area of the plan.

15 Thank you.

16 CHAIRPERSON NICHOLS: Thank you.

17 Bernadette Del Chiaro, Audrey Chang, Diane
18 Bailey.

19 MS. DEL CHIARO: Good morning. My name is
20 Bernadette Del Chiaro with Environment California.

21 I, too, am here in support of the Scoping Plan
22 and applaud the staff for an excellent job so far.

23 To keep my comments brief, one of the strengths
24 of this plan has already been talked about but I just want
25 to reiterate mention of specific measures that are the

1 most powerful in reducing global warming pollution,
2 specifically the renewable portfolio standard, 33 percent
3 by 2020. We appreciate the mention of a fee and tariff
4 policy that could have -- if improved upon what we already
5 have in the state right now in terms of fee and tariffs
6 can be a powerful driver toward renewable energy. Also
7 zero energy buildings, there's tremendous energy potential
8 within the energy efficiency sectors.

9 I do want to mention that the solar water heating
10 program specifically mentioned in the Draft Plan has yet
11 to be rolled out by the Public Utilities Commission. And
12 we would ask Air Resource Board aside from this specific
13 process are here to encourage the PUC to prioritize
14 rolling that out statewide in 2009.

15 I want to focus my comments on auctions within
16 the Cap and Trade Program. This is extremely important,
17 and we think the plan needs to be tightened up a little
18 bit with regards to this piece.

19 The plan mentions that sheer number of public
20 comments received so far by the Board with regards to the
21 Scoping Plan. We know from our organization alone at
22 least 30,000 were generated specifically to the issue of
23 auctions. People understand the difference between
24 polluters making a profit off of polluting or having to
25 pay for their right to pollute and where that money can

1 then go to.

2 This is the way to deliver on the potential of
3 this plan for helping small businesses and individual
4 consumers, et cetera, transition to a clean energy
5 economy. This is where the money comes from. And this is
6 an incredibly important piece of the plan.

7 We are encouraged that the draft of this final
8 plan here acknowledges that getting to 100 percent auction
9 is the way to go, and we appreciate that acknowledgement.
10 We believe through the regulatory process that you too
11 will come to that same conclusion similar to what your
12 colleagues essentially did on the east coast with the RGGI
13 program that when they started off, it was very unsure how
14 quickly they would ramp up to 100 percent after taking a
15 close look at the value of doing that. They decided that
16 getting to 100 percent is important.

17 I want to make one quick comment. If we could
18 see this draft plan book end the auctions, clarify we will
19 get to 100 percent absolutely no later than 2020 and we'll
20 start off at least a majority of the allowances be
21 auctioned off, this was in the draft Scoping Plan. We
22 think that should be re-inserted. Thank you.

23 CHAIRPERSON NICHOLS: Thank you.

24 As I think Mr. Kennedy indicated in his
25 presentation, we're planning on taking some time to review

1 the issues of both allocations of allowances and how
2 that's to be done and what the role of any revenues that
3 are raised from that would be. This is probably the most
4 fundamental issue about the plan. And I don't think it
5 makes sense to just state a blanket opinion at the outset.
6 I think there's going to be some really key issues that
7 we're going to need to consult with experts from around
8 the state and around the world about before we finally
9 decide when and how we're going to be doing that allowance
10 allocation process.

11 Audrey Chang followed by Diane Bailey and
12 Danielle Osborn Mills.

13 MS. CHANG: Thanks, Madam Chair and Board
14 members. I'm Audrey Chang With the Natural Resources
15 Defense Council.

16 With this plan, California really is leading the
17 way and showing other states and Washington how to really
18 tackle global warming.

19 As Chairman Nichols mentioned earlier, this
20 really is the first comprehensive binding statewide plan
21 of its kind. And the proposed Scoping Plan is the latest
22 indication we're really charging and moving full speed
23 ahead.

24 I want to thank CARB staff for all their hard
25 work and incredible dedication over the past many, many

1 months and we do appreciate the efforts there.

2 We strongly support the plan's overall approach
3 to tackle global warming using a complementary mix of
4 policies throughout all the state sectors. And we do
5 support the bulk of the measures included in the plan.
6 Just one example is energy efficiency which you've heard.
7 It's an area California has led in the past and plans to
8 expand in the future. It's using energy more efficiently
9 so customers have lower bills, but it's not giving up any
10 of the services that we desire.

11 While there's much to commend in the target, I
12 want to highlight two areas that we think can be improved.
13 One is the area of land use. We appreciate the increase
14 in the land use target from the draft plan. We do believe
15 it can and should be increased further. And the state of
16 the science analysis from leading academics in the field
17 project reductions in the sector of 11 to 14 million
18 metric tons by 2020. Increasing the target will allow us
19 to fully realize the full benefits of better land use and
20 transportation planning.

21 Another area is the forest sector. We believe
22 the target here can be increased. And we believe it
23 should be expanded to include demand size measures to
24 address decomposition of wood products.

25 But stepping back from those details, I do want

1 to emphasize that the Scoping Plan is more than a
2 pollution reduction plan. It's an economic stimulus plan
3 and more important than ever to really make the
4 investments in clean energy solutions that will simulate
5 innovation, new business, and job creation. It's really
6 clear that the clean energy economy is right around the
7 corner thanks to the leadership shown in the plan.

8 Thank you very much.

9 CHAIRPERSON NICHOLS: Diane Bailey.

10 MS. BAILEY: Good morning, Chairman Nichols,
11 members of the Board, and staff.

12 Thank you for this opportunity to comment. My
13 name is Diane Bailey. I'm also with the Natural Resources
14 Defense Council.

15 And I'm here today in very strong support of
16 California's leadership and this Agency's leadership in
17 putting forward this plan to meet the very important
18 global warming pollution reduction goals of AB 32, as my
19 colleague Audrey told you.

20 We also appreciate the enormous amounts of effort
21 that went into this plan by staff and other agencies and
22 stakeholders.

23 I wanted to talk to you a little bit today about
24 the importance of the inclusion of public health
25 protections in the climate plan. And I think that many of

1 you support that concept. Not only are the public health
2 protections required by AB 32, but it's really incumbent
3 upon us to maximize the health benefits from global
4 warming pollution reduction policies given the tremendous
5 toll on public health that global warming will have on us
6 and particularly in those communities that are least
7 equipped to deal with these impacts and that are the most
8 vulnerable.

9 We applaud the health benefits that are
10 quantified in this plan. I think it's an estimated 400
11 premature deaths that would be avoided by the co-pollutant
12 benefits of greenhouse gas reduction measures. And that
13 amounts to \$2.2 billion of health costs that are saved.

14 However, there are many measures that were left
15 out of the plan. Very strong greenhouse gas reduction
16 measures that could provide significant additional
17 co-pollutant health benefits about 60 percent more health
18 benefits actually or an additional one billion dollars of
19 health savings throughout the state.

20 And we respectfully ask you to re-examine these
21 measures and look at adding these important greenhouse gas
22 measures back into the plan to get these additional health
23 benefits.

24 Many of these measures offer significant cost
25 savings as outlined in the appendices to the plan. And

1 additionally, there were several measures that were
2 actually included in the early action measure document
3 that was adopted by the Board last year. And these
4 measures are no longer included in the Scoping Plan. And
5 so we hope these measures weren't lost in the scuffle.
6 These are important things, like cement plant efficiency
7 improvements.

8 CHAIRPERSON NICHOLS: You have used up your time.

9 MS. BAILEY: Thank you very much for all of the
10 hard work.

11 CHAIRPERSON NICHOLS: Thanks. Feel free to
12 submit anything else you'd like to.

13 MS. BAILEY: We'll submit details in writing.

14 CHAIRPERSON NICHOLS: Thank you.

15 Danielle Mills followed by Arthur Boone and
16 Autumn Bernstein. That's the end of my list, except for
17 Tim Carmichael.

18 MS. MILLS: Good morning, Madam Chair and members
19 of the Board. I'm Danielle Osborn Mills with the Center
20 for Energy Efficiency and Renewable Technologies.

21 CEERT appreciates the work of the Air Resources
22 Board in putting together a very comprehensive and
23 groundbreaking plan to reduce the state's greenhouse gas
24 emissions in multiple sectors. In particular, CEERT
25 applauds the ARB's inclusion of measures for renewable

1 electricity and energy efficiency, which will undoubtedly
2 help the State meet greenhouse gas emission targets as
3 well as help grow our economy.

4 On this note however, CEERT remains concerned
5 about the use of low natural gas price forecasts out to
6 2020 which do not reflect increases in the natural gas
7 prices over the last decade.

8 The ARB's economic analysis used a price forecast
9 of \$7.49 per MM BTU in 2007 dollars in 2020. CEERT,
10 however, recommends that a more appropriate scenario would
11 reflect historical trends in volatility and increase in
12 natural gas fuel prices and model this price going up to
13 \$17 per MM BPU by 2020 in current dollars.

14 Modeling these higher gas prices is an important
15 issue moving forward with implementation of the Scoping
16 Plan as well as in evaluating the cost effectiveness of
17 additional greenhouse gas emissions reductions measures.
18 CEERT believes as a whole AB 32 presents an enormous
19 economic opportunity for the state of California and
20 supports your overall efforts. Thank you.

21 CHAIRPERSON NICHOLS: Thanks very much.

22 Arthur Boone, Autumn Bernstein, and then Tim
23 Carmichael.

24 MR. BOONE: My name is Arthur Boone. I live in
25 Berkeley. I'm the Education Chair of the Northern

1 California Recycling Association.

2 We're concerned that the interest in recycling in
3 this plan is a little weak. Many people do not get the
4 connection between the way that consumer materials,
5 postconsumers materials are managed and energy. They
6 don't recognize the plant in Oakland which has 600
7 employees. It's the largest blue collar facility in
8 Oakland savings over a million-and-a-half dollars a month
9 on their natural gas bill because they use old glass as
10 part of their furnish making new glass. There's less
11 energy involved.

12 You've all driven by steel mills, paper mills.
13 All of these energy industries consume a tremendous amount
14 of energy. By recycling, we save that energy. Those
15 numbers have been calculated and floating for about 15
16 years. Unfortunately, the people in California at the
17 Integrated Waste Management Board didn't start paying
18 attention to this until about three years ago. And they
19 had conversations two months ago they should have had
20 two years ago.

21 And our conviction is that your staff has been
22 deferential to their staff and their Board. And so you
23 have a report that fails to appreciate fully what
24 recycling can do for California.

25 If you look at Mr. Kennedy's fourth chart it says

1 recycling and waste, one percent. That's because the IPCC
2 misunderstands recycling.

3 Recycling really belongs in the industrial
4 sector. And what it does is it cuts industrial emissions.
5 And we have national studies that show industrial
6 emissions around the country, if the whole country
7 recycled everything, we could cut industrial emissions by
8 over 25 percent in the country simply because of the fact
9 that taking used materials to make new things uses much
10 less energy than taking old virgin materials to make new
11 things.

12 So my grandmother was right. And I would like
13 you all to do the right thing. Thank you.

14 CHAIRPERSON NICHOLS: Thank you. This will be
15 pursued further I can assure you.

16 Autumn Bernstein.

17 MS. BERNSTEIN: Good morning. My name is Autumn
18 Bernstein. I'm representing Climate Plan, which is a
19 coalition of organizations, many of which you've heard
20 from already today. But also a number of grass roots
21 organizations around the state. Groups like the Great
22 Valley Center, Green Builds Alliance, Green L.A.

23 And our exclusive focus is land use and ensuring
24 we're addressing the greenhouse gas impacts of land use.

25 So I want to thank you first of all for your work

1 and responsive to your work on the land use piece. And we
2 do very much appreciate the re-doubled effort in the
3 Scoping Plan to address land use. But as some of my
4 colleagues have indicated, we do feel this is still a
5 target that needs some work.

6 The analysis that CARB staff did and the reliance
7 upon the five million metric ton target came from a study
8 by Caroline Rotea that for very good reason relied upon
9 existing transportation models that had been done in the
10 past that were not designed to address greenhouse gases.
11 As Caroline notes in her conclusion, the results of this
12 study confirm that even improved travel models are likely
13 to underestimate the reductions from land use transit and
14 pricing policies, because these models are simply not
15 suited for the policy analysis demands in the era of
16 global climate change.

17 So we would encourage you to look at that number
18 with a critical eye and instead consider some of the more
19 modern transportation demand models that are being used in
20 places like the Sacramento region that have much higher
21 numbers associated with them.

22 And this is really significant, because CARB is
23 in a leadership role on the implementation of SB 375. And
24 the relationship between AB 32 and SB 375 is such that the
25 leadership that's demonstrated by this Board will have a

1 profound impact on how successful we are in implementing
2 the goals of 375. I encourage you to embrace the
3 leadership role which 375 has given you on this issue.

4 And lastly, I would ask you to consider the ways
5 you can strengthen the roles of some additional policy
6 tools that are referenced in the plan such as congestion
7 pricing the indirect source rule, and the role of public
8 transit.

9 Thank you very much.

10 CHAIRPERSON NICHOLS: Thank you. You're just
11 under your time. Great. And now --

12 MR. CARMICHAEL: Good to see you, Chairman
13 Nichols. Tim Carmichael with the coalition for Clean Air.

14 I don't need the last word. Second to last is
15 really fine.

16 Let me start with the positive. The plan is
17 getting better. And that's good.

18 Just to highlight a couple of examples of changes
19 that we were pleased with in this most recent version.
20 This 33 percent RPS, the individual industrial sector
21 measures, and then the targets for local government that
22 we think the target for local government could be
23 increased to 20 percent and still be in the reasonable
24 range.

25 So my colleague, Nidia Bautista, highlighted our

1 vision for where the plan falls really short. And we're
2 one of the groups out there that has been pushing the
3 staff to make it more SIP like. Maybe we're one of the
4 dwindling numbers in the state that still thinks SIPS are
5 really good. But they need to be strong. And that's part
6 of why we've been pushing for a stronger plan, because we
7 think it's going to be critical for the successful
8 implementation.

9 Nidia mentioned that key to succeed we believe is
10 dedicating resources to the most impacted communities.
11 Before you can do that, you have to do a valid assessment
12 of where those most impacted communities are around the
13 state. And we've been pushing hard all year to do the
14 cumulative impacts assessment that has been part of the
15 law sooner rather than later. The staff has pushed back
16 and said they don't have to do it until the regulations
17 are developed. We think that's a flawed strategy. Why
18 not do it sooner? Unless you don't have the tool or
19 unless there's some other things at play.

20 We believe there's at least one good tool out
21 there, a tool ARB helped fund the development of. And we
22 think not only to inform your regulatory process, but to
23 avoid confusion around the state among the business
24 community. With the South Coast and the Bay Area moving
25 ahead with their own proposals for how to do cumulative

1 impacts assessment, we think it's prudent to have a
2 statewide approach.

3 And finally, to end this perceived if not real
4 punting that has gone on for years relative to these
5 communities when we weren't sure exactly what to do, this
6 agency and many others punted. And it's time to stop
7 that. It's time to do the best we can with what we've
8 got. And we've got tools out there that we can start this
9 process with. The sooner we do the cumulative impacts
10 assessment, the sooner a lot of these other pieces that
11 are critical will fall into place.

12 Thank you very much.

13 CHAIRPERSON NICHOLS: Thank you.

14 That concludes the public testimony. Are there
15 any additional comments, questions from the Board? No.

16 BOARD MEMBER LOVERIDGE: Just three very quick
17 comments.

18 One comment was this is the first of its kind in
19 terms of global warming. Maybe first of the kind in the
20 state of California to do this kind of planning,
21 particularly across different sectors.

22 I think the point that was made earlier the
23 economy is not the same as it was a year ago or two years
24 ago. And I think we're uncertain about what -- we now are
25 in a recession, how deep and how long.

1 But one kind of comment back in. I notice the
2 Governor indicated his support for a stimulus package.
3 And I'm not sure -- I think there is national support or
4 talking about a stimulus package. And perhaps some of the
5 strategy of this plan could be a part of the stimulus
6 package that's going on at the national level. Just offer
7 that as a way of thinking about the stimulus plan.

8 CHAIRPERSON NICHOLS: Well, that's a good point
9 actually. Though it's not directly germane to the plan, I
10 have been talking to colleagues at the PUC and Energy
11 Commission, State and Consumer Services, which has an
12 important role in doing energy efficiency work on the
13 State buildings about having a proposal together for the
14 new administration in Washington. Because that's going to
15 be the one of the first things they're going to be looking
16 at.

17 And I think energy efficiency is going to be high
18 on the list of areas where there could be federal money.
19 And I'd like to be in a position to be standing there with
20 our cup out when there is money to be flowing. Because I
21 think we could do a lot with the real plan to show how we
22 can use the money well. I know there is work already
23 going on on that front.

24 Thank you for that comment though.

25 Mr. Goldstene, do you want to have the last word

1 here before we move on?

2 EXECUTIVE OFFICER GOLDSTENE: Thank you, Madam
3 Chairman.

4 The next step will be the hearing, as we
5 discussed, in November where we'll take more public
6 comment. We're planning on spending a whole day just on
7 the plan.

8 We will do what we can in response to today's
9 comment to try to respond as well as we can. We have
10 already reflected some of these -- most of the issues that
11 were raised today are already addressed in the plan. And
12 I think it is important to remember that this is not a
13 SIP. It is a plan. And it's providing guidance for us as
14 we move forward into the development over the next
15 two years of each individual measure which will require a
16 more extensive measure by measure analysis, both on the
17 economic impacts and the public health impacts.

18 CHAIRPERSON NICHOLS: Okay. Thank you to be
19 continued.

20 BOARD MEMBER D'ADAMO: Madam Chair, I actually
21 had a couple of questions. I'll try to keep it quick.

22 I'd like to know more on what else we can do on
23 forestry and recycling and specifically on forestry. It
24 seems to me since we're using a voluntary approach if we
25 were to just increase the targets, that would just be

1 based upon a wish for offsets. And there are some
2 challenges with offsets. How much percentage do we want
3 in the area for offsets.

4 So based on what little I know, it seems the only
5 way to really push further would be through a public goods
6 charge like what we have in the utility sector and with
7 what's being proposed, a fee on the water side.

8 Is there some other approach?

9 EXECUTIVE OFFICER GOLDSTENE: I'll ask Lynn Terry
10 to respond to that and give you just a very brief update
11 on the work we've been doing in this area.

12 DEPUTY EXECUTIVE OFFICER TERRY: I always have to
13 clarify on the forestry target, because it's important --
14 and this is SIP like -- that that target does not
15 incorporate offsets. Because that would be double
16 counting in SIP terms.

17 So what that target represents is activities
18 implementing current regulations by the Department of
19 Forestry along with what we hope are other policies to be
20 developed that will ensure that we have no net lose from
21 where we are today because we're going in the wrong
22 direction with the forestry accounting.

23 Forestry accounting is a huge issue. We have a
24 process underway with the Resources Agency, California
25 Fire, Board of Forestry staff. And we've been talking

1 with the Resources Agency about a more formal public
2 process to really probe into the inventory issues, the
3 tracking issues. You'll know more about that. I don't go
4 further into that.

5 I think that will help explore some of the
6 questions you're posing about could the forestry target in
7 and of itself be changed later when we have better
8 information. So that's on the table.

9 On the offset side, we took the urban forestry
10 protocol in September. We're hoping to bring additional
11 protocol to the Board early next year which we hope will
12 expand opportunity for the offset piece of it.

13 So apart from the target, we do see we're trying
14 to support technically everything we can on the
15 quantification side to encourage a generation of potential
16 offsets.

17 BOARD MEMBER D'ADAMO: And then how about on the
18 recycling piece? Any comments on options to increase the
19 target on the recycling piece or as the witness indicated
20 on the industrial side?

21 EXECUTIVE OFFICER GOLDSTENE: Edie Chang from our
22 Office of Climate Change will respond to that

23 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

24 CHANG: We've been working pretty closely with the
25 California Integrated Waste Management Board on how to

1 handle the recycling and waste sector.

2 The numbers in the plan reflect sort of maybe the
3 mid terms goals of where the Waste Board wants to go. In
4 the long term, they're looking at zero waste substantially
5 increasing recycling in the commercial sector as well as
6 the residential sector and diverting from landfills pretty
7 much everything that can be diverted. So it's actually I
8 think a -- we're in sync with where the Waste Board is
9 going on these things.

10 Again, there's some accounting issues we're
11 trying to figure out what are the emission reductions that
12 can be gained in those areas. Whether they happen within
13 the state. If they're not within the state, for us it's
14 more difficult to figure out what emission reductions are
15 possible and what we can count in that area. So we're
16 continuing to work with the Waste Board on those measures
17 and the tons that we can count.

18 CHAIRPERSON NICHOLS: This is I think an example
19 of an area where there might be some people that would
20 like us to write a reg under AB 32 that would mandate
21 something. And that has a certain appeal so it. And
22 obviously it could be helpful in jump-starting this whole
23 effort. But it also has some other consequences that
24 might not be so appealing.

25 So we're trying to steer a course here that

1 allows for our sister agencies that have jurisdiction in
2 this are to do their job and at the same time keep pushing
3 in the direction of getting the most amount of control
4 that we can out of this area. It may be that it could be
5 written better or done better. But that's the kind of
6 interesting juggling act I think we have to do.

7 Dr. Telles.

8 BOARD MEMBER TELLES: I'm newest member of this
9 Committee. And I'm just beginning to learn this process.

10 But the testimony we've heard on this in the last
11 few meetings, the thing that's most compelling to me is
12 that some communities are potentially at risk for being
13 worse off. And I think from the get-go we need to -- I
14 would feel very uncomfortable approving some kind of plan
15 that doesn't protect those communities from the get-go and
16 that we really need to put more specifics rather than this
17 vague plan that we have here that either communities are
18 not impacted economically or with pollution that we have
19 ways to mitigate against that, funding or whatever. But I
20 feel very uncomfortable voting for a plan that might make
21 somebody worse in the state of California.

22 CHAIRPERSON NICHOLS: Well, actually AB 32
23 prohibits us from doing that. So if the plan did that, it
24 would be illegal and vulnerable to being overturned just
25 for that reason alone.

1 But I think demonstrating that there will not be
2 any adverse impact is something that the plan is done in
3 sort of an abstract way because of the inability to really
4 pinpoint, you know, drill down into exactly what measures
5 are going to be taken where.

6 And probably the place where this is the most
7 difficult to do I think is at the level of the Cap and
8 Trade Program. That's where most of the attention has
9 been focused. Because people are worried that if you
10 allow a company that has an obligation under AB 32 to buy
11 allowances instead of making changes at its own facility
12 that that could somehow get them or allow them to not make
13 other changes.

14 And so the best we've been able to say so far is
15 that under current law nobody is allowed to increase their
16 emissions because of AB 32. But the question is would
17 they get more benefit if we did something other than a Cap
18 and Trade Program. If we did it on a facility by facility
19 basis. And that's where you start to get into some of the
20 questions.

21 I don't see -- it's very difficult to prove a
22 negative. What we have to do is deal with all the
23 questions that have been raised and try to answer them
24 question by question.

25 But I think the bigger thrust -- not to prolong

1 this discussion at this point, because I think this is
2 something that does need to have more work done -- is
3 really can AB 32 be implemented in a way that is better in
4 terms of raising up those that have the worst air quality
5 problems. Can we do more than claim generic benefits for
6 public health based on the things we know are likely to
7 happen under AB 32 and really find a way that any
8 additional wealth that's going to be created or benefits
9 that are going to be created as a result of this program
10 can help to redress some of the historic inequities. And
11 that's an area where I know there's been a lot of thinking
12 done academically.

13 And people are going to want to come in and make
14 proposals to us as we develop the Cap and Trade Program.
15 But I don't know that there's been much work done yet that
16 would really be useful in terms of flushing this out in
17 any great detail.

18 And excuse me for jumping in on that. But I'm
19 seeing a nod from Mr. Kennedy. If there's anything the
20 staff would like to add to that.

21 But I agree with you. I think everybody wants to
22 feel secure that when we adopt this plan we know enough to
23 know that no community is going to get worse. We'd like
24 to have as much information as we can to support that
25 view.

1 PROGRAM EVALUATION BRANCH CHIEF KENNEDY:
2 Chairman Nichols, I would agree that everything that
3 you're saying and just emphasize this is an issue that we
4 are very much teeing up as one of the first things once
5 the plan is adopted and we move into the rulemaking we
6 will be looking very closely at what work is being done
7 around the County to deal with these issues so we can
8 build that into the implementation of the plan as we move
9 forward.

10 BOARD MEMBER BALMES: Madam Chair, can I add a
11 couple of comments?

12 First of all, I appreciate one of your last
13 sentences about wanting to try to make things better for
14 highly impacted communities. I think that's a goal we
15 should strive for.

16 And I also appreciate that the staff is going to
17 work on this issue once we adopt the plan. But I guess my
18 main point is following up on one of the witnesses. It's
19 complex dealing with potential public health co-benefits
20 while we're trying to implement a market mechanism like
21 cap and trade.

22 But I guess we could try to put off dealing with
23 the complexity down the road or we can start dealing with
24 it right now. And I actually would be in favor of
25 starting sooner rather than later. I think it's going to

1 be a thorny issue if we don't.

2 And I think as the witness from Coalition for
3 Clean Air mentioned, CARB has funded a mechanism for
4 trying to identify the most impacted communities. And we
5 heard a presentation about that in May or something at a
6 special meeting. And the Office of Environmental Health
7 Hazard Assessment, a sister agency in Cal/EPA, is funding
8 further work with regard to cumulative impact assessment.
9 There is a presentation I think probably in this building
10 later today on that work.

11 So I think there are tools that are being worked
12 on right here in the state with Cal/EPA funding. And I
13 think we should make use of those tools. And I am sure
14 they can be improved on from the current state. But I
15 think we should start using them. Because I think having
16 information about which communities are actually most
17 impacted is a good starting point.

18 CHAIRPERSON NICHOLS: I would agree.

19 EXECUTIVE OFFICER GOLDSTENE: I'll ask Chuck
20 Shulock to provide a quick update on the status of the
21 tool Dr. Balmes is referring to.

22 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: Thank
23 you.

24 That work, which is also funded by Air Resources
25 Board as well as other parties, is slated to go through

1 our Research Screening Committee. There are review steps
2 in the pipeline.

3 BOARD MEMBER BALMES: I used to be that
4 Committee, so I definitely know about the review process.

5 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: Sorry.

6 I guess my point was that tool has not yet gone
7 through the evaluation process that's been set up to
8 determine that it's appropriate to apply for these sorts
9 of activities. So I mean, that's I think in a nutshell.
10 And we agree that there's potential. But as you said,
11 it's a very, very complex issue. And there are some steps
12 that need to play out at least in our view before it's
13 ready to be applied.

14 CHAIRPERSON NICHOLS: When do you think the
15 review committee is likely to take this up?

16 OFFICE OF CLIMATE CHANGE CHIEF SHULOCK: I don't
17 know that.

18 BOARD MEMBER BALMES: I realize what the steps
19 are in the review process and it can take a long time.
20 And some of it depends on the investigator writing and
21 responding to critiques of the first draft of the report.
22 I've been there many times.

23 But I think this is of significance importance
24 that we should try to not short circuit the proper review
25 process, but expedite it as much as possible.

1 CHAIRPERSON NICHOLS: Okay. I will take it upon
2 myself also to pursue that with the Committee if need be.

3 I think people can appreciate the fact that this
4 is an area of significant concern. And we want to do it
5 right. So we don't want to short circuit anything either.

6 I think we're ready to move onto the next item,
7 unless anyone has any additional comments. We're going to
8 be spending a lot of time with this Scoping Plan in
9 November and December. Okay.

10 We next turn to an informational item with
11 environmental indicators.

12 We're just going to plow right through without
13 taking a break, because we have two relatively short
14 items, if that's okay. Good.

15 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
16 Nichols.

17 Environmental indicators are measurement that
18 track environmental conditions over time using objective
19 scientifically based tools. These indicators improve our
20 understanding of the environment and how human activities
21 and other factors can influence it.

22 As lead agency for the environmental protection
23 indicators for California project, OEHHA has been asked by
24 CalEPA with developing environmental indicators relating
25 to climate change.

1 This presentation will outline OEHHA's current
2 process of identification, development, and classification
3 of climate change related environmental indicators and
4 will also summarize how these indicators can be used.

5 Carmen Milanes from OEHHA will make the
6 presentation

7 (Thereupon an overhead presentation was
8 presented as follows.)

9 OEHHA DEPUTY DIRECTOR OF SCIENTIFIC AFFAIRS

10 ALEXEEFF: Good morning, members of the Board. My name is
11 Dr. George Alexeeff, Deputy Director of Scientific Affairs
12 at OEHHA. And I'll be the first presenter.

13 With me today are Carmen Milanes as well as Linda
14 Mazur as well as Dr. Basu of our staff, as well as Guido
15 Franco who is the technical lead for the Energy
16 Commission's Climate Change Program.

17 Since 2000, OEHHA has been the lead for Cal/EPA's
18 environmental indicators program. And we've been working
19 within the agency as well as with the Resources Agency and
20 the Department of Public Health in developing a set of
21 environmental indicators that provide important
22 information of the environmental conditions in California.
23 In conjunction with that role, Cal/EPA asked us to develop
24 a set of indicators specifically devoted to climate change
25 so we can determine the effects of global climate change

1 the global evidence supported the conclusion that the
2 earth is warming, that the warming is attributable mostly
3 to human-induced greenhouse gas emissions, and that
4 changes in climate have had observable impacts on physical
5 systems as well as on biological systems.

6 --o0o--

7 MS. MILANES: For California, our climate change
8 indicators will present status or trend information
9 characterizing three major topics: Drivers of change,
10 changes in climate, and the impacts of these changes.

11 Again, the indicators synthesize the very
12 technical complex data from in-depth research studies are
13 monitoring efforts into a format that's more easily
14 understood by a broad audience.

15 In the next several slides, I will be
16 highlighting a set of the indicators that will be
17 presented in our report.

18 --o0o--

19 MS. MILANES: Let me start with the topic that's
20 very familiar to all of you, the drivers of change.

21 --o0o--

22 MS. MILANES: According to the Air Resources
23 Board's greenhouse gas inventory, total emissions of
24 greenhouse gases in California have increased by about 12
25 percent since 1990. Carbon dioxide makes up most of these

1 emissions with the greatest contribution coming from
2 fossil fuel combustion for transportation and electricity
3 generation.

4 --o0o--

5 MS. MILANES: Likewise, atmospheric levels of
6 CO2, the most important greenhouse gas, have also been
7 rising. Three California coastal monitoring sites are
8 presented here: La Jolla, Trinidad Head, and Point Arena.
9 And for comparison purposes, also presented are the data
10 from Mauna Loa, Hawaii, the first and longest continuous
11 measurements of atmospheric CO2.

12 The levels of CO2 measured at the California
13 sites appear to track global trends. Pre-industrial
14 levels of CO2 were relatively stable, ranging from about
15 260 to 280 parts per million. Today, the globally
16 averaged level of CO2 is about 380 parts per million.

17 --o0o--

18 MS. MILANES: How is California's climate
19 changing?

20 --o0o--

21 MS. MILANES: This graph shows how statewide
22 annual temperatures have deviated from a long-term average
23 from 1948 to 2007. The black line represents average
24 annual temperatures. The red line, maximum annual
25 temperatures. And the blue line, minimum temperatures.

1 climate influenced physical and biological systems in the
2 state? The indicators of impacts that are included in our
3 report are those where an association between the impact
4 and a climate parameter, usually temperature, has been
5 established.

6 --o0o--

7 MS. MILANES: This was recently in the news in
8 Sacramento.

9 Glaciers are one of the most visible indicators
10 of climate change. Photographic records of Lyell Glacier
11 in 1903 and more recently in 2004 show a dramatic decrease
12 in the surface area of the glacier. The surface area of
13 seven glaciers in the Sierra Nevada today range from about
14 20 to 70 percent of what they were of their size at the
15 beginning of the century. Lose of glacier size occurred
16 during extended periods of above average spring and summer
17 temperatures.

18 --o0o--

19 MS. MILANES: Warmer temperatures are also
20 influencing spring snow melt runoff patterns. Since 1906,
21 the percentage of annual runoff to the Sacramento River
22 during the months April to July has decreased by about ten
23 percent.

24 During warmer winters, precipitation falls
25 instead of snow. And with warmer spring time

1 temperatures, snow melt occurs earlier in the year. These
2 changes could have consequences relating to flood risk,
3 water availability, and alterations to cold water habitats
4 for fish.

5 --o0o--

6 MS. MILANES: Finally, another physical impact of
7 warming are the rising sea surface temperatures. This
8 particular one charts sea surface temperatures at La Jolla
9 that have been rising. Warmer ocean temperatures can
10 contribute to the rise in sea level. Changes in ocean
11 temperatures can effect important processes such as
12 upwelling, which in turn can affect chemical and
13 biological processes in the ocean. Ultimately, these
14 changes can impact species distribution, growth, and
15 survival. This is one of four ocean indicators that will
16 be included in our report.

17 --o0o--

18 MS. MILANES: In terms of impacts on vegetation,
19 annual tree mortality in the Sierra Nevada in old growth
20 coniferous forests have been increasing at the rate of
21 about three percent per year. And this rate was found to
22 correlate when the temperature-driven increase in water
23 deficit, which is a measure of drought.

24 The increase mortality rate predominantly
25 affected small trees that cannot survive without prolonged

1 water and a slow release of snow melt late into the
2 spring.

3 The investigators note that even small changes in
4 mortality rate can have profound affects on forest, and
5 this indicator can provide an early warning of acute
6 changes, such as sudden forest die back.

7 --o0o--

8 MS. MILANES: Another forest indicator is the
9 frequency of large wild fires, those involving over a
10 thousand acres. These wild fires have been becoming more
11 frequent since the mid 1980s.

12 Earlier snow melt due to warmer springtime
13 temperatures along with warmer summer temperatures are
14 factors that are found to have influenced this trend.

15 --o0o--

16 MS. MILANES: This particular slide shows species
17 responses to warmer temperatures. Species are adapted to
18 specific ranges of climatological and environmental
19 conditions. Range shifts among certain plants and animal
20 species are occurring in the Sierra Nevada.

21 The map on the left shows over the past 60 years
22 the lower edge of coniferous dominated forests have been
23 retreating up slope with the freeze line. Areas that were
24 historically occupied by ponderosa pine are now occupied
25 by oak and chaparral vegetation. And this change may have

1 were found to be correlated with hotter, drier conditions.

2 --o0o--

3 MS. MILANES: Trend data reflecting the human
4 health impacts of climate change were not readily
5 available for this report. While it is generally known
6 that exposure to extreme heat can cause illness and death,
7 effects of non-extreme heat are less understood.

8 Analysis of California data conducted by OEHHA
9 found an association between ambient temperature and the
10 mortality and identified sub groups vulnerable to high
11 ambient temperatures. We believe it's important for
12 heat-related mortality and morbidity to be monitored over
13 time and trend data and heat-related mortality and
14 morbidity will help inform decisions regarding prevention
15 strategies.

16 --o0o--

17 MS. MILANES: In summary, the indicators that
18 I've highlight for you this morning paint a partial
19 picture of climate change in California. The increased
20 emissions of greenhouse gases along with increasing
21 atmospheric concentrations of carbon dioxide underscores
22 the need for emission reduction strategies such as those
23 you're currently working on under AB 32. The indicators
24 show the temperatures in the state are warming and that
25 the warming temperatures have affected glaciers, spring

1 audience, and long-term gauging the impacts of the state's
2 mitigation adaptation measures. We hope the indicators
3 will be helpful to decision makers in evaluating the costs
4 and benefits of regulatory action.

5 And, finally, it is our hope the indicators will
6 provide you and others with additional compelling evidence
7 justifying the need and the urgency to undertake measures
8 now to address the already discernable measurable impacts
9 of climate change.

10 Thank you for your attention.

11 CHAIRPERSON NICHOLS: Thank you for the
12 presentation.

13 I'm big fan of indicators work, as you probably
14 know from my past work at the Resources Agency. And I
15 think these are a good set of indicators. And they're
16 helpful at least in giving a little more clarity to what
17 the problem is that we're facing.

18 I think there are additional indicators that
19 would be appropriate especially in the biological
20 diversity area. And I know there's work going on in
21 academic institutions around the state to help quantify
22 some of the changes that are going on to genetic
23 diversity, for example, in species in various areas. And
24 I think they're probably other indicators in the water
25 area that could be appropriate, and I'm sure others might

1 have ideas as well.

2 I think the social and economic indicators are
3 obviously the most politically compelling, but may be
4 harder to isolate from other factors that are causing
5 stresses in your communities that we're looking at, which
6 doesn't mean we shouldn't try. But I think sometimes
7 those get into more difficult areas in terms of deciding
8 what the policy response needs to be. And I think a lot
9 of the value of the indicators is just to paint a picture
10 of what really is going on so people can make the right
11 kinds of judgments based on it.

12 But I'm pleased to see this work is being carried
13 on at OEHHA and appreciate the fact that you've
14 undertaken this mission.

15 Any other comments? Questions?

16 Okay. If not, we'll look forward to hearing from
17 you again.

18 We have one more item.

19 EXECUTIVE DIRECTOR GOLDSTONE: Thank you, Madam
20 Chairman.

21 Last year, the Board approved an aggressive
22 strategy for the State Implementation Plan. The strategy
23 is all about cleaning up the State's legacy diesel fleet.
24 The two biggest parts are the construction fleet rule
25 adopted by the Board in July of 2007 and the private truck

1 rule that we're bringing to the Board in December.

2 As you'll hear, emission reductions from the 2007
3 State strategy, including the truck rule, is key to
4 bringing the Sacramento region into attainment. We'll
5 provide a full briefing when we bring the local plan and
6 ultimately the implementing regulatory proposals to you.

7 Today, Laura Lawrence, ARB's Planning Liaison to
8 the Sacramento nonattainment area, will provide you with
9 an update on the Sacramento SIP as it's being developed.
10 Laura.

11 (Thereupon an overhead presentation was
12 presented as follows.)

13 MS. LAWRENCE: Thank you, Mr. Goldstene.

14 Good afternoon, Chairman Nichols and members of
15 the Board.

16 Today I will be updating you on the status of the
17 federal ozone plan for the Sacramento area.

18 --o0o--

19 MS. LAWRENCE: When we brought you the State
20 Implementation Plans for South Coast and the San Joaquin
21 Valley in 2007, we were able to show that the 2007 state
22 strategy delivered sufficient reductions to provide for
23 attainment of the 1997 8-hour ozone standard in both San
24 Joaquin and South Coast.

25 At that time, we had not yet completed modeling

1 period ending tomorrow. District staff held a series of
2 public workshops in conjunction with the plan release.
3 Staff at the five districts that comprise the
4 non-attainment area will take their plan to their
5 respective boards in January and February of this year --
6 next year. Following local action, we will bring to you
7 for consideration the local plan element and the state SIP
8 commitment.

9 --o0o--

10 MS. LAWRENCE: This slide illustrates the
11 progress the area has made in controlling ozone. The
12 figure on the left shows the number of days over the
13 standard averaged for the years 1997 through 1999 and the
14 figure on the right averaged for 2003 to 2005. Areas in
15 green attain the standard. Areas in yellow exceed the
16 standard on average ten or fewer times per year. And
17 orange areas exceed the standard more than ten times but
18 fewer than 20 times per year. The area in red indicates
19 areas with more than 20 exceedances per year.

20 You can see from these figures that over the
21 six-year period the green and yellow areas expanded and
22 the red portion of the map has disappeared entirely. This
23 means that more of the region meets the standard and the
24 remaining area that still violates the standard does so
25 less often.

1 As I mentioned before, the central California
2 ozone study showed that NOx reductions are more helpful in
3 achieving attainment in Sacramento than are ROG. So in
4 the interest of brevity, I'm going to highlight for you
5 the emission trend for NOx.

6 This chart shows the current NOx inventory and
7 the forecasted inventory for 2018. You can see from the
8 bar on the left that Sacramento's emissions profile is
9 dominated by mobile source emissions. In particular, as
10 an important goods movement corridor, nearly one-third of
11 their emissions come from heavy and medium-duty trucks
12 shown on the chart in blue.

13 The next largest category, shown in pale yellow,
14 is off-road equipment, particularly construction equipment
15 which is targeted by the construction rule adopted as part
16 of the 2007 state strategy in July 2007.

17 Following is passenger vehicles in purple which
18 included cars, light-duty trucks, motorcycles, and school
19 and urban buses. In green is boats, trains, and planes.
20 The salmon colored band represents emissions from
21 industrial sources including commercial boilers and
22 municipal utilities. These sources are under district
23 jurisdiction.

24 Other emissions shown as a small aqua band at the
25 bottom of the bar include other district sources like

1 are included in the plan.

2 --o0o--

3 MS. LAWRENCE: To conclude, I'd like to highlight
4 what needs to occur prior to your consideration of the
5 plan and the time line for these actions.

6 As I mentioned before, the local draft plan is
7 currently out for public review and comment. Looking
8 forward, the district expects to release the proposed
9 local plan late this year and present it to their boards
10 for consideration early next year. ARB staff hopes to
11 bring the plan to you for your consideration this March of
12 next year.

13 This concludes the staff presentation.

14 CHAIRPERSON NICHOLS: Thank you. Comments?
15 Questions for the Board?

16 Okay. Thank you for the update. We appreciate
17 it.

18 And we do have one public comment who has asked
19 to testify. If there's no further staff input, we'll just
20 call on Duncan McFetridge.

21 MR. MC FETRIDGE: Good afternoon. My name is
22 Duncan McFetridge. I'm here today representing the New
23 Fuels Alliance. We're an alliance of advanced biofuels
24 companies, cellulosic companies here in California and
25 across the nation.

1 The purpose for my being here today is to submit
2 a letter -- which I believe all the Board members have
3 right now -- by 25 of the top executives of companies that
4 are investing millions and millions of dollars in advanced
5 low carbon fuels in California and elsewhere. The letter
6 asks the Board to take a hard look at where the low carbon
7 fuel standard is headed, particularly with regard to the
8 unprecedented public policy decision to enforce indirect
9 market mediated effects as part of the regulation.

10 The biofuels plants operated by those signed onto
11 this letter are some of the cleanest and most advanced
12 biofuels companies in the world. The signatories of this
13 letter are leading efforts in research alternative
14 feedstocks and commercialize the ultra low carbon biofuels
15 that we want and we need. Some of these plants achieve 40
16 percent reductions in the life cycle greenhouse gas
17 emissions over gasoline, including -- I want to repeat --
18 direct land use change with potential for over 90 percent
19 reduction over the full life cycle.

20 But this letter should cause alarm about the
21 draft proposal first discussed last week. The current
22 trajectory of the LCF regulation could cripple the
23 development of advanced biofuels companies, most of which
24 are signatories to this letter.

25 To be clear, our coalition fully supports efforts

1 to regulate based on direct effects. If a biofuel company
2 uses feedstocks grown to clear cut forests, they should
3 pay a heavy price. If a biofuels plant wants to be energy
4 inefficient, they should pay a heavy price. But ARB is
5 proposing to do far more than that. They want biofuels to
6 pay for the indirect market mediated ripple effects
7 purportedly resonating from the decision to use
8 agricultural goods for fuel.

9 CHAIRPERSON NICHOLS: I appreciate the fact
10 you've come all this way and you've written this extensive
11 letter. But this is not an agenda item. And you've
12 gotten two minutes and you've used your two minutes.

13 MR. MC FETRIDGE: Can I just briefly wrap up in
14 30 seconds?

15 CHAIRPERSON NICHOLS: Please do.

16 MR. MC FETRIDGE: Our coalition would like to
17 make the following resolution.

18 We like to propose the following resolution for
19 this matter. And just briefly if you will, Madam Chair.

20 We agree with the 30 signatories of our letter
21 and the additional 37 Ph.Ds that submitted a letter in
22 June to the ARB. We are not close to understanding the
23 indirect effects of the different fuel pathways under the
24 LCFS including but not limited to indirect land use
25 change, one.

1 Two, we agree with Michael Wang, the author of
2 the model on which the LCFS is based whose claims today's
3 biofuels are not causing indirect land use change in her
4 countries.

5 Third -- I only have four. However, we also
6 agree that indirect --

7 CHAIRPERSON NICHOLS: I don't believe you.

8 MR. MC FETRIDGE: Trust me.

9 However, we also agree indirect effects must be
10 studies to better understand the true carbon footprint of
11 the energy choices we made. But to do this, we must do
12 this on all fuels.

13 Last, as such, we would support an LCFS that
14 regulates based on direct impacts including direct land
15 use change from biofuels and other fuels while setting out
16 a specific schedule and protocol for better understanding
17 the indirect impacts of all fuel pathways and a process
18 for deliberating the public policy implications of adding
19 indirect effects to the LCFS.

20 I appreciate your time. And thank you very much.

21 CHAIRPERSON NICHOLS: I hope someone can help you
22 get your crutches.

23 MR. MC FETRIDGE: I'll submit the rest of my
24 comments.

25 CHAIRPERSON NICHOLS: Thank you very much. We

1 will read your letter. And I assure you there is a great
2 deal of interest here in getting this right. This is an
3 extremely important rulemaking.

4 BOARD MEMBER RIORDAN: Madam Chair, may I just
5 ask a quick question of staff?

6 Have you a copy of his letter? Obviously
7 you need one.

8 EXECUTIVE OFFICER GOLDSTENE: We got it this
9 morning.

10 BOARD MEMBER RIORDAN: Okay. Great.

11 CHAIRPERSON NICHOLS: If you would make sure that
12 all the Board members receive a copy of your response so
13 that they are kept apprised of what's going on, that would
14 be helpful.

15 I guess the letter's addressed to me. I have
16 seen a draft of this that came -- it was an e-mail version
17 that came this morning as an open comment. Hadn't read it
18 all. But I will ask the staff to prepare a draft
19 response. We'll make sure the Board members are aware of
20 it. Thank you.

21 All right. If there's no further business to
22 come before us, I think we will stand adjourned.

23 (Thereupon the California Air Resources Board
24 adjourned at 12:29 p.m.)

25

1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 6th day of November, 2008.

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TIFFANY C. KRAFT, CSR, RPR

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Certified Shorthand Reporter

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License No. 12277

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