



7/31/2024

Ms. Liane M. Randolph
Chair
California Air Resources Board
1001 "I" Street
Post Office Box 2815
Sacramento, California 95812

Subject: Pacific Steel Group (PSG) Comments and Recommendations on Potential Amendments to the Cap-and-Trade Regulation

Dear Ms. Randolph,

PSG appreciates the opportunity to participate in this stakeholder process and provide comments on the recent workshop hosted by California Air Resource Board (CARB) held on July 10, 2024, regarding potential amendments to the Cap-and-Trade Regulation. We appreciate CARB's ongoing commitment to minimizing emissions leakage and supporting decarbonization and innovation within California's industrial sector.

PSG continues to make progress on our proposed state-of-the-art reinforcing steel recycling mill near Mojave, California. The proposed mill would return steelmaking to the state and utilize recycled scrap steel, set world class efficiency standards and include innovative emissions control technology. We emphasize our previous comments filed on 5/8/2024 and 6/21/2024 and reiterate the extremely high energy intensity and trade exposure of the steel industry, and the current state of the industry with zero steel production in the state. There is a critical need for adjustments to the iron and steel mill sector direct and indirect baselines and cap decline factors.

To further support the goals of CARB, to minimize emissions leakage and to encourage substantial investment in industrial decarbonization, we respectfully propose the following adjustments:

1. Establish new baselines for Iron and steel mills to reflect the current reality that no California industry exists today. Consider an updated direct emissions baseline of the average delivered emissions per ton including transportation of imported steel to California. Consider an updated indirect emissions baseline of the average delivered electricity intensity per ton of imported steel to California.
2. Recognize the extreme high trade exposure and energy intensity inherent to the process and chemical requirements of steel production and adopt at a maximum, a 1% cap decline factor for Iron and steel mills for both direct and indirect baselines from a new updated baseline.
3. Establish special allowance set asides for investments in innovative technologies such as electrification of industrial processes or carbon capture in novel applications, across industries that reduce emissions by more than 25% from prior best industry performance.



PACIFIC STEEL
GROUP

Thank you for your consideration on our comments and recommendations. We look forward to continued engagement on this important issue.

Mark Olson

Mark R Olson

Vice President of Mill Operations
Pacific Steel Group

CC:

Honorable Steven S. Cliff, Ph.D., Executive Officer, California Air Resources Board
Edie Chang, Deputy Executive Officer, California Air Resources Board
Rajinder Sahota, Deputy Executive Officer, California Air Resources Board
Mark Sippola, Chief, California Air Resources Board
Rachel Gold, Esq. Supervisor, California Air Resources Board
Mihoyo Fuji, Staff Air Pollution Specialist, California Air Resources Board