



CALIFORNIA DELIVERS

CLEAN AIR. GOOD JOBS. ENERGY CHOICES.

June 21, 2017

Governor Jerry Brown
California State Capitol
Sacramento, CA 95814

Subject: Cap and Trade Post-2020

Dear Governor Brown, President pro Tem De León and Speaker Rendon:

We are writing as members of the California Delivers Coalition to express our position regarding the ongoing debate related to renewing and strengthening the state's internationally recognized Cap-and-Trade program in order to help meet the state's statutory 2030 climate limits. We believe the Cap-and-Trade program is an essential element of the state's comprehensive program to achieve that 2030 standard. As California moves to achieve our new 2030 climate targets, it is equally important to enhance air quality and health protections – especially for low-income and disadvantaged communities disproportionately impacted by pollution. The state must take meaningful, complementary action to address these threats.

California Delivers is a broad coalition of businesses, public health professionals, working families, equity organizations, consumer groups, community and faith leaders, environmental organizations, and public officials who represent hundreds of thousands of employees and millions of Californians who support our state's commitment to clean energy and climate goals.

In your negotiations, we urge you to avoid any compromises that could result in weakening the state's climate protection efforts or that fail to take effective complementary action to address critical air quality and health impacts.

When well designed, the Cap-and-Trade program can play a critical supportive role to the broader suite of regulatory policies that guarantee local health, air quality and climate benefits. For example, the Cap and Trade program works together with the Low Carbon Fuel Standard, California's Advanced Clean Cars programs, the Renewable Portfolio Standard and other programs to increase their overall effectiveness.

We believe it's important that the following key principles must be part of any Cap-and-Trade package:

- The program must be able to demonstrate that it will achieve the required 2030 standard.
- The program must be able to demonstrate progress toward localized and regional air quality goals.

- Reduce greenhouse gases in a way that protects consumers and the economy while achieving certain, quantifiable reductions;
- Ensure that revenues that are generated by the program are directed to help drive clean energy innovation and investments and to prioritize investment that benefits disadvantaged and low-income household communities that are disproportionately impacted by air pollution;
- Create an opportunity to maximize investments in carbon reduction programs that create jobs and economic growth;
- Provide market certainty – and regulatory continuity;
- Offer a flexible program that can be strengthened to generate greater emissions reductions over time if needed;
- Ramp down on the free allocation of allowances to regulated industries.
- Some limits and no expansion in the use of offsets.
- Retain and optimize the successful complementary portfolio approach to climate protection that relies on a full suite of direct regulations (LCFS, ZEV, RPS, etc.) to achieve the bulk of emission reductions. These programs should continue and should not be weakened, ensuring that the benefits of the program are realized by all Californians.;
- Maintain strong state and local air agency authority to adopt and implement regulations to achieve near-term reductions in criteria pollutants and toxic emissions in neighborhoods surrounding sources covered by the Cap-and-Trade program to protect public health and safety;
- Ensure a hard and declining climate pollution cap to ensure the state’s GHG emissions reduction goals are met.

In light of President Trump’s pullout of the Paris Climate Accords and California taking up the mantle of global leadership of state and subnational entities redoubling commitments to taking action on climate change, we can’t afford the terrible precedent of weakening existing programs or allowing communities that are suffering disproportionate harms from pollution to continue to be at risk. The world is laser focused on California’s climate leadership. The key to long-term success in achieving our state’s climate goals is championing effective replicable models that other states and nations can continue to follow.

We urge you to take necessary steps to reauthorize a strong Cap-and-Trade program, in addition to reducing immediate air pollution threats to communities at-risk. With a policy that achieves those goals, we look forward to working with you in ensuring a successful next phase of California’s climate and clean air leadership.

Sincerely,

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American Lung Assn. in California

Mike Lynes
Director of Policy
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Director of West Coast Operations
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