

## Wenzel, Mark

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**From:** Ed Pike [ed@theicct.org]  
**Sent:** Thursday, January 07, 2010 10:13 AM  
**To:** Economic & Allocation Advisory Committee; Lawrence H. Goulder  
**Cc:** Bob Fisher; adunn@calepa.ca.gov; Matthew Zaragoza-Watkins; mwenzel@arb.ca.gov; Alan C. Lloyd; Kate Blumberg  
**Subject:** comments to EAAC based on ETAAC report

Thank you for the opportunity to comment on the January 2, 2010 draft report “Allocating Emissions Allowances Under California’s Cap-and-Trade Program.” I am submitting these comments on behalf of Dr. Alan Lloyd, President of the International Council on Clean Transportation, and myself.

The Economic and Allocations Advisory Committee report should be a very valuable resource to CARB and other stakeholders and policy-makers, and we commend the EAAC for their tremendous work on this topic. We appreciate the careful attention that the EAAC has given to the ETAAC report “Advanced Technology to Meet California’s Climate Goals: Opportunities, Barriers, and Policy Solutions” in preparing your January 2, 2010 draft report. Based on an initial review of the investment section of the EAAC January 2, 2010 draft report, we would like to suggest a few additional ways in which the Advance Technology report can help the EAAC with your work on allocations. We will be happy to answer any questions or provide any further assistance.

*Comments on EAAC draft January 2, 2010 allocations report based on Economic and Technology Advancement Advisory Committee December 2009 report*

### 1) Section 5.2.2, **Potential Investments**

A) The EAAC Jan 2 2010 draft report discussion on page 47 regarding market barriers to zero and low GHG technology is consistent with the findings of the December 2009 ETAAC report. The EAAC Jan 2 2010 draft report notes that the ETAAC has identified technology demonstration/pre-commercialization as a key stage for investment of public funds to overcome those barriers. This is an important finding that should be clarified as follows: “public funding at the state level” (reference: ETAAC December 2009 report page 1-6)

### 2) Section 5.2.3, **Vehicles for Supporting Investments**

A) As noted in the “Summary of Action Items for California Policy-Makers” and the text of the Dec 2009 ETAAC report, California state agencies will play a key role in zero and low GHG technology development. We suggest that the EAAC allocations report note this under section 5.2.3: “State agencies will play a key role in many investments in zero and low GHG technologies. This includes expanding/coordinating existing incentive funds created before AB32; and efficiently administering some of the new types of investments that are needed to address AB32 goals.” (reference: ETAAC Dec 2009 report Executive Summary pages 9 through 11).

B) Both the Jan 2 2010 EAAC draft report (section 5.2.3) and the Dec 2009 ETAAC report (reference: chapter 3) recognize the important role of local retail utility distribution companies in encouraging energy efficiency and renewable energy. The ETAAC report also recognizes the role of other private entities providing services similar to those provided by utilities (reference: ETAAC Dec 2009 report section 3.2 and section 3.3). In addition, private entities (such as Cascade Sierra Solutions) provide these types of customer-oriented energy efficiency services in the transportation sector. We suggest the following clarification to the draft EAAC allocations report:

*“Local distribution utilities companies and others.”*

Local retail distribution utilities companies and other organizations have established programs to encourage energy efficiency, renewable energy generation, and energy research and development. Allowance value could be allotted to these companies organizations to enhance their efforts.”

C) The Jan 2 2010 EAAC draft report lists an investment tax credits (ITC) as a potential vehicle to encourage new equipment that reduces greenhouse gas emissions. We encourage the EAAC to also list “Access to zero/low-cost loans as recommended by ETAAC is another opportunity to help California businesses and other organizations reduce their GHG emissions, as demonstrated by the UK Carbon Trust” (reference: ETAAC December 2009 report chapters 2 and 3). Financing could be a stand-alone program, and could also complement an ITC by helping businesses pay the remaining cost of this equipment after the credit. The ETAAC report also notes the need for outreach to small businesses to make use of assistance programs.

## Chapter 6, **Recommendations**

Based on the work of both the EAAC and the ETAAC, we recommend listing clean tech R,D&D with the other investment categories under recommendation 9 on page 62.

“9 The committee recommends that ARB devote a significant share of allowance value toward financing of public and private investments. The investments to consider include those oriented toward achieving low-cost emissions reductions, cleantech R,D&D, job training, improvements to disadvantaged communities, adaptation to climate impacts, and environmental remediation.”

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