

Priority EJAC Recommendations and CARB Responses

Below are the priority EJAC recommendations discussed at the April 26, 2017 joint CARB Board/EJAC public meeting. At the meeting CARB staff committed to provide responses to each of the recommendations. This document describes how CARB plans to respond in the Final Proposed Plan where applicable. Following each EJAC recommendation is the CARB response. Based on CARB staff's review there is general agreement on the majority of the recommendations. However, a number of the recommendations are beyond the level of detail in the Plan, but rather concern the subsequent measure development and implementation. Where that is the case, the responses outline suggested next steps.

General Themes:

1. **Equity:** CARB has acknowledged that environmental justice communities are more heavily impacted by climate change and exposure to pollution, but has yet to acknowledge the pitfalls of current AB 32 programs in either perpetuating or not fully addressing that inequity. All policies and sectors discussed within the Scoping Plan need to have equity and environmental justice analyses to identify any inequity and give space to CARB staff to identify how the policy may be further improved to address the identified inequity. CARB also needs to include tangible metrics for each sector and policy so staff and the communities can track the implementation of the Scoping Plan and quickly address issues as they arise. In recognition of the need to consider timing and feasibility of some recommendations, staff should use a "loading order" to help prioritize actions: reduce fossil fuel use FIRST, reduce emissions through technology and innovation SECOND, and THIRD (if the other two aren't possible) prevent emissions from increasing.

CARB Response: Agree in principle and will strengthen plan: Addressing equity issues and narrowing the equity gap until there is equity is a key priority. Understanding the Proposed Plan discussion of equity issues in the public health and Environmental Justice sections (Chapter I, D.4 – D.5) does not convey a complete commitment, staff plans to strengthen the discussion by underscoring the important role that equity considerations have on the design, implementation, and monitoring of the policies presented in the Scoping Plan. Where applicable, staff will add references to equity related metrics that are anticipated to inform measures as they are developed following the completion of the scoping plan.

2. **Partnership with Environmental Justice Communities:** CARB needs to highlight the need and opportunity for community-level solutions, citizen science and monitoring of programs and impacts, as well as community involvement in Scoping Plan implementation more generally throughout the final Plan. CARB also needs to mandate equity and environmental justice trainings for all staff to promote the culture shift that is needed to effectively communicate and partner with our communities.

CARB Response: Agree partnership with EJ Communities is critical and bigger than the Scoping Plan. The appointment of an Assistant Executive Officer for Environmental Justice reporting directly to the Executive Officer is in response to a recommendation made by environmental justice organizations and will play a key role in helping to strengthen CARB's interaction with the environmental justice community. Further suggestions like training and promoting an EJ culture shift will be part of the

Assistant Executive Officer's strategic plan and implementation of that plan. This change is system wide and will not only apply to the Scoping Plan and climate change but rather our portfolio of programs including strategies to reduce criteria and toxic pollutants. In the coming months, CARB will be developing and sharing how the agency will continue to engage with environmental justice communities on its air quality and climate programs.

Agree to strengthen Scoping Plan by adding text to Chapter V: Public Outreach section; reflecting CARB's intent to strengthen EJ community relationships through the appointment of the newly created Assistant Executive Officer for EJ and a description of the future efforts and approach to ongoing engagement with EJ communities on climate and air quality efforts.

3. **Coordination:** CARB has been given a mandate to create a Scoping Plan to address greenhouse gas emissions, but does not have within its authority all of the tools to take adequate action to achieve our 2030 and 2050 climate goals. We do not believe that it was the intent of AB 32 and SB 32 to limit actions to only CARB's programs and policies, thus we think that AB 32 and SB 32 require CARB to work with and coordinate actions with other state, regional, and local agencies to ensure that California can meet our ambitious climate goals.

CARB Response: Agree to strengthen coordination language by adding text to the Scoping Plan to emphasize the need for the State to encourage and assist local jurisdictions with taking substantive actions to address climate change to the extent feasible. The Proposed Plan includes text on local coordination with air districts and communities (Chapters I and V). Table V-1 discusses agency coordination on specific policies/measures. Staff also agrees on the key role that local agencies play in advancing State's climate policies and have developed tools (e.g., carbon calculators) to assist with and promote these efforts. Staff will add language to the Scoping Plan to reflect this point as well as call out specific opportunities for further local action.

4. **Economic Opportunity:** CARB has acknowledged that modeling within the Scoping Plan with regard to job loss or gain is limited to the current economic activities – in other words, when our models say we can expect job loss or job gain, it is in a fossil fuel based economy that those job shifts are happening. While it is very important to understand the impact policies will have on current jobs, it is even more important to start thinking about crafting a way to build a new economy based on sustainable economic endeavors (green energy, agriculture, urban greening, etc.), and to prioritize job training and business development in our environmental justice communities – also known as Just Transition. These jobs should be intentional about hiring local first, and identify ways to hire folks with employment barriers (such as a history in the justice system). This includes prioritizing local organizations and individuals for state contracts and grant programs, not out-of-state or out-of-community organizations.

CARB Response: Agree economic opportunity for the EJ communities is crucial and is broader than the Scoping Plan. Staff agrees with the principles outlined in the recommendation as the policies in the Proposed Plan will help to transition California to a clean energy economy and create tremendous job opportunities. Staff also agrees that preparing for these opportunities needs to be intentional and involve academic, business, government, and community based-groups. However, the recommendation goes beyond the level of detail in the Scoping Plan but is an important next step (i.e., post Plan adoption) to ensure we do not miss important opportunities as part of its implementation. As such, this recommendation has been referred to the Governor's

Office of Business and Economic Development (GO-Biz) as well as State agencies implementing measures in the Scoping Plan.

5. **Long-Term Vision:** CARB has been given a mandate to achieve 2030 and 2050 targets, but our actions must look well beyond those timelines. We must take every action we can – and reduce emissions as much and as quickly as possible – if we are to honor the Earth we will leave to our children and grandchildren.

CARB Response: Agree - Will strengthen Scoping Plan language. *CARB Staff will strengthen the current discussion in Chapter I of the need to build on our successes in staying on the path to reach our long-term GHG reduction targets and that doing so will deliver public health, environmental, and economic benefits.*

Industry:

- The EJAC's top priority is emissions reduction in environmental justice communities per the intent of AB 197. In addition to 20-30% refinery emissions reduction measures, CARB needs to identify emissions cuts from other large stationary sources like power plants, cement plants, etc. CARB needs to specify which strategies within the Scoping Plan achieve emissions reductions in environmental justice communities. CARB should work with OEHHA to continue their studies on emissions in environmental justice communities. CARB needs to develop and expand a real-time air monitoring network to better track and address inequalities in air pollution exposure as they occur. CARB should also expand the Adaptive Management program to monitor and address changes in toxic or criteria air pollutant emissions, and implement no-trading zones for EJ communities to ensure no localized emissions increases occur.

CARB Response: Agree - Emission reduction is a priority for the EJ communities and the Scoping Plan is only one tool to achieving this goal. *Specifically in the Scoping Plan there is a suite of measures which will contribute to reducing total emissions including air pollutants and toxics. First, staff is proposing to target refineries for focused development of measures to achieve co-benefit reductions of toxic and criteria pollutants as well as GHGs. Second, the Scoping Plan identifies recommendations for cleaner fuels, cleaner transportation, and enhanced efficiency as part of the solution.*

Other CARB actions included in the Scoping Plan towards reducing emissions in the EJ communities include:

- (1) Improving CARB monitoring data is a priority including expanding air monitoring networks to better track and address inequalities in air pollution exposure as they occur. A plan to develop and implement increased monitoring stations, particularly in disadvantaged communities, is part of CARB's AB 197 related strategies and included in our overall plans to communicate transparently and verify facility criteria and toxics emissions. This data will provide a cornerstone of science that all CARB regulatory tools will rely on, including future updates to the Scoping Plan.*
- (2) SIP/air quality and toxic regulation are also tools used on a statewide level. It is clear that more needs to be done at the community level to reduce exposure to pollutants that adversely impact public health (e.g., diesel particulate emissions, toxic metals). Creating transparent reporting tools to inform communities of the emissions by Industry along with linking regulation to the reduction of these*

emissions to reduce community exposures is critical. Most of these sources are stationary sources and the authority to address these pollutants from stationary sources primarily rests with local air districts. In response to the EJAC recommendations, CARB is establishing an industrial source action committee with the California Air Pollution Control Officer's Association. The charge of the committee will be to work with CARB on a refinery measure(s), as a replicable model for other sectors, as well as prioritize and develop other industrial control strategies focused on reducing community exposures to pollutants that adversely impact public health. The work with CAPCOA will also consider options for enhanced community monitoring. Further, we will continue working with OEHHA as it tracks the benefits and impacts of greenhouse gas mitigation strategies on disadvantaged communities.

CARB will focus on the tools and regulatory authority along with working with local and State agencies to take additional actions that reduce impacts impacting EJ communities.

- CARB should abandon the Cap and Trade system for a non-trading system option like Carbon Tax (also referred to by staff as Cap and Tax), Cap-and-Dividend, Fee-and-Dividend, or command and control regulations. These options would eliminate free allowances and offsets, and allow CARB to set facility caps. CARB should conduct full economic analyses of these alternatives. CARB needs to fully transition to using the social cost of carbon for all scenarios, which would include broadening the definition of economy to include costs to the public and health care costs of pollution. Funds generated from carbon pricing should be used for emissions reduction programs, dividend to lower income households to alleviate energy price spikes, and a Just Transition Fund to train industrial workers and impacted communities to gain jobs in the clean energy economy.

CARB Response: Disagree. *The analyses in the Scoping Plan strongly support the important and continuing role of the cap-and-trade regulations in the package of strategies needed to achieve our near- and long-term GHG emission reduction targets. The modeling conducted for the Scoping Plan includes an incorporation of health impacts and costs using the data and tools available at this time. Per AB 197, the Scoping Plan also includes the estimated avoided damages using the social cost of carbon that are estimated to result from the measures included in the Scoping Plan Scenario. The analysis also evaluates a broad spectrum of alternatives as well as a consideration of related reports and recommends retaining cap-and-trade as an important element in California's overall strategy for achieving our GHG reduction targets.*

- Commit to reducing oil. This includes a moratorium on new or expanded fossil fuel infrastructure, limiting oil and gas exports now to close that loophole, and placing quality controls on feedstocks so as to not import extreme oil (tar sands, Bakken crude).

CARB Response: Agree. *The Governor's Executive Order B-32-15 and related State policies (e.g., the transformation of the transportation sector to zero emission vehicles) clearly support phasing out the use of petroleum-based fuels. Further, the tightening of the low carbon fuel standard as called for under the Scoping Plan will promote the use of cleaner fuels with progressively smaller carbon footprints. In response, text will be added to the Scoping Plan to further clarify this position.*

- Do not authorize CAPCOA to create a new carbon market. Delete the following sentence in the

Scoping Plan: “Where further project design or regional investments are infeasible or not proven to be effective, it may be appropriate and feasible to mitigate project emissions through purchasing and retiring carbon credits issued by a recognized and reputable accredited carbon registry.”

CARB Response: Disagree. *The context for the brief discussion in the Scoping Plan is important to understand. As new projects (e.g., large residential developments) are considered, local agencies are beginning to expect GHG emissions associated with the “project” to be mitigated. The strategies generally begin with building highly energy efficient structures with installed renewable energy (e.g., photovoltaics) to minimize the on-site carbon footprint. However, even highly efficient projects can lead to increased carbon emissions (e.g., GHG emissions associated with traffic). In these cases, a resource such as the CAPCOA’s Rx can provide mitigation to enable a proposed project to reduce its carbon emissions to as low as zero which historically has not been the case. The program is designed to benefit California’s local communities by achieving additional in-State GHG reductions. The mitigation can be produced from projects that include investments in energy efficiency upgrades in low income communities.*

Natural and Working Lands:

- CARB must reconsider the assumption that burning biogenic carbon is “sustainable” or “renewable” because biomass can be regrown. The time scales necessary to recapture carbon are too long, and the incentives for regulated entities to burn biomass are much higher than the incentive to leave it in place.

CARB Response: Agree long term; disagree in the short term. *From a carbon cycle standpoint the burning of biogenic fuel does not increase GHG emissions providing supplemental fuels (such as petroleum) are not introduced.*

However, there is a more important principle here where there is full agreement with the EJAC. Specifically, the State needs to transition away from the combustion of fuel to meet its energy needs. We also need to reduce our waste streams and use the waste (e.g., landfill wastes, agricultural wastes, gases and sediments generated during wastewater treatment) we do produce more efficiently. Today, that means using waste streams for strategies that include composting and combustion (e.g., use of renewable natural gas to replace diesel fuel in trucks) to name a few. ARB tracks biogenic carbon emissions consistent with IPCC guidelines, the US EPA’s national GHG inventory, and other nations’ inventories submitted to the UNFCCC, and we will continue to work on strategies that promote alternatives to combustion.

- CARB must include a goal to increase urban tree canopy to 40% by 2030. Urban greenery projects should be used as natural barriers between housing and industrial activity.

CARB Response: Agree in principle with the importance of increasing urban tree canopy. *The Forest Carbon Plan contains a goal to increase total urban tree canopy statewide by one-third above current levels, to 20 percent coverage of urban areas by 2030. CARB, however, does not have the underlying analysis to set a quantitative urban tree canopy target. Yet, we strongly support the value of urban greening projects and have added language to the Proposed Plan (including the discussion of local action) to underscore this point. We will also refer this recommendation to the local government commission as well as CAL FIRE, the Natural Resources Agency, and the Strategic Growth Council.*

- CARB must include an annual 5 million metric tons CO₂e reduction target for this sector.

CARB Response: Agree. As discussed at the April 26th meeting of the ARB Board and the EJAC, CARB is in agreement with the need for a quantitative target of 5 million metric tons, or possibly more, and is currently in discussions with the Natural Resources Agency to reflect this position. This will be discussed in Chapter IV of the Scoping Plan.

- CARB should explore ways to allow and streamline the process for cultural and prescribed burning for land management and to prevent large-scale wildfires.

CARB Response: Agree in principle however this suggestion is beyond the Scoping Plan. This is an important implementation issue that goes beyond the level of detail in the Scoping Plan. CARB has been working with air districts and federal and State land managers to develop improved tools and coordination to facilitate increased opportunities for prescribed burning to prevent large-scale wildfires. CARB plans to refer this recommendation to CAPCOA, along with federal land managers, CAL FIRE, and the Bureau of Indian Affairs for consideration.

Waste Management:

- CARB should mandate that local jurisdictions manage the waste they create, and do not export it outside of the community. Local jurisdictions should be given clear direction that the goal is to reduce waste and redirect 100% of the waste that is recyclable or compostable, not just to divert waste; state and local jurisdictions should also adopt goals to get households and businesses to purchase more responsibly to create less waste in the first place. All jurisdictions should be mandated to have recycling and composting programs.

CARB Response: Agree in principle. In response to legislation, the State is developing regulations that require significant reductions in the organic materials deposited in landfills. CARB is working closely with CalRecycle to develop and implement these requirements which will entail substantially expanding the infrastructure to support composting. Thus, we agree with the principles reflected in the EJAC's recommendations—the need to reduce the amount of waste diverted to landfills as well as the expansion of composting operations to better utilize such wastes. However, we believe the approach described here is more likely to be effective and withstand challenge than that recommended by the EJAC (i.e., regulations that ban the export of waste beyond the community boundaries where the waste was generated). Staff will ensure Chapter IV clarifies our shared priorities as well as the approach that is underway.

- CARB must not consider biomass burning or biodigestors as "renewable." CARB should present a hierarchy of management options for materials from forests and agriculture, with burning as least preferable.

CARB Response: Agree in principle long term; disagree short term. As noted above, from a carbon cycle standpoint the burning of biogenic fuel does not increase GHG emissions.

However, there is a more important principle here where there is full agreement with the EJAC. Specifically, the State needs to transition away from the combustion of fuel to meet its energy needs. The fact is that we need to reduce our waste streams and use

the waste we do produce more efficiently. Today, that means using the wastes for strategies that include composting and combustion (e.g., use of renewable natural gas to replace diesel fuel in trucks) to name a few. We will continue to work on strategies that promote alternatives to combustion and, in fact, have established a biomass working group tasked with evaluating barriers and developing recommendations to more sustainably use the State's biomass streams. Text will be added to Chapter IV of the Scoping Plan to more completely discuss the efforts underway as well as the next steps.

Energy, Green Buildings, Water:

- Prioritize distributed generation of renewable energy and the siting of rooftop solar, community-owned solar, grid storage, microgrids, and community choice aggregation projects within EJ communities to reap the environmental and economic benefits of these energy projects. These programs should also help low income homeowners and renters access solar.

CARB Response: Agree. *In Chapter IV of the Scoping Plan, staff will add an action item for the energy sector to implement the recommendations in the California Energy Commission's barriers study that specifically speaks to solar for low income households and to expand distributed generation per AB 693 in multi-family and for low income households. The California Energy Commission's study focuses on barriers to expand the use of renewables and energy efficiency programs and includes recommendations that call for actions by the Legislature, communities, State, and local agencies.*

- CARB needs to implement the recommendations of the SB 350 studies to overcome barriers in low income community adoption of clean energy.

CARB Response: Agree. *In Chapter IV of the Scoping Plan, staff will add an action item for the energy sector to implement the recommendations in the two barriers studies that speak to clean energy and transportation access for low income households.*

- Promote the development of community-driven clean energy projects that hire from disadvantaged communities, prioritize community ownership of (and equitable access to) clean energy technologies, maximize energy bill reductions for low- and moderate-income communities within disadvantaged communities, and prioritize anti-displacement strategies.

CARB Response: Agree in principle. EJAC's suggestions are broader than the Scoping Plan. *We agree with the principle that economic growth is crucial for EJ community members along with financial certainty are two key issues for healthy communities. EJAC suggestions for the community economic growth including training and hiring individuals from disadvantaged communities, and utilizing community talents in the transition to a clean energy economy are excellent suggestions as are other suggestions increasing access as we move to the clean energy economy. EJAC's recommendations focus on implementation and go beyond the level of detail in the Scoping Plan. We have referred this recommendation to the Governor's Office of Business and Economic Development to work with businesses, communities, and academic institutions to assist in this effort.*

We are also concerned with displacement and economic certainty including the cost of energy during this transition. In response, CARB commissioned a comprehensive displacement study⁷ by researchers at UC Berkeley and UCLA, which was released earlier this year. That study informs CARB's work so that we are better positioned to

develop proposals that provide public health benefits as well as understand regulatory impacts on displacement and minimize where possible. We look forward to working with the EJ community as work on developing proposals and coordinate with a broad spectrum of stakeholders.

- Set a moratorium on new oil and gas operations (refineries, power plants, fracking wells, etc.). Include guidance for strong health-based standards, buffer zones around locations affected by emitting facilities, and capture and measurement of leaking methane.

CARB Response: Agree in principle however with a different path to accomplish the goal. *We need to reduce our consumption of petroleum-based fuels and have several policies in the Scoping Plan focused on this objective (e.g., renewable targets, zero emission vehicles, tighter low carbon fuel standard, oil and gas regulation). Thus, we agree with the critical need to phase out our use of petroleum. We also support the development of additional strategies to reduce emissions of air pollution that adversely impact communities and have initiated efforts to advance that objective. However, a moratorium such as that recommended by the EJAC is outside of the purview of the Scoping Plan and will be provided to the California Energy Commission for consideration by its Petroleum Market Advisory Committee.*

- Stop investing in dirty energy. Eliminate subsidies and financing for fossil fuels and in technologies such as corn-based biofuels, agricultural methane, biomass burning, waste-to-energy, or other unsustainable technologies that result in negative impacts on EJ communities. Use funds instead for clean energy projects in EJ communities.

CARB Response: Agree in principle however with a different path to accomplish the goal. *As described above, the policies outlined in the Scoping Plan will lead to a decline and ultimate phase out of petroleum-based fuels. However, this transition will take time. Thus, in addition to promoting zero emission sources (e.g., zero emission vehicles, renewable energy) we need to concurrently lower the carbon footprint and co-pollutants from liquid fuels which continue to be used. Policies that support the increased use of renewables such as renewable and biodiesel, renewable natural gas, and lower carbon intensity ethanol serve as an important complement to our longer term goals of fully phasing out petroleum-based fuels. We fully support expanded funding of clean energy projects in environmental justice communities.*

Transportation:

- CARB needs to identify the SB 375 targets. Specifically, since the target setting process will not conclude until Fall 2017, CARB needs to identify the amount of emissions reduction SB 375 related implementation need to achieve for the state to reach the 2030 and 2050 targets in the Scoping Plan, directing staff to ensure that the SB 375 targets are conducive to meeting those goals. Implementation and tracking of these targets should focus on reducing vehicle miles traveled to promote secondary goals of reducing sprawl, focusing on housing affordability and job access, as well as encouraging alternative modes of travel.

CARB Response: Agree. *The Scoping Plan to will be updated to reflect the contribution that the updated SB 375 targets have in achieving our GHG reduction targets. This will be described in Chapter IV of the Scoping Plan.*

- CARB needs to implement the recommendations of the SB 350 studies.

CARB Response: Agree - EJAC's suggestions are broader than the Scoping Plan. As described above there are actually two low income barrier reports produced in response to SB 350: one produced by the California Energy Commission focusing on barriers to expand the use of renewables and energy efficiency programs, as mentioned above, and the other produced by CARB focusing on barriers to clean transportation and mobility options. Both reports include a series of recommendations that call for actions by the Legislature, communities, State, and local agencies. Further, the Governor's Office is convening a Task Force comprised of State agencies to ensure that the recommendations in both reports are implemented. The Scoping Plan will be revised to reflect how the SB 350 process is moving with implementation.

- CARB needs to examine transportation regionally, as each region in our state faces unique barriers to reducing emissions from transportation. The Scoping Plan should identify specific language about how the various regions in the state can address mobility issues specific to their communities. This includes an analysis of how to increase infrastructure for bikes, electric vehicles, and other low emission vehicles. This also includes restricting truck routes and limiting new trucking operations to reduce the impact that industry has on disadvantaged communities.

CARB Response: Agree in principle - EJAC's suggestions are broader than the Scoping Plan. This type of analysis is critical for the development and implementation of regional plans (e.g., sustainable community strategies) on which CARB is currently working with the State's Metropolitan Planning Organizations (MPOs) as part of SB 375, as well as regional State Implementation Plans for meeting federal air quality standards. However, this recommendation is more effectively directed at the implementation of the Scoping Plan. In response, CARB will continue to work with MPOs to quantify the region-specific benefits of various mobility strategies, as well as with local air districts on targeted efforts to reduce diesel PM and criteria pollutants in disadvantaged communities. The final Scoping Plan will also identify what share of GHG reductions from VMT would be attributed to SB 375.

- CARB needs to include off-road sources, such as construction and agricultural equipment, in the emissions inventory for transportation.

CARB Response: Agree - Existing GHG emissions inventory includes these emissions sources. This information is included in our emissions inventory, which is published each year, and these are key categories CARB is addressing in its mission to achieve healthy air quality as well as reduce greenhouse gases. The inventory information can be found at: <https://www.arb.ca.gov/ei/ei.htm>. CARB has an ongoing program to periodically update inventory sectors to reflect new data and methodologies, including most recently those for locomotives and ocean going vessels and will also continue to review and update the agricultural equipment inventory.

- CARB should consider the development of green transportation hubs that integrate urban greening with transportation options, and provide refuge as our state's temperatures continue to rise.

CARB Response: Agree in principle - Adding language to Scoping Plan and working with local and sister agencies.

- (1) *We plan to add text to the Scoping Plan that more clearly recognizes the role of urban greening in transportation planning and project development in our continued work with these agencies.*
- (2) *We also plan to provide the recommendation to the key transportation planning agencies including Caltrans and the Strategic Growth Council.*
- (3) *CARB works with the State's MPOs that are responsible for transportation planning, as well as other State and local agencies that provide funding to help implement specific transportation infrastructure projects through our SB 375, California Climate Investments, and CoolCalifornia programs.*

- Under "Local Action," CARB needs to delete the following sentence that describes a new local carbon market proposed by CAPCOA: "Where further project design or regional investments are infeasible or not proven to be effective, it may be appropriate and feasible to mitigate project emissions through purchasing and retiring carbon credits issues by a recognized and reputable accredited carbon registry."

CARB Response: Disagree. *As described above, the context for the brief discussion in the Scoping Plan is important to understand. As new projects (e.g., large residential developments) are considered, local agencies are beginning to expect GHG emissions associated with the "project" to be mitigated. The strategies generally begin with building highly energy efficient structures with installed renewable energy (e.g., photovoltaics) to minimize the on-site carbon footprint. However, even highly efficient projects that promote walkable communities and public transportation can lead to increased carbon emissions (e.g., GHG emissions associated with traffic). In these cases, a resource such as the CAPCOA's Rx can provide mitigation to enable a proposed project to reduce its carbon emissions to as low as zero which historically has not been the case. The mitigation can be produced from projects that include investments in energy efficiency upgrades in low income communities.*

California Climate Investments:

- The EJAC wants to be clear that several alternatives to Cap and Trade detailed in our Industry recommendations will generate revenue for the Greenhouse Gas Reduction Fund. We do not see our recommendation to eliminate Cap and Trade as contradictory to our recommendations for investments into our communities.

CARB Response: Agree. *The evaluation of the alternatives states that other options, beyond cap-and-trade could potentially generate State proceeds. Further, in response to EJAC comments, the modeling for the carbon tax and cap-and-tax alternatives generate monies that are returned directly to residents in the form of a climate dividend.*

- CARB must prioritize funding to those more directly impacted by regulated industry. Regulated entities should not be eligible for any funding from the Greenhouse Gas Reduction Fund.

CARB Response: Outside of CARB's authority. *We agree with the principle of directing a significant share of State proceeds to disadvantaged communities. The recommendation is appropriately directed to the Legislature who is tasked with appropriating funds to each of the administering State agencies. Further, the Legislature has passed and the Governor has signed several bills (e.g. SB 535 and AB 1550) that provide direction on where State cap-and-trade proceeds are to be directed, with a minimum share of 35 percent required to be expended in disadvantaged and low income communities and households.*

- CARB must prioritize projects identified by communities. To that end, there should always be technical assistance, translation, and a transparent process to allocate funding. Environmental justice communities should work with funders to define what “benefit” looks like to them, and to select projects that are of best service to the community. Any project selected should focus on local job creation, or hiring local organizations to conduct the work. No project should rely on free or volunteer labor from environmental justice communities, but should pay those participants for their time.

CARB Response: Agree in principle within the established budget processes.
CARB agrees that the use of GGRF funds should be targeted to the needs of EJ communities. The use of GGRF funds is subject to Legislative priorities/Legislative appropriation. Further, projects are subject to publicly posted solicitations and program guidelines developed and administered by the State agencies which receive Legislative appropriations. Collectively, the State agencies administering the GGRF programs are interested in continuing to improve how they address EJ concerns within their respective programs. CARB will commit to convening a dialogue with the administering agencies and EJ advocates to discuss how to better address EJ needs.

- CARB should explore other sources of revenue to support the goals of AB 32 and SB 32.

CARB Response: Agree. *The Proposed Plan includes a discussion of incentive programs, including financial incentives and direct funding, as critical components of the comprehensive approach to support climate action.*

- CARB should explore ways to increase funding for urban forestry, sustainable transportation infrastructure, and clean drinking water.

CARB Response: Agree in principle however outside of CARB’s authority.
We agree with the need for further funding for these efforts, but the decision on the appropriation of State funds is made by the Legislature rather than CARB. This recommendation will be forwarded to the Legislative leadership.

- CARB should explore ways to promote the use of recycled water for funding projects.

CARB Response: Agree in principle: (1) authority outside of CARB’s however (2) will strengthen Scoping Plan language in Chapter IV.

(1) For the Scoping Plan, we agree that water conservation and management strategies (e.g. the use of recycled water) are important for California, but as indicated Chapter IV of the Scoping Plan, the interaction between water and energy is complex and efforts to replace fresh water with recycled water do not automatically translate into GHG reductions due to the nature of the water supply system. In response, we will add language to the Scoping Plan to clarify support for recycled water projects for many reasons while qualifying the extent to which there are GHG benefits depends upon the specific circumstances.

(2) This is a recommendation that should be pursued by the agencies/organizations that have direct influence over the use of recycled water including local water agencies as well as the Department of Water Resources and State Water Resources Control Board. We will pass on this recommendation to the appropriate agencies.

- CARB should ensure all applicants have policies to protect against displacement or gentrification.

CARB Response: Outside of CARB's authority. CARB shares EJAC members' concerns about land use planning and the impact it can have on displacement and gentrification and it is an important concern that needs to be addressed. CARB is committed to participate in the discussion, work with our State and local partners and do our part however CARB does not have the authority ensure against or protect communities from displacement or gentrification.

CARB has commissioned a major study on displacement, "Developing a New Methodology for Analyzing Potential Displacement," which was released in March.ⁱ The study found, among other things, that transit-oriented development has a significant impact on neighborhood stability, especially in downtown areas. The study also identifies anti-displacement strategies and develops an off-model tool for examining gentrification and displacement around TODs. We are still evaluating the results of the study, but it could be helpful to applicants seeking climate investment funding. However, allocation of cap and trade proceeds is subject to Legislative direction and appropriation. This recommendation is beyond the level of detail in the Proposed Plan. In response, we plan to provide the recommendation to the Strategic Growth Council as well as the Department of Finance to consider as part of the triennial investment plan it submits to the Legislature.

ⁱ "Developing a New Methodology for Analyzing Potential Displacement," <https://www.arb.ca.gov/research/apr/past/13-310.pdf>

ⁱⁱ *Id.*