

Dr. Barry Wallerstein
Executive Director
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Subject: San Bernardino Associated Governments' (SANBAG's) comments on the draft white papers for the 2016 Air Quality Management Plan (AQMP)

Dear Dr. Wallerstein:

This letter is in response to the opportunity being provided by AQMD for public comment on the draft white papers being prepared as background for the 2016 AQMP. SANBAG greatly appreciates the effort that went into the white papers and the opportunity afforded by AQMD to comment. The first part of the letter provides some general observations, followed by specific comments on selected white papers.

General Comments

- The papers are well written and informative as to the scale of emission reductions needed for attainment across all the emission sources. The documentation of current emission control programs is also very helpful.
- SANBAG supports a proactive approach to achieving air quality goals while also recognizing the importance of maintaining a vibrant economy that can attract and retain the businesses that will generate the capital needed for transition to cleaner fleets and fuels and more energy efficient buildings. San Bernardino County is at the leading edge of sustainability initiatives through our work on the HERO (Home Energy Renovation Opportunity) program, implementation of the San Bernardino Countywide Vision, and a range of other initiatives as highlighted in our Sustainability MOU with the Southern California Association of Governments (SCAG). See link to the MOU at the bottom of this web page: http://www.sanbag.ca.gov/planning2/plan_county-wide-transit.html.
- The specific mechanisms (i.e. control measures) for achieving the requisite emission reductions should be identified as soon as possible to leave adequate time for public and business input, thought, and dialogue before completion of the draft AQMP.
- We would strongly urge additional regulatory approaches for mobile sources to be at the federal level, not at the state or regional level, so as to maintain a reasonably level playing field across the U.S. from an economic perspective. We recognize and appreciate SCAQMD's efforts to work with EPA to make this

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- point. The South Coast has done more than any other region in the U.S. to improve air quality, and this needs to be recognized at the federal level. Attaining air quality standards must be a joint federal/state/regional/local partnership. California and the South Coast cannot accomplish this on our own.
- Improvement in fleet and fuels technology will eventually enable the requisite mobile source emission reductions to be achieved as cleaner vehicles and fuels are introduced and as fleet turnover naturally occurs. *What is at issue is the degree to which these advancements can be accelerated and the rate at which vehicle fleets can be turned over to meet the attainment deadlines (particularly the 8-hour ozone standard), and at what cost.* We would request that SCAQMD estimate, as part of AQMP development, the incremental cost (to both industry and government) of accelerating the natural process of fleet turnover. That increment of cost should represent a starting point for discussion of the scale of federal and state incentives that will be needed to achieve the turnover rates required for attainment while not disadvantaging southern California from an economic standpoint. The health benefits of attainment should also be estimated, while recognizing that any adverse economic impacts will also have adverse health impacts to the southern California citizens whose livelihood may be affected through these air quality initiatives. SANBAG strongly supports the goal of attaining air quality standards but also urges AQMD and CARB to make a realistic assessment of the costs involved in making the attainment deadlines. We recognize that AQMD will be examining “black box” control measures for the 2016 AQMP, and these may also play a role in the District’s attainment strategy.
 - We support strategies for criteria pollutants that have co-benefits for GHG reduction, but this will not always be practical if we are to meet the more pressing deadline for attaining the 8-hour ozone standard by 2023. For example, natural gas will likely play an important role in attainment of federal standards for criteria pollutants, even though it may not be ideal from a carbon content standpoint (note that over half of our electric power is still derived from natural gas, even though the percent derived from renewable sources is increasing).
 - Low prices for traditional fuels will make private individuals and businesses less likely to buy alternative fuel vehicles. Forcing fuel prices higher through cap-and-trade or other mechanisms in California may help to influence individuals and businesses to upgrade to lower emission vehicles, but it will further disadvantage southern California from a competitive standpoint. Currently, the average price of a gallon of gasoline in California is 79 cents higher than the national average and 70 cents higher than our neighbor to the east, Arizona. In the long run, increases in this differential will undermine the economic growth that will be needed to finance the transition to cleaner fleets and could result in diversion of supply chains around the South Coast. The differential in fuel prices should be monitored and there should be sensitivity to the fuel prices paid by Californians versus the rest of the U.S. Businesses need to have a reasonably level playing field to stay competitive, and substantially higher energy prices will make it more difficult for local governments to attract and retain businesses. The State should recognize that there is a limit on how far California can deviate from

the national norms to avoid further disadvantaging ourselves economically and competitively. This dynamic is challenging from an attainment perspective, but must be recognized as a reality as San Bernardino County and the State compete in the global economy. Despite our best efforts, attainment deadlines may not be achievable given that we are dependent on both commercialization rates of advanced technologies and on vehicle and fuel choices that individuals and businesses must make. As much as we all hope to make the attainment deadlines, the nature and timeline of vehicle/fuel choices individuals and businesses make are not under our direct control. Although black box control measures may allow the South Coast to demonstrate attainment for the 2016 AQMP, the air quality agencies (AQMD, CARB, and EPA) will need to make realistic assessments of the fleet/fuels trajectory we are on as we get closer to the attainment deadlines.

Comments on Individual White Papers

Passenger Transportation

- The fourth bullet on page 22 states: “If all vehicles and equipment were turned over to meet the lowest emissions standards established in current exhaust emission standards, the passenger transportation sector would potentially achieve the 65 percent ‘equal share’ NO_x emissions reduction needed to attain the federal ozone air quality standard in 2023. However, given the number of vehicles and equipment in this sector, the likelihood of complete turnover will be challenging.” We see this as a hopeful sign that more progress is forthcoming even without additional regulation, and that given enough time, the standard will be achieved. This gets back to our earlier point of quantifying the incremental cost of accelerating emission reductions. There is a point at which accelerating fleet turnover at the rate needed for attainment may not be feasible or may not be worth the incremental costs.

Goods Movement

- We concur with the statement in the first bullet on page 25: “The most effective set of strategies will consist of a combination of accelerated advanced technology deployment, incentives programs to accelerate replacement of older trucks and off-road equipment, infrastructure enhancements, and funding incentives.” The State should particularly consider a substantial infusion of cap-and-trade funding early on to support fleet turnover rates that will accelerate attainment of ozone standards. Even with substantial technological advances and incentives, the trajectory of turnover rates will need to be regularly monitored and assessed regarding the feasibility and cost (both public and private sector) of our path to attainment.
- As described in the goods movement white paper, efficiency measures such as those described on page 25 are typically a win-win approach, even for relatively small emission reductions, and should be aggressively pursued.

Dr. Barry Wallerstein

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A Business Case for Clean Air Strategies

- There are many common sense ideas in this white paper, based on lessons learned from industry. SANBAG appreciates this outreach and we trust that control measures will take these lessons learned into account, prioritizing measures where a business case can be made, as stated in the white paper. Where pure business cases cannot be made, these can be a focus of incentive programs, and we would hope that substantial incentives come from the federal level, not just our own state resources.

Residential and Commercial Energy

General

- Reference is made to Incentive/Rebate Programs but more has to be done to make these programs more easily and readily available to the public. If you use the www.dsireusa.org website to look for available incentives or rebates, one will find between 50 and 60 separate programs available. While it is good to have the support for clean energy and energy efficiency, the current system is much too complex and therefore underutilized. (pg. 10)
- We fully support the reference and support of distributed generation as a model to expand generation capacity from solar energy (pg. 13)
- We agree with the premise that emission reduction potentials from energy saving programs should be identified (pg. 16)
- We agree that a major barrier is adoption of energy saving measures by building owners who rent or lease commercial and residential space. Efforts must be made to find ways to incentivize these building owners to implement energy saving improvements. (pg. 17)

Electricity

- A section supporting adoption of Community Choice Aggregation models in communities in the District could recognize the potential to increase adoption and development of renewable energy. Los Angeles County and South Bay Cities are actively exploring CCAs.

We offer the above comments for consideration as the draft 2016 AQMP is developed over the next several months. We look forward to successful completion of the AQMP in a way that will move the region ahead with both cleaner air and a stronger economy.

Sincerely,



Steve Smith

Director of Planning