



The Honorable Kevin de León
Senate President pro Tem
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Assembly Speaker
State Capitol, Room 219
Sacramento, CA 94249

The Honorable Eduardo Garcia
State Capitol, Room 4140
Sacramento, CA 95814

The Honorable Cristina Garcia
State Capitol, Room 2013
Sacramento, CA 94249

RE: AB 398 and AB 617 – SUPPORT

July 12, 2017

Dear Senate Pro Tem de León, Speaker Rendon and Assemblymembers C. Garcia and E. Garcia,

On behalf of the California Climate and Agriculture Network, a statewide coalition of sustainable and organic agriculture organizations, we write to express our support for the package of bills, AB 398 and AB 617, which extend the state's cap-and-trade program and address toxic air contaminants and criteria pollutants from the state's primary stationary sources.

We do not come to this position lightly. We understand the bills represent a compromise. But after reviewing the bills, and discussing the issues with our coalition partners and allies, we have determined that the package of bills advances our fundamental goals of reduced greenhouse gas emissions, investments in innovative climate change solutions that provide multiple environmental, health and economic benefits, and cleaner air.

Our farmer and rancher members acknowledge the threat of climate change. They face greater weather extremes, increased pest and disease pressures and constrained water resources that challenge their ability to produce the food that we all depend upon. As a result, our farmer and rancher members are seeking climate change solutions that reduce greenhouse gas emissions, store carbon in soils, trees and shrubs, protect at-risk farmland from development and produce renewable energy all while providing multiple health and economic benefits. They are organic and

sustainable agriculture producers who conserve natural resources, use low-input, biologically based management practices and are leaders in innovative farming in California.

Fundamental to the success of California's ambitious climate change goals is a robust set of policies that cap and reduce greenhouse gas emissions, support the transition of our economy away from fossil fuel inputs towards renewable energy sources, and improve our resilience. Among those policies is the state's cap-and-trade program, which provides important funding to incentivize greenhouse gas emissions reduction projects in the agriculture sector and in communities across the state.

AB 398 includes a number of needed reforms to the cap-and-trade program that are in line with the principles we outlined as a coalition this spring. Among those changes to the program are a re-focusing of offset projects that are California-based and provide multiple environmental co-benefits in addition to greenhouse gas emission reductions. Another important set of reforms is to address the speculation and volatility of the carbon market. AB 398 requires the Air Resources Board to develop rules that "discourage speculation, avoid financial windfalls and consider the impact on complying entities and volatility in the market." Both of these improvements to the program should lead to increased benefits for all Californians and provide more resources to deploy in our communities to address climate change and other environmental challenges.

On the issue of free allowances, we understand that for many this is a significant point of contention. But for the few food processors in California that are regulated under the cap-and-trade program they face a difficult confluence of low margins, few available technological improvements to reduce emissions and significant domestic and global competition. Continuing some portion of free allowances to avoid food processor leakage is critical to our rural communities, our farmers and food consumers. Such efforts will support California food processors that provide jobs to many people in disadvantaged rural communities.

Significantly, AB 398 continues Greenhouse Gas Reduction Fund Investments in climate change solutions in our communities and recognizes the importance of sustainable agricultural solutions to climate change. We cannot seek a transformative economy without the technical and financial resources to make the transition.

AB 398's continuation of these investments is critical in achieving agricultural solutions to climate change. Despite being the largest agricultural economy in the country, too few resources have been allocated to realizing the unique and powerful climate solutions in agriculture. The Climate Smart Agriculture programs are an important, but modest start. The approximately \$180 million of cap-and-trade funding that has been invested in agriculture to date has yielded greenhouse gas reductions of over 678,000 MTCO_{2e}¹ or the equivalent of taking over 143,000 cars off the road. Future iterations of the cap-and-trade program must continue and expand upon these investments.

We also support the investments in improved adaptation and resiliency, which will be crucial for our food security, and climate change research.

Finally, we support the establishment of the oversight and advisory committees on offsets, program performance and just transition issues for workers. We believe these advisory committees can improve program implementation and are an improvement over the current program.

¹ The estimate includes the GHG reductions from the State Water Efficiency and Enhancement Program (SWEEP) and the Sustainable Ag Lands Conservation Program (SALCP) and does not include all of the funded projects to date and does not include benefits from new programs, like the Healthy Soils Program. Data source: https://arb.ca.gov/cc/capandtrade/auctionproceeds/cci_annual_report_2017.pdf

AB 617 provides for improved community air monitoring, greater technological improvements to achieve improved air quality and increased fines for violators of air pollution requirements. We view this as an improvement, a beginning, not end to seeking improved air quality in the state in some of our most impacted communities.

As we look to achieve our 2030 climate change goals, we must continue efforts to lessen climate change impacts on the most vulnerable among us: the urban and rural poor and those who face disproportionate pollution burdens. AB 398 and AB 617 move us closer to achieving these goals.

Thank you for your leadership on these issues. We look forward to working with you to advance an effective, just, sustainable climate policy for California that is worthy of our reputation as global leaders on addressing climate change.

Sincerely,

Jane Sooby
Senior Policy Specialist
California Certified Organic Farmers (CCOF)

David Runsten
Policy Director
Community Alliance with Family Farmers

Jeanne Merrill
Policy Director
California Climate & Agriculture Network

Jan Derecho
Executive Director
Ecological Farming Association

Reggie Knox
Executive Director
California Farmlink

Dave Henson
Executive Director
Occidental Arts & Ecology Center

Joanne Baumgartner
Director
Wild Farm Alliance

cc: Nancy McFadden, Catalina Hayes-Bautista, Alice Reynolds, Office of the Governor
Chair Mary Nichols, California Air Resources Board
Secretary Karen Ross, California Department of Food & Agriculture