



July 27, 2021

The Honorable Al Muratsuchi  
 State Assembly, District 66  
 State Capitol, Room 2179  
 Sacramento, CA 95814

Dear Assemblymember Muratsuchi,

On behalf of the organizations listed here below, we must take an “oppose” position on your AB 1395 as amended on July 13. **AB 1395 would direct the Air Resources Board to establish new climate goals to achieve 90% emission reductions by 2045 with undefined policies and with unknown impacts to California’s economy and its people.** This is an extraordinarily aggressive goal that would require large-scale transformation of California’s entire economy. This policy is the equivalent of eliminating

California's industrial, residential, commercial, transportation, electrical, and manufacturing sectors – effectively shutting down the entire state economy<sup>1</sup>.

AB 1395 also threatens the role technology can play in reducing emissions and achieving carbon neutrality. Despite commitments from the author that the bill would not limit the use of technology, recent amendments fail to clarify that point, resulting in ambiguity that sends confusing signals to the market, obligated parties, and state agencies. As recognized by the Senate Committee on Environmental Quality, this bill would require 90% emissions reductions come from direct emissions, with “the rest” coming from technology. The provisions limiting technology must be removed from the bill, and clarification must be inserted in any post-2045 goal to ensure that investors do not shy away from investing in much-needed carbon reduction technology. Limiting California's technology-based solutions while simultaneously extending and expanding the state's climate targets will unnecessarily threaten high-wage jobs, deter innovation and investments in much-needed technology, further challenge the reliability of our electric grid, and increase costs for consumer goods for all Californians.

### **Creates Expansive New Climate Goals without Analysis by Legislators, Stakeholders or Regulators**

The bill creates a brand-new climate target of reducing greenhouse gases 90% below 1990 levels by 2045. The state's current target of 40% reduction below 1990 levels by 2030 was established by the Legislature in 2016 and regulations implementing that law just took effect in 2021. Any post-2030 target should not precede the work just getting started via the ARB'S Scoping Plan that will begin to outline the additional steps necessary to meet our current emissions reductions targets and evaluate post-2030 reduction scenarios.

This work will help inform our progress on our current 2030 goals and outline some narrowly defined potential pathways to achieve the broader goal of carbon neutrality. A preliminary report is expected to be presented to the California Air Resources Board in draft form in early 2022. This bill can wait for those results. As members of the legislature know well, the establishing and extending of climate targets requires involved, complex, and negotiated policy making. Unfortunately, there have been no meaningful conversations with stakeholders about extending either the date or the targets of the current SB 32 goal. Significant work must be done to assess and understand the impacts of this type of policy before the legislature votes.

Of note, in their initial work evaluating the 2045 goal, ARB's analysis noted that “achieving carbon neutrality by 2045 will require a wholesale transformation of California's energy economy.”<sup>2</sup> Similar analysis noted that to reach an 80% emission reduction target by 2050 “At least one “reach technology” that has not been commercially proven is needed to help meet the longer-term 2050 GHG goal...”

AB 1395 appears to disregard the need for critical scenario analysis and instead would codify the goal without consideration for the many technological, legal, and other research questions that remain outstanding according to ARB's own analysis. **By blindly endorsing a target and failing to provide guidance on both the pathways and tools for compliance, AB 1395 shortcuts the critical step to understand and analyze feasibility, costs, and cost-effectiveness, is premature and will hamper opportunities to meet the state's climate goals .**

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<sup>1</sup> <https://ww2.arb.ca.gov/ghg-inventory-data>

<sup>2</sup> [https://ww2.arb.ca.gov/sites/default/files/2020-08/e3\\_cn\\_draft\\_report\\_aug2020.pdf](https://ww2.arb.ca.gov/sites/default/files/2020-08/e3_cn_draft_report_aug2020.pdf)

**All the scenarios under consideration by the ARB involve a transition to an all-electric future. This includes electrification of end use in buildings with some scenarios assuming early retirement of all remaining gas appliances. It also includes a full transition of the vehicle fleet to electric. Are these scenarios that the Legislature is prepared to endorse for their constituents?** For some economic sectors, all the ARB's scenarios assume the use of carbon capture and storage. AB 1395 would adopt ambitious new climate goals, while lacking clear direction on the use the very technologically-based tools that the ARB's analysis assumes necessary to meet those goals.

### **Contradicts Scientific Findings on CCS**

In establishing a carbon neutrality target, the bill remains unclear about the role of carbon capture and sequestration (CCS), ignoring the science supporting large scale CCS. While the bill directs agencies to "identify a variety of policies and strategies that support carbon dioxide removal solutions and carbon capture and storage technologies in California", the bill remains unclear about what role those technologies will have in meeting emissions reductions and carbon neutrality goals. Are these technologies intended to be used as compliance tools? If so, what is the role for natural and working lands? Can CCS be used to meet the 90% goal, or is it as the Senate Environmental Quality Committee analysis noted, only available for the remaining 10% of a goal?

Most studies show that carbon neutrality cannot be achieved without widespread adoption of carbon capture or other sequestration techniques. Lack of clarity in the bill about the role of technology will have a chilling effect on market investors and on the further development and deployment of the tools necessary to achieve carbon neutrality.

As currently drafted, AB 1395 needs much more work. The legislature should seriously consider setting this bill aside, evaluating the results of CARB's post-2030 analysis in the Scoping Plan to be presented in early 2022, and convene stakeholders to evaluate appropriate post-2030 goals and the role of technology and innovation to reach our climate goals. We'll need all hands on deck, and this bill undermines that commitment.

For the reasons state above, we must continue to **oppose AB 1395**.

Sincerely,

Agricultural Council of California – Tricia Geringer  
Agricultural Energy Consumers Association – Maddie Munson  
Building Owners and Managers Association of California – Matthew Hargrove  
California African American Chamber of Commerce – Edwin A. Lombard III  
California Agricultural Aircraft Association – Terry Gage  
California Association of Realtors – Jelisaveta Gavric  
California Building Industry Association – Michael Gunning  
California Business Properties Association – Matthew Hargrove  
California Citrus Mutual – Casey Creamer  
California Cotton Ginners and Growers Association – Roger Isom  
California Farm Bureau Federation – Taylor Roschen  
California Fuels and Convenience Alliance – Samuel Bayless

California Independent Petroleum Association – Sean Wallentine  
California League of Food Producers – Trudi Hughes  
California Manufacturers and Technology Association – Dean Talley  
California Rice Commission – Timothy Johnson  
California Walnut Commission – Michelle Connelly  
Carlsbad Chamber of Commerce – Bret Schanzenbach  
Central Valley Business Federation – Clint Olivier  
Far West Equipment Dealers Association – Joani Woelfel  
Garden Grove Chamber of Commerce – Cindy Spindle  
Hawthorne Chamber of Commerce – Patricia Donaldson  
Industrial Environmental Association – Jack Monger  
International Council of Shopping Centers – Matthew Hargrove  
Los Angeles Area Chamber of Commerce – Harry Harout Semerdjian  
Los Angeles County Business Federation – Sarah Wiltfong  
NAIOP of California, the Commercial Real Estate Development Association – Matthew Hargrove  
North Orange County Chamber of Commerce – Theresa Harvey  
Orange County Business Council – Jennifer Ward  
Redondo Beach Chamber of Commerce – Dominik Knoll  
Simi Valley Chamber of Commerce – Kathi Van Etten  
South Bay Association of Chambers of Commerce – Elise Swanson  
Torrance Area Chamber of Commerce – Donna Duperron  
Walnut Creek Chamber of Commerce – Bob Linscheid  
Western Agricultural Processors Association – Roger Isom  
Western Independent Refiners Association – Chuck White  
Western States Petroleum Association – Margo Parks  
Yorba Linda Chamber of Commerce – Susan Wan Ross

cc: The Honorable Anthony Portantino Chair, Senate Appropriations Committee  
The Honorable Patricia C. Bates, Vice Chair, Senate Appropriations Committee  
Members, Senate Appropriations Committee  
Ashley Ames, Senate Appropriations Consultant  
Emilye Reeb, Senate Appropriations Consultant, Republican Caucus