



Updated June 24, 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 May 4. **AB 1395 would direct the Air Resources Board to establish new climate goals to achieve undefined emission reductions by 2045 with undefined policies and with unknown impacts to California’s economy and its people.** AB 1395 directs ARB to establish a new climate reduction target of 90% below 1990 levels by 2045 with no clear understanding of how much emission reductions will be necessary and what policies will be used to reduce those undefined emissions.

AB 1395 would also prematurely codify Governor Brown’s Executive Order requiring the ARB to achieve carbon neutrality by 2045 without taking a holistic view of the role of all sectors-- electricity,

transportation, industry, and working lands— and utilizing legislature-commissioned studies to assess cost, environmental justice issues, environmental concerns, and feasibility. CARB is currently developing its Scoping Plan to evaluate the implications of the goal envisioned in AB 1395. Any legislative action should occur after a complete analysis is available.

At the same time, AB 1395 simultaneously limits the tools for achieving carbon neutrality. Limiting California’s technology-based solutions while simultaneously extending and expanding the state’s climate targets will unnecessarily threaten high-wage jobs, 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. This policy is the equivalent of eliminating California’s industrial, residential, commercial, transportation, electrical, and manufacturing sectors – effectively shutting down the entire state economy.¹ The state’s current target of 40% reduction below 1990 levels by 2030 was established by the Legislature in 2016 and only took effect in 2021. It is entirely premature to establish a new target for 2045. This new target entirely undermines 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. This work will help inform our progress on our current goals and outline some narrowly defined potential pathways to achieve the broader goal of carbon neutrality, in addition to our 2030 goals. 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.

For example, The California Air Resources Board (ARB) is currently evaluating scenarios that achieve carbon neutrality in California by 2045. In their initial work evaluating the goal, ARB’s analysis noted that “achieving carbon neutrality by 2045 will require a wholesale transformation of California’s energy economy.” AB 1395 appears to disregard the need for critical scenario analysis and instead would codify the goal and pathway without consideration for the many technological, legal, and other research questions that remain outstanding according to ARB’s own analysis. **As proposed, AB 1395 shortcuts the critical step to understand and analyze for feasibility, costs, cost-effectiveness, is premature and will hamper opportunities to meet the state’s climate goals.**

AB 1395 asks the legislature to endorse a target regulators are actively investigating now. As such, AB 1395 is entirely premature and its additional constraints and requirements could result in unintended consequences in the form of grid reliability, increased costs to consumers and the loss of high-wage jobs. Critically, CARB has not yet conducted a thorough economic or technical feasibility analysis. AB 1395 disregards that and not only blindly endorses a target, but at the same time, limits the options for compliance now under consideration.

All the scenarios under consideration by the ARB involve a transition to 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

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

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 limiting 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 also limits the role of carbon capture and sequestration (CCS), ignoring the science supporting large scale CCS. The bill calls for a prioritization of "nature-based solutions", effectively picking winners and losers, and sending misguided signals to the market that investments in other forms of technology are unwanted. The bill requires 90% of emissions reductions be the result of direct emissions controls, presumably, allowing for only 10% of emissions reductions to result from carbon capture. The prevailing body of knowledge around climate change acknowledges the need for continued on-site reductions of GHG emissions but finds that carbon neutrality cannot be achieved without widespread adoption of carbon capture by both industrial sources and on natural and working lands. According to a recent study, in order to remove the CO₂ necessary to meet our climate goals, the global community will need to be "...building 33,000 big CCS plants and keep them running forever."² There are currently 21 large-scale commercial CCS plants operating globally and hundreds of thousands of acres of natural and working lands in California actively sequestering carbon. Limiting the tools available to achieve carbon neutrality directly counters the goals of the state.

Unfortunately, AB 1395 would ultimately undermine the state's ability to meet its climate goals. It does this by limiting the contributions allowable by CCS to just 10%. Technology exists today that has the potential to reduce 15% of the state's GHGs³. We should not discourage the future innovation of these technologies by statutorily capping their allowable contribution to meeting the state's carbon neutrality goals. Moreover, capping CCS project contributions to 10% will effectively discourage private investors and landholders from investing in nature- and technology-based projects. Experience demonstrates, as the scale of public investment in climate projects ebb and flow from year-to-year, sustainable progress will be dependent on both public and private investments—the latter requiring a viable market, uncapped by an arbitrary 10% limit. It is in the best interest of the state, and the planet, to allow for all available and developing technologies to advance and play as large a role as possible in meeting our carbon neutrality and negative emissions goals.

Lacks Coordination with International Actions

The recommendation to reach carbon neutrality is an international solution, directed by the United Nation's Intergovernmental Panel on Climate Change (IPCC), to address the global challenge of climate change. California's actions should not contradict the efforts of the international community. Otherwise, an unaligned approach to addressing local air quality concerns, as outlined in the bill, could inadvertently increase compliance costs and add to complexities, affecting other regions' willingness to duplicate actions.

² Randers, J., Goluke, U. An earth system model shows self-sustained thawing of permafrost even if all man-made GHG emissions stop in 2020. *Sci Rep* **10**, 18456 (2020). <https://doi.org/10.1038/s41598-020-75481-z>

³ Energy Futures Initiative and Stanford University. "An Action Plan for Carbon Capture and Storage in California: Opportunities, Challenges, and Solutions." October 2020.

The UN IPCC has stated that it is imperative that we have negative emissions technologies to achieve our climate goals. The state, the nation, and the world are **already behind** in deploying these vital technologies.

The state needs to be moving faster – not slower – if we want to meet the climate goals described by the IPCC.

Unfortunately, as currently drafted, AB 1395 ignores science, removes options necessary for meeting carbon neutrality, and ultimately undermines the state’s commitment to solving issues of climate.

For the reasons state above, we **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 Agricultural Aircraft Association – Terry Gage
California Building Industry Association – Michael Gunning
California Business Properties Association - Matthew Hargrove
California Cement Manufacturers Environmental Coalition – Bruce Magnani
California Chamber of Commerce – Leah Silverthorn
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
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
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 Benjamin Allen, Chair, Senate Environmental Quality Committee
The Honorable Patricia C. Bates, Vice Chair, Senate Environmental Quality Committee
Members, Senate Environmental Quality Committee
Rylie Ellison, CCST Science Fellow, Senate Environmental Quality Committee
Scott Seekatz, Senate Republican Caucus