



August 19, 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 economy¹.

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.”² 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...”

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

² https://ww2.arb.ca.gov/sites/default/files/2020-08/e3_cn_draft_report_aug2020.pdf

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 .**

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

Beaumont Chamber of Commerce – Bette
Rader
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
Chino Valley Chamber of Commerce – Zeb Welborn
Corona Chamber of Commerce – Bobby Spiegel
Far West Equipment Dealers Association – Joani Woelfel
Fontana Chamber of Commerce – Andrea De Leon
FuturePorts – Erin Gardner
Garden Grove Chamber of Commerce – Cindy Spindle
Greater Coachella Valley Chamber of Commerce – Emily Falappino
Greater High Desert Chamber of Commerce – Mark Creffield
Greater Ontario Business Council – Peggi Hazlett
Hawthorne Chamber of Commerce – Patricia Donaldson

Hemet San Jacinto Chamber of Commerce – Cyndi Lemke
Highland Chamber of Commerce – Chris Nielsen
Industrial Environmental Association – Jack Monger
Inland Empire Economic Partnership – Paul Granillo
International Council of Shopping Centers – Matthew Hargrove
Los Angeles Area Chamber of Commerce – Harry Harout Semerdjian
Los Angeles County Business Federation – Sarah Wiltfong
Menifee Valley Chamber of Commerce – Maneesha Jones
Moreno Valley Chamber of Commerce – Oscar Valdepeña
Murrieta/Wildomar Chamber of Commerce – Patrick Ellis
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
Perris Valley Chamber of Commerce – Ignacio Valdivia
Pomona Chamber of Commerce – Monique Manzanares
Rancho Cucamonga Chamber of Commerce – Robert Hufnagel
Redlands Chamber of Commerce – Jan Hudson
Redondo Beach Chamber of Commerce – Dominik Knoll
Simi Valley Chamber of Commerce – Kathi Van Etten
South Bay Association of Chambers of Commerce – Elise Swanson
Temecula Valley Chamber of Commerce – Brooke Nunn
Torrance Area Chamber of Commerce – Donna Duperron
Upland Chamber of Commerce – Peggy Robertson
Valley Industry and Commerce Association – Stuart Waldman
Walnut Creek Chamber of Commerce – Bob Linscheid

Western Agricultural Processors Association –
Roger Isom
Western Independent Refiners Association –
Chuck White

Western States Petroleum Association – Shant
Apekian
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