

November 19, 2008

Chairman Mary Nichols and Members,  
California Air Resources Board  
1001 I Street,  
Sacramento, CA 95818

**RE: Climate Change Proposed Scoping Plan**

Dear Chairman Nichols and Board Members,

As the Proposed Scoping Plan notes, the California Public Utilities Commission and the California Energy Commission have jointly recommended full auctioning in the electricity sector by 2016 and the Market Advisory Committee found that: "[T]he fundamental objectives of cost-effectiveness, fairness, and simplicity... favor a system in which California ultimately auctions all of its emission allowances," (Final Report, p.55). Auctioning has many advantages over free allocation and CARB should send a clear signal that full auctioning is the preferred method for distributing emission allowances under their proposed cap-and-trade program.

We write to ask that you make the following changes to page 36 of the Proposed Scoping Plan (additions in bold; removal indicated by strikethrough):

"ARB agrees that the transition to a 100 percent auction, **with auction revenue going to further the objectives of AB 32**, is a worthwhile goal ~~for distributing allowances.~~ **CARB expects that California will auction significantly more than the WCI minimum levels and will transition to 100% auction.** However, a broad set of factors should be considered in evaluating the ~~potential~~ timing of a transition to a full auction..."

These changes would make unequivocal the intent to transition to 100 percent auction.

Sincerely,

(Signatories from non-governmental organizations operating in California)

Bonnie Holmes-Gen  
Andy Katz  
Susan Stephenson  
Jennifer Martin  
Mike Sandler  
Shankar B. Prasad  
Tam Hunt  
Bernadette Del Chiaro  
Derek Walker  
Danielle Fugere  
Kristin Grenfell

American Lung Association of California  
Breathe California  
California Interfaith Power and Light  
Center for Resource Solutions  
Climate Protection Campaign  
Coalition for Clean Air  
Community Environmental Council  
Environment California  
Environmental Defense Fund  
Friends of the Earth  
Natural Resources Defense Council

(Signatories from non-governmental organizations operating in California, continued)

Michelle Passero	The Nature Conservancy
Rachael Katz	Pacific Forest Trust
Matt Vander Sluis	Planning and Conservation League
Robin Salsburg	Public Health Law and Policy
Bill Magavern	Sierra Club
Peter Barnes	Tomales Bay Institute
Rachel Dinno-Taylor	Trust for Public Land
Chris Busch	Union of Concerned Scientists
Dan Galpern	Western Environmental Law Center
Stan Van Velsor	The Wilderness Society

(Signatories from California's academic community<sup>1</sup>)

Professor Jane V. Hall	California State University, Fullerton
Professor Denise Stanley	California State University, Fullerton
Professor Darwin C. Hall	California State University, Long Beach
Professor Bevin Ashenmiller	Occidental College
Professor Kenneth J. Arrow	Stanford University <sup>2</sup>
Professor Max Auffhammer	University of California, Berkeley
Professor Anthony Fisher	University of California, Berkeley
Professor Michael Hanemann	University of California, Berkeley
Professor Dan Kammen	University of California, Berkeley
Professor Richard Norgaard	University of California, Berkeley
Professor J.R. DeShazo	University of California, Los Angeles

---

<sup>1</sup> These signatories are lending their support as individuals. Their institutional affiliation is given for identification purposes only, not to imply institutional support.

<sup>2</sup> Nobel Laureate in Economics