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Economic and Allocation Advisory Committee (EAAC)
California Environmental Protection Agency
1001 I St
Sacramento, CA 95812

Dear Chairman Goulder and EAAC Members,

On behalf of the public transit system and supplier members of the California Transit Association, we appreciate your ongoing work in analyzing and recommending allowance allocation strategies for California's developing cap-and-trade system, and we thank you for the opportunity to provide comments to your committee. As you may know, transit will play a key role in helping the state to meet its greenhouse gas (GHG) emissions reductions goals. We strongly urge you to consider ways to enable an investment in transit out of the cap-and-trade allowance allocation process.

The California Transit Association represents over 80 of the state's public transit operators, as well as nearly 90 private sector suppliers to the transit industry. Statewide, transit agencies are experiencing serious budget constraints and are laying off employees, cutting services, and raising fares. Many agencies have declared a fiscal emergency, and in addition, the recently signed 2009-10 budget eliminated state funding for transit until 2013.

With the AB 32 Scoping Plan estimating that the transportation sector is responsible for 38 percent of statewide GHG emissions, it will be imperative that these emissions be reduced if the state is to meet the goals of AB 32, the Global Warming Solutions Act of 2006. As an industry, transit will be affected by the mandates of AB 32 twofold. First, the state's goals to reduce emissions from passenger vehicles via a more coordinated approach to transportation, land use, and housing planning under SB 375 (Steinberg) [Chapter 728, Statutes of 2008], will encourage a shift to alternative modes of transportation, with increased transit service being a primary tool in achieving this goal. Therefore, transit will have to expand its services substantially over the next decade to meet this new demand. Second, once transportation fuels become covered by the cap-and-trade system in 2015, transit, as a fuel consumer, will inevitably be affected by any increasing costs affiliated with emissions reductions where fuel enters into commerce.

In the recently released study on cutting transportation emissions, titled "Moving Cooler," researchers confirm that an increased investment in transit is a core strategy to reduce GHG emissions and combat climate change. Specifically, the study lists expanded transit service as a near-term strategy (i.e. before 2015), that will result in early GHG reduction benefits. Success in developing such near-term strategies will be critical in meeting the 2020 deadline imposed under AB 32, as well as long term emissions reductions goals for 2050.

Numerous other studies report that significant energy and emissions reductions can be achieved through greater use of transit. We hope that you will consider the myriad of other sources of existing empirical evidence demonstrating transit's advantages in reducing emissions as you make your recommendations.

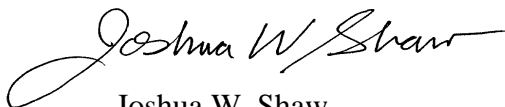
Transit is an environmental investment. The American Public Transit Association (APTA) reports that public transportation saves 37 million metric tons of carbon dioxide annually – equivalent to the emissions resulting from the electricity generated for the use of 4.9 million households. Transit systems themselves continue to invest in greener technology including hybrid buses and green infrastructure, like solar technology. Very importantly, investment in transit means the growth and creation of green jobs. APTA reports that, nationwide, every \$1 billion invested in the nation's transportation infrastructure supports approximately 47,500 jobs. A continuing and stable investment in transit resulting from a cap-and-trade system will enable the state to maximize opportunities to achieve GHG emissions reductions, as stated in the AB 32 Scoping Plan. Using cap-and-trade revenues to reinvest into further reducing emissions through environmental projects such as transit will have the multilateral effect of providing greater mobility for Californians, creating green jobs, fostering the development and use of green technology, and improving air quality consistent with the goals of AB 32.

AB 32 relies on a process determined by SB 375 to encourage regional land use changes for the purpose of reducing passenger vehicle emissions. The Regional Targets Advisory Committee, which completed its work in September of this year to advise the California Air Resources Board on setting regional emissions reductions targets, made strong recommendations in its final report that the state find a way to fund transit due to the essential role transit will play in the regions achieving their targets. Allocating revenue to benefit transit expansion geared toward meeting AB 32/SB 375 goals is a way that this funding could be achieved.

In your recommendations on the allocation and use of allowances for California's cap-and-trade system, we urge you to recommend an investment of at least ten percent of allowance revenues into funding transit expansion and similar transportation projects to reduce GHG emissions. This will advance GHG emissions reductions in the state as it shifts travel modes to reduce emissions, and will at the same time provide cleaner and more efficient mobility to California's citizens.

California's transit systems support the state's goals to achieve lower emissions and cleaner air, and we thank you again for your guiding work in developing allocation strategies for the state's cap-and-trade system. We appreciate your expertise and look forward to continuing to follow your discussions as you provide valuable input to the California Air Resources Board.

Sincerely,



Joshua W. Shaw
Executive Director