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IETA COMMENTS ON CALIFORNIA AIR RESOURCES BOARD'S WORKSHOP ON SCENARIOS FOR DEEP DECARBONIZATION

The International Emissions Trading Association (IETA) appreciates the opportunity to comment on the California Air Resources Board's (CARB) workshop on scenarios for deep decarbonization. IETA is a global non-profit association established in 1999 to serve businesses engaged in market solutions to climate change. The IETA membership includes over 130 companies including brokers, consultants, certifiers, energy firms, exchanges, investors, industrial firms, power firms, law firms, and verifiers.

The panelists at the workshop frequently referenced the need for advancing innovation to ensure the achievability of California's deep decarbonization goals. Many of the panelists also emphasized the need to incentivize technology in a neutral way that facilitates optionality, which the [Energy Futures Initiative report](#) defines and emphasizes as crucial in protecting against the notion of relying on "silver bullet" technologies. **IETA believes that cap-and-trade is the ideal policy instrument to create an environment conducive to technology-neutral innovation that achieves optionality.**

Academics have empirically observed increased innovation in processes and patents caused by cap-and-trade programs in the United States and Europe (e.g., [Siikamaki et al., 2012](#); [Calel and Dechezleprete, 2016](#)). Moreover, cap-and-trade is inherently technology neutral in that it does not pick winners or losers; rather, the policy allows compliance entities to decide how to reduce their emissions in the most efficient and cost-effective manner possible. IETA therefore highlights the importance of further reliance on cap-and-trade to meet California's deep decarbonization goals.

The panelists discussed California's GHG emissions reduction and carbon neutrality goals. IETA notes that clear definitions and GHG goal accounting are important near-term focus areas for ongoing discussions. As a starting point, IETA believes that flexibility mechanisms that preserve environmental integrity (e.g., banking, linkages, and high-quality offsets) can help achieve these ambitious goals at lower cost. **However, this requires clear GHG goal accounting that incorporates the effects of such flexibilities in the tracking of our progress towards these goals.** We note that international work to facilitate these flexibilities is under development through Article 6 of the Paris Agreement and we hope this produces a useful model for sub-national jurisdictions.

IETA appreciates the opportunity to provide comment on CARB's workshop on deep decarbonization and looks forward to further engaging with regulators and other stakeholders on this crucial topic. Please direct comments and questions to Clayton Munnings, West Coast Representative of IETA at munnings@ieta.org.

Sincerely,

Dirk Forrister

IETA President and CEO