



California Council for Environmental and Economic Balance

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May 30, 2013

Mr. Henry Pouzand
SCAQMD
21865 Copley Drive
Diamond Bar, CA 91765

RE: Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of
Offset Exemption – Third Comment Letter

Dear Mr. Pouzand,

The California Council for Environmental and Economic Balance (CCEEB) is a coalition of California business, labor and public leaders that works together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization. Founded in 1973, CCEEB is a non-profit and non-partisan organization.

This is CCEEB's third comment letter on the proposed rule. CCEEB continues to have concerns with the proposal, but we have seen much progress from earlier proposals and have now narrowed our concerns to the following specific points:

1. Fee Should not Apply to Other Types of Projects

The CCEEB membership is composed of various types of businesses, many of which rely upon directly, or through their customer base, access to the District's internal bank of credits. A key reason so many of our members have followed development of this program is fear that it could expand to other types of projects. CCEEB recommends that the District make clear that electrical generation brings unique issues to the table and that it is not the District's intention to broaden the application of this fee to other types of projects.

2. Timing of Payments

As we understand the current proposal, and for either the annual payment option or the single payment option, the owner/operator must remit the fee prior to issuance of the permit to construct. This creates the potential for putting private capital at risk, and in turn, places additional restraints in the planning process for re-powering. Further, it causes additional challenges for single permit re-powering projects that are developed in phases. CCEEB recommends that the

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District require that the owner/operator pay the bulk of the fee, using either the annual payment option or the single payment option, when the generating unit becomes operational. We believe this would coincide with the timing for the actual retirement of the offsets, as required by EPA. It would also address the uncertainties associated with phased projects, as under this approach, the fee would be paid as each unit came online.

3. Retroactive Effective Date

Until the release of this proposal, CCEEB is unaware of any significant District proposal that became effective on a date prior to Board approval. We believe it is unreasonable to add a new and unexpected significant fee to a project that has been in the planning process for years. While not fully addressing this concern, we recommend that the rule become effective upon approval by the Board.

4. Compliance with Proposition 26

We ask staff to include language in the final staff report to show how the rule will comply with the provisions of Proposition 26.

We look forward to working with you to resolve these remaining issues.

Thank you.

Sincerely,



Bill Quinn
Vice President

cc: Elaine Chang, DrPH
Mohsen Nazemi, P.E.
Gerald D. Secundy
Laki Tisopulos, Ph.D, P.E.
Barry Wallerstein, D. Env.