



June 15, 2011

Dr. William Burke, Chairman
Governing Board
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, CA 91765

Dear Dr. Burke and Members of the Governing Board:

The Los Angeles Area Chamber of Commerce (Chamber) would like to submit the following comments regarding the South Coast Air Quality Management District's (AQMD) draft "AQMD Energy Policy" (Policy). Our Chamber membership consists of more than 1,600 large and small businesses located throughout Los Angeles County, representing over 700,000 employees. The Chamber advocates for policies that encourage fuel-neutral strategies, investments in infrastructure and the development of new technology that can improve energy delivery, promote energy-efficiency, lower energy costs or otherwise expand the region's energy profile. The Chamber appreciates the AQMD's efforts to reduce criteria emissions in the South Coast Air Basin to meet the national and state ambient standards. We all share the same goal of improving the quality of life in the Los Angeles region.

This Policy first came to our attention in April. The Chamber and many of our members expressed immediate concern over the timing and substance of the Energy Policy, as well as the overall appropriateness of having the AQMD develop such a document. Earlier this week, our Environmental Sustainability Policy Council, which is dedicated to promoting economic growth through sustainable, pro-jobs energy and environmental policies, hosted a discussion with Dr. Elaine Chang, Deputy Executive Officer for Planning, Rule Development & Area Sources on Monday, June 13 to review the draft Policy. While we have a number of concerns about the Policy, the following three comments reflect the issues of most concern to our Council and Chamber membership.

Jurisdiction- While we understand that the Policy is well-intentioned, it is troubling that the AQMD, as a regional, single-purpose agency dedicated to reducing air pollution, is seeking to develop an overarching energy policy when this task has already been delegated to statewide agencies. The California Energy Commission (CEC) is tasked as the state's primary energy policy and planning agency, their annual Integrated Energy Policy Report (IEPR) takes into account demand and defines the most appropriate energy portfolio for the state that is technologically feasible and cost-effective. The Public Utilities Commission (PUC) ensures the provision of safe, reliable utility service and infrastructure, while balancing environmental and economic demands. Both of these agencies are better suited to address competing interests and ensure that policies are consistent throughout California, particularly at a time when state government is working to eliminate duplication of regulation.

The Chamber is also concerned that this draft document positions the AQMD as setting energy policy, as opposed to the District's defined role of facilitating the compliance with the energy policies of other agencies. We are also concerned that the assumption of any sort of energy policy-making authority by the AQMD will pre-determine policy decisions in favor of the single purpose of the agency, without incorporating the range of public interests taken into account by the more specialized energy agencies identified above.

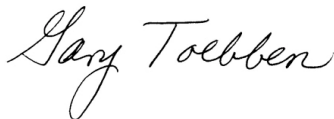
Timing and Coordination- The development of this Energy Policy has moved very fast, without robust stakeholder meetings, workshops and adequate time to fully comprehend, review and respond to the potential impacts. The recently released Board letter is no substitute for a fully researched staff report that addresses challenges, unintended consequences and costs. We are also mindful of the fact that the AQMD will shortly be commencing the process of preparing the 2012 AQMP, and that is a much more appropriate forum for addressing energy policy concerns.

Vision Instead of Policy- The draft Policy is more appropriately characterized, and should be re-characterized, as a "vision" statement, i.e., a statement of the AQMD's vision for energy usage in the future as opposed a set of policies which may have unintended and as yet undetermined regulatory consequences in the future. Accordingly, we urge you to support this re-characterization at the upcoming board meeting.

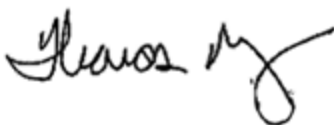
We believe the best course of action for the AQMD is to defer consideration of this proposed Policy until a working group of stakeholders can be convened to undertake a more comprehensive effort of identifying the energy issues associated with the AQMD's difficult task of achieving healthful air for the residents of this Basin.

Thank you for consideration of these comments, if you have any questions, please contact Jessica Duboff at jduboff@lachamber.com or 213.580.7558.

Sincerely,



Gary Toebben
President & CEO



Thomas McHenry
Chair, Environmental Sustainability Policy Council