

June 24, 2014

Hon. Henry Perea
Hon. Cheryl Brown
Hon. Freddie Rodriguez
Hon. Isadore Hall III
Hon. Rudy Salas, Jr.
Hon. Tom Daly
Hon. Susan Bonilla
Hon. Jose Medina

Hon. Adam C. Gray
Hon. Christina Garcia
Hon. Roger Hernandez
Hon. Matthew Dababneh
Hon. Reginald B. Jones-Sawyer, Jr.
Hon. Sebastian Ridley-Thomas
Hon. Jim Frazier
Hon. Joan Buchanan

RE: Response to request to allow oil companies' free pass on AB 32 compliance

Dear Assembly Members:

We are writing in response to your letter to California Air Resources Board Chairman Mary Nichols seeking financial relief for or to delay the compliance obligation of oil companies under AB 32, putting the brakes on reductions in carbon pollution. Either action would be worth billions of dollars to the world's most profitable companies at the expense of the health and well-being of the people of California. Transportation accounts for 40 percent of carbon pollution in California. Reducing pollution from this sector is essential to meet California's targets. The top five oil companies made an estimated profit of more than *\$200,000 a minute* over the past two years, or \$211 billion dollars. We believe that they can afford to comply with AB 32 just as the rest of the state's businesses are doing.

The oil companies are flooding the airwaves and halls of the Capitol with incorrect information regarding the impacts of AB32, including cap and trade, on consumers. There is nothing in AB 32 mandating that gas prices go up or that oil companies must pass on their cost of compliance to California residents and businesses. By issuing threats, they have signaled that they intend to maximize profits on the backs of consumers. In fact, by providing transportation choices and increasing efficiency and renewable energy options, AB 32 is helping to lower the cost of mobility for all Californians.

Oil companies originally advocated for cap and trade because it would give them the flexibility to invest in the lowest-cost technology options or buy credits. All major emitters in the state are complying with AB 32. There is no reason the oil industry cannot do its fair share and direct its entrepreneurial acumen toward a more sustainable and equitable future.

As the next step in implementing AB 32, including fuels in the cap, moves forward, California is investing cap and trade auction proceeds to fund programs that give consumers more transportation choices. Through implementation of AB 32 more broadly, the state is moving toward more efficient cars and trucks that need less fuel as well as encouraging lower carbon sources for electricity, natural gas, and biofuels, all of which are not subject to oil price jumps.

In the 2014-15 budget that all but one of you voted for, proceeds also are allocated to expand transit and affordable housing in transit oriented design projects that provide people with the option to drive less. The benefits will be delivered to all Californians, with those in low-income and heavily polluted communities receiving significantly more investment, as required by SB 535 (De León).

AB 32 enjoys consistently strong support among Californians. But, even though the debate is over for California voters, oil companies continue to fight this program because it is already enabling consumers to use less of their product. AB 32 will help lower annual per capita fuel expenditures by more than \$400 – a minimum of 30 percent – by 2020 (compared to 2012), in large part due to providing more efficient vehicles, more supplies of cleaner fuels, and more transit options to Californians. When California includes fuels under the cap and trade program, along with the Low Carbon Fuel Standard, residents will save \$8.3 billion in pollution-related health costs such as avoided hospital visits and lost work days. If the oil companies persist in trying to shift their responsibility to the state’s utilities and other industrial sectors, California consumers would be harmed, our emission reduction goals will be derailed and we will lose the opportunity to seize the clean transportation future that is within our grasp.

We strongly urge you to reconsider your support for making changes to the fuels component of the cap and trade program – a change from which only the oil industry will benefit.

Sincerely,

Bonnie Holmes-Gen
American Lung Association in California

Parin Shah
Asian Pacific Environmental Network

Robert Vinetz, MD, FAAP
Asthma Coalition of Los Angeles County

Doug Smith
Baker Commodities

Russ Teall
BIODICO Sustainable Refineries

Andy Katz
Breathe California

Anne L. Kelly
Business for Innovative Climate & Energy Policy (BICEP)

Dan Adler
CalCEF

Celia Dubose
California Biodiesel Alliance

Darcel Lee
California Black Health Network

Susan Frank
California Business Alliance for a Green Economy

Susan Stephenson
California Interfaith Power & Light

Sarah Rose
California League of Conservation Voters

Sarah de Guia, JD
California Pan-Ethnic Health Network

Robert Benjamin, MD
California Public Health Association-North

Alpesh Amin, MD
California Service Chapter American College of Physicians

John Boesel
CALSTART

Katelyn Roedner Sutter
Catholic Charities, Diocese of Stockton

Linda Rudolph, MD, MPH
Center for Climate Change and Health, Public Health Institute

Lisa Hoyos
Climate Parents

Kevin Hamilton, RRT, RCT
Clinica Sierra Vista and Medical Advocates for Healthy Air

Joseph K. Lyou, PhD
Coalition for Clean Air

Shannon Baker-Branstetter
Consumers Union

Harry Simpson
Crimson Renewable Energy

Michelle Kinman
Environment California

Lauren Faber
Environmental Defense Fund

Vien Truong
The Greenlining Institute

Eric Lerner
Health Care Without Harm

Ruben Guerra
Latin Business Association

Mark E. Carlson
Lutheran Office of Public Policy – California

Loni Russell
Moms Clean Air Force

Peter Miller
Natural Resources Defense Council

Michelle Passero
The Nature Conservancy

Jennifer Case
New Leaf Biofuels

Neil Koehler, Tom Koehler
Pacific Ethanol

Paul Mason
Pacific Forest Trust

Martha Argüello
Physicians for Social Responsibility – Los Angeles

Harry Wang, MD
Physicians for Social Responsibility – Sacramento

Robert M. Gould, MD
Physicians for Social Responsibility – San Francisco Bay Area

Rob Elam
Propel Fuels

Joel Ervice
Regional Asthma Management & Prevention (RAMP)

Eric Bowen
Renewable Energy Group, Inc.

Gloria Thornton, MA
San Francisco Asthma Task Force

Steve Heilig, MPH
San Francisco Medical Society

Steve Frisch
Sierra Business Council

Kathryn Phillips
Sierra Club California

Joshua Stark
TransForm

Adrienne Alvord
Union of Concerned Scientists

Dennis Murphy
USGBC California

Sonal R. Patel, MD, MS
White Memorial Pediatric Medical Group

cc: Assembly Speaker Toni Atkins & the Assembly Democratic Caucus
Senate President pro Tempore Darrell Steinberg
Senate President pro Tempore-elect Kevin de León