



## TAKE ACTION TO PROTECT CALIFORNIANS FROM PRICE SPIKES

July 14, 2017

Dear Senators and Assembly Members,

The organizations listed below represent many of the California businesses directly regulated under California's Cap-and-Trade program and we **SUPPORT AB 398**, as amended July 10, 2017, to extend California's climate change and local air quality leadership by extending the state's cost-effective cap-and-trade program while ensuring continued leadership and environmental integrity.

**AB 398** reforms and extends California's cap-and-trade program to provide the most cost-effective path toward the state's climate change goals while mitigating potential consumer cost increases related to higher prices for fuel, energy and consumer goods.

In 2016, California established an ambitious goal to reduce greenhouse gas (GHG) emissions 40 percent below the 1990 level by 2030, but failed to determine a path towards compliance for in-state industrial facilities. ARB's recent Scoping Plan Update and other research indicate that the most cost-effective measure for reaching that goal is the cap-and-trade program proposed for extension under **AB 398**.

The alternative to extending California's cap-and-trade program is a far costlier command-and-control regulatory scheme that would lead to higher energy prices for consumers and businesses and does not necessarily ensure that the state achieves GHG reduction targets.

**A well-designed cap-and-trade program is critical to protecting consumers and industry while meeting our climate change goals.** Therefore, California manufacturers, food processors and many other

companies appreciate that **AB 398** contains cost containment provisions necessary to protect businesses and consumers from carbon pricing not imposed by other jurisdictions, including:

- Maintain current industry assistance levels that help manufacturers affordably comply with California's GHG reduction mandate;
- Impose a carbon price ceiling and 'speed bumps' to limit potential skyrocketing prices that lead to higher consumer costs; and
- Improves ARB accountability by mandating additional oversight and reporting requirements, including an annual economic impact analysis by the independent Legislative Analyst's Office (LAO).

For these reasons, we **SUPPORT AB 398** and humbly request your **"Aye"** vote on this important bill for California's future.

Sincerely,

California Manufacturers & Technology Association  
Asian Business Association of Los Angeles  
Bay Area Council  
Bay Planning Coalition  
CalAsian Chamber of Commerce  
California Metals Coalition  
East Bay Economic Development Alliance  
East Bay Leadership Council  
Fresno Chamber of Commerce  
Industrial Environmental Association  
Manufacturers Council of the Central Valley  
Orange County Business Council  
Sacramento Regional Builders Exchange  
San Joaquin County Hispanic Chamber of Commerce  
Solano Economic Development Corp.  
Valley Vision  
Valley Industry and Commerce Association  
Western States Petroleum Association  
Western Wood Preservers Institute

cc: Governor Edmund G. Brown, Jr.  
Senate President Pro Tempore Kevin de León  
Assembly Speaker Anthony Rendon  
Assembly Member Cristina Garcia  
Assembly Member Eduardo Garcia  
Rachel Machi Wagoner, Senate Environmental Quality Committee  
Morgan Branch, Senate Republican Caucus  
Mark McKenzie, Senate Appropriations Committee  
Andrea Mullen, Senate Republican Caucus  
Catalina Hayes-Bautista, Governor's Office of Legislative Affairs