



The Honorable Senator Anthony Cannella
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0062

RE: AB 398 (E. Garcia) – California Global Warming Solutions Act of 2006: market-based compliance mechanisms

Dear Senator

Los Gatos Tomato Products SUPPORTS AB 398 which extends the Cap-and-Trade program post-2020.

Los Gatos Tomato Products manufactures tomato paste for various large scale customers. Our company is located in Huron and employs about 200 people during the tomato season. We employ 50 full-time employees year round. Our large manufacturing scale means a prosperous business environment for local suppliers. Our presence in Huron has provided the community with good jobs and other tax benefits.

Overall, Los Gatos Tomato Products believes AB 398 recognizes that the economics and science support food processors being given adequate industry assistance. Just as important, AB 398 continues to ensure that Los Gatos Tomato Products has this cost containment tool, allowing our company to select emission reduction strategies that give us the opportunity to control our costs yet continue to meet our compliance obligations, at both the state and local level.

Currently, AB 398 will do all of the following:

1. Provide 100% allowance allocations from 2020 to 2030.
2. Adjust the 3rd compliance period to 100% allowances beginning 2018 through 2020.
3. It will provide a price ceiling on the price of allowances starting 2020.
4. Adjusts the cap adjustment factor setting it to the rate of cap decline.
5. Establishes the Emissions Market Advisory Committee to oversee Cap-and-Trade which will provide the food processors, such as Los Gatos Tomato Products, an opportunity to seek changes in the program should it become necessary.
6. Requires that the Air Resources Board, in the ongoing development of the Cap-and-Trade regulation, must rely on the best available economic and scientific information available.



AB 398 provides a seamless transition that will contribute much-needed consistency in the program through its reform of the market design and additional oversight and accountability. It is needed to prevent further economic leakage and to protect our company from a deterioration of competitiveness against out-of-state competitors both national and international.

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 both our facility and consumers and businesses in general.

For these reasons, Los Gatos Tomato Products SUPPORTS AB 398 and requests your "Aye" vote on this important bill.

Sincerely,

A handwritten signature in blue ink, appearing to read "Reuben Perterson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Reuben Perterson
President
Las Gatos Tomato Products, LLC