

March 7, 2013

Shelby Livingston, Manager
Cap-and-Trade Auction Proceeds Program
California Air Resources Board
1001 I Street
Sacramento, CA 95814

SUBJECT: CARB INVESTMENT PLAN FOR CAP-AND-TRADE AUCTION PROCEEDS

Dear Ms. Livingston:

The California Chamber of Commerce appreciates the opportunity to comment on the California Air Resources Board's (CARB) investment plan for Cap-and-Trade proceeds following CARB's public workshop held on February 25, 2013.

The CalChamber is the largest broad-based business advocate in the state, representing the interests of over 13,000 California businesses, both large and small. Many of CalChamber's larger members are directly covered by the cap-and-trade regulation, while many other smaller members will likely experience indirect impacts in the form of new costs passed down from upstream fuel and energy providers.

CalChamber supports the cost-effective implementation of AB 32. CARB's decision to arbitrarily withhold and sell (auction) allowances will raise billions of dollars at the expense of California businesses and consumers. This approach runs contrary to expressed goals of AB 32, which is maximizing benefits and minimizing leakage risks and costs.

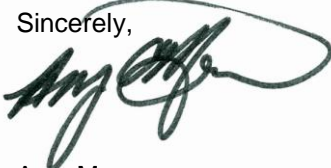
As CalChamber has long held, CARB lacks authority to raise revenue through the auction of allowances. Given the substantial legal uncertainties surrounding CARB's authority to impose an auction, an investment plan to expend the proceeds is premature.

We therefore propose that the revenues collected from the first two auctions be put aside and placed into an escrow account until the courts have definitively ruled on the legality of revenue raising through the auction of allowances.

We appreciate your consideration and the opportunity to comment. We urge you to be mindful of the economic burden that is unnecessarily and illegally being imposed upon businesses. California leaders have promoted AB 32 as an example of climate regulation for the rest of the nation to emulate. But to be a successful leader in attracting other participants in this type of regulation, we must use the most cost effective process – not the most expensive.

Please feel free to contact me at 916-444-6670 if you have any questions.

Sincerely,



Amy Mmagu
Policy Advocate

cc: Mary Nichols, Chair, California Air Resources Board
Martha Guzman-Aceves, Deputy Legislative Secretary, Office of the Governor