



District 12

Robert LaVenture
District Director

Chris Youngmark
Assistant to the Director

March 10, 2014

Mary Nichols
Chairwoman, California Air Resources Board

RE: Opposition to process surrounding the development of benchmarks for the refining sector

Dear Chairwoman Nichols:

Pursuant to our call of Wednesday, March 5, 2014 and our previous letter of opposition submitted last month, please be advised that the United Steelworkers (USW) remain concerned regarding the new benchmarking proposals, most notably, the ever-changing definition of "jointly operated" contained therein. Our primary concern is for our many members whose jobs hang in the balance while these discussions regarding new policy are taking place. The lack of final regulatory language also makes this an imprecise process. With three changes in the definition of "jointly operated" taking place over the last three months, it is difficult to predict the specifics of any final regulatory language. However, the most recent versions make the possibility of significant job leakage very real.

While we are in agreement with the establishment of benchmarking standards, adding "jointly operated" has caused the benchmarking to become murky. We are not asking for benchmarking to be dismissed, as we believe it to be a benefit. But it must be a benefit equal to all parties, with the allowances also fairly distributed. Given the uncertainty regarding a proper definition of "jointly operated," as evidenced by the continual changing nature of the base definition, it would be preferable to remove this language, which would strengthen and rationalize the remaining portion of the proposal going forward.

The USW is still seeking the solid policy justification for the modifications that have occurred over the past three months. The USW is particularly concerned about CARB's seeming reluctance to recognize that intermediates are commodities, purchased and sold accordingly. We are also very troubled by CARB's disinclination to support those refiners using in-state products and who manufacture on-site at their facilities, thereby creating good paying California jobs. Unless California-based refiners receive the same allowances as out of state/country refiners and CARB firmly rejects giving any preference to out-of-state/country importers, California jobs will be at risk.

We recognize that CARB staff does not concur with our interpretation of the current proposal, which is why we asked on multiple occasions whether there were any in-state refineries or individual facilities disadvantaged over any other. We have received no response to date. We also asked if any specific facilities would be adversely affected under the current approach, but again, have not received an answer. The USW represents 95% of all oil refinery workers, and our workers will be disproportionately affected by these forthcoming CARB decisions. We do not want our members and their families to suffer, and would like to offer them assurances that their voices are being heard, and that their jobs will be safe for the long term, as they have been for over 50+ years.

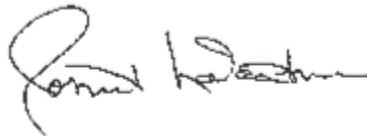
In summary, the USW supports:

- Refinery benchmarking
- Eliminating the erroneous “jointly operated” definition
- Protecting and promoting local jobs, job growth, tax bases and local economies
- Continuous process improvements

Please advise if you have any questions. We have attempted to file this document electronically but your website states that the filing deadline is passed. However, we were all given verbal assurance at the Wednesday, March 5th CARB refinery specific meeting that all comments would be accepted and considered if submitted by close of business tomorrow.

As also mentioned during our USW call with CARB on Monday of last week, we understand that cement benchmarking discussions will be undertaken in the fall. Since the USW represents some cement facilities in California, we appreciate the advance notice and look forward to receiving the information to be included in those workshops and discussions as a major stakeholder. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert LaVenture". The signature is fluid and cursive, with a large initial "R" and "L".

Robert LaVenture
United Steelworkers