



December 10, 2008



Open letter to Ms. Mary Nichols
Chair, California Air Resources Board
1001 "I" Street
Sacramento, CA 95814



Dear Ms. Nichols:

As leaders of California's major business and taxpayer organizations, we believe it is important to bring to your attention our serious concerns about the impact the AB 32 Scoping Plan will have on companies and workers in this state. We believe the Scoping Plan seriously underestimates the costs that the plan will impose on California consumers and businesses, and the negative impact this will have on jobs and the economy. We urge California Air Resources Board (CARB) to conduct a new economic analysis to make sure the plan is the right way to protect California jobs and the economy while reducing greenhouse gas emissions.



The current plan will transform how we use energy in California, affecting every sector of our economy. Requiring the purchase of energy efficient technologies, imposing land use restrictions, increasing renewable electricity generation, changing the formulation of gasoline and limiting emissions through a cap-and-trade program are just part of the most ambitious regulatory program ever undertaken in California.



This economy-changing plan will not be cheap or easy to accomplish.

California companies and families will pay billions of dollars in higher electricity, natural gas, transportation fuel and consumer product costs. Policies aimed at residential and commercial buildings will increase the cost of a typical new home by \$50,000 and drive up costs for commercial and industrial buildings.



The business community has been skeptical of the CARB staff's findings that one of the most ambitious regulatory programs ever proposed would not increase costs. Others also doubt this rosy conclusion. Independent economists asked to review the plan concluded it underestimates costs and overestimates benefits. The California independent Legislative Analyst's Office (LAO) says that the CARB analysis is biased, incomplete and inadequate. These experts are also concerned that CARB staff failed:



- To choose emission reduction strategies that are cost-effective.
- To conduct a cash flow analysis of how and when higher energy costs would impact particular companies, and how this would impact the competitiveness of these companies.
- To adequately compare the cost of the plan's heavy reliance on direct regulation with lower cost options such as the broader use of offsets and cap and trade systems.



CIPA

AB 32 Implementation Group





Keeping costs low is vital. We need a healthy economy to purchase new green technologies, provide high wage jobs, and invest in cutting-edge research and development.



For this reason, we believe the CARB Board should hear and respond to the concerns of these independent expert economists and the LAO prior to voting on the plan. In addition, we recommend that early next year CARB engage an independent team of experts to prepare a new economic analysis that addresses the deficiencies identified by the LAO and your expert economists.



A new economic analysis and improvements you can make in the Scoping Plan will help Californians feel confident that you are developing a plan that is the best possible for the environment and the economy.



Sincerely,



AB 32 Implementation Group
Aera Energy LLC–Fee Lands Group



American GI Forum

American Chemistry Council

Associated General Contractors of California

Automotive Aftermarket Industry Association

Black Business Association



Building Owners and Managers Association of California

California Alliance for Jobs

California Apartment Association

California Black Chamber of Commerce

California Building Industry Association

California Business Properties Association

California Chamber of Commerce

California Construction & Industrial Materials Association

California Forestry Association

California Hispanic Chamber of Commerce

California Independent Oil Marketers Association

California Independent Petroleum Association

California League of Food Processors

California Manufacturers and Technology Association

California Metals Coalition

California Natural Gas Association

California Nevada Cement Association

California Restaurant Association

California Retailers Association

California Small Business Alliance

California Small Business Association

California Taxpayers' Association





Los Angeles Area Chamber of Commerce



California Small Business Association



"California's Clean Energy Source"



California Trucking Association
 Carson Black Chamber of Commerce
 Chemical Industry Council of California
 Contra Costa Taxpayers Association
 Contra Costa Council
 Independent Oil Producers' Agency
 Inland Empire Black Chamber of Commerce
 Institute of Real Estate Management
 International Council of Shopping Centers
 Johnson Controls
 Kern County Taxpayers Association
 Kern County Black Chamber of Commerce
 Latin Business Association
 Los Angeles Area Chamber of Commerce
 Long Beach Black Chamber of Commerce
 Manufacturers Council of the Central Valley
 Metal Finishing Association of Southern California
 National Association of Industrial and Office Properties
 National Association of Women Business Owners, Sacramento Valley
 National Federation of Independent Business
 Oakland African American Chamber of Commerce
 Orange County Business Council
 Orange County Taxpayers Association
 Small Business Action Committee
 Regional Black Chamber of Commerce, San Fernando Valley
 Regional Legislative Alliance of Ventura and Santa Barbara Counties
 Sacramento Black Chamber of Commerce
 San Diego Urban Economic Corporation
 Santa Rosa Chamber of Commerce
 Solano County Black Chamber of Commerce
 Surface Technology Association
 United Chambers of Commerce, San Fernando Valley & Region
 West Coast Environmental and Engineering
 Western Electrical Contractors Association, Inc
 Western States Petroleum Association
 Wine Institute