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December 9, 2008 CO 12-122

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

Board Clerk
Executive Officer
Chair

Dear Ms. Nichols:

Established in 1924, Central City Association (CCA) is L.A.'s premier business advocacy association whose 450 members employ over 350,000 people in the Los Angeles region. On behalf of CCA, I offer this letter to request that the CARB Board properly vets details of the Scoping Plan in order to not impose unnecessary burdens on businesses trying to survive this economic downturn.

We appreciate your dedication to develop a plan to lower greenhouse gas emissions as required by AB 32, but we believe you are underestimating the costs that the plan will impose on California consumers and businesses. Among other things, your plan will require the purchase of energy efficient technologies, impose land use restrictions, increase renewable electricity generation, change the formulation of gasoline, and limit emissions through a cap-and-trade program.

This ambitious plan will not be cheap or easy to accomplish. It will require us to pay billions of dollars in higher electricity, natural gas, transportation fuel, and consumer product costs. In addition, some policies will increase the cost of a new home by $50,000 and drive up costs for commercial and industrial buildings.

Independent economists have revealed that the plan's emission reduction strategies are not cost-effective, and that the regulations were not compared with lower cost options. Moreover, a cash flow analysis was not performed to measure the impact of higher energy costs on companies, and how this would impact the competitiveness of these companies.

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. Therefore, we urge you to conduct a new economic analysis to make sure your plan is the right way to protect California jobs and the economy.

We recommend that early next year the CARB Board engages an independent team of experts to prepare a new analysis that addresses the concerns identified by the economists. A new 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,

Carol E. Schatz
President & CEO
Central City Association of Los Angeles