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2012-106

December 9, 2008

ORIGINAL:
Copies: Board Clerk
Executive Officer
Chair

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

Dear Ms. Nichols:

We appreciate your dedication and hard work to develop a plan to lower greenhouse gas emissions as required by AB 32, California's landmark climate change law. But we believe you are seriously underestimating the costs that the plan will impose on California consumers and businesses. 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.

Your 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.

We 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 new home by \$50,000 and drive up costs for commercial and industrial buildings. It is amazing that your analysis finds that the plan will actually save money and grow jobs!

Others also doubt this rosy conclusion. Economists you asked to review the plan say that you are underestimating costs and overestimating benefits. The California independent Legislative Analyst (LAO) says that your analysis is biased, incomplete and inadequate.



These experts are also concerned that you have:

- Failed to choose emission reduction strategies that are cost-effective.
- Failed 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.
- Failed 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.

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 the concerns of your expert economists prior to voting on the plan. In addition, we recommend that early next year you engage an independent team of experts to prepare a new analysis that addresses the deficiencies identified by the LAO and your expert 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,

A handwritten signature in black ink, appearing to read 'Sidney Singleton', with a stylized flourish at the end.

Sidney Singleton, Chief Operating Officer
Wincentive Corporation

CC: Edwin A. Lombard III
Edwin Lombard Management