



LODI IRON WORKS, INC.

coll-51

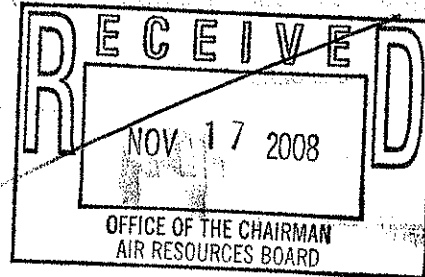
P.O. BOX 1150 Lodi, CALIFORNIA 95241 PHONE (209) 368-5395 FAX (209) 339-1453

November 11, 2008

Copies:

Executive Officer
Chair

Ms. Mary Nichols, Chair, California Air Resources Board
1001 "I" Street
Sacramento, CA 95812



RE: CONCERNS WITH AB 32 FINAL SCOPING PLAN

Dear Ms. Nichols:

Lodi Iron Works, Inc. was established in 1946 and currently operates in Lodi, CA. Our company manufactures Metal Castings for many customers in the USA. We employ 55 of Californians with high-wage, green manufacturing jobs. As a metalworking facility, we are one of the state's leading recyclers.

Lodi Iron Works, Inc. has already taken steps to reduce our carbon footprint, such as significantly lowering our energy usage by implementing efficiency projects. Our goal is to find the balance between reducing greenhouse gas emissions and meeting customer price demands.

As a stationary source, California's air quality regulations often fall on our shoulders. After careful review of the ARB Final Scoping Plan, there remain several points of serious concern to our company.

1. The scoping plan does not take into account the near-term and middle-term costs for our business. Waiting until 2020 for the costs incurred by the ARB Scoping Plan to be recovered is not realistic if we expect our state to be competitive. Increases in the cost of electricity by 11% per year to pay for cleaner production, 8% annual increases in natural gas rates, and \$11 billion in higher gas prices due to new gasoline standards will immediately impact our ability to satisfy customer price demands and, ultimately, employ Californians. Competitors do not hesitate to pursue our customers based on the cost of doing business in California.
2. The market-based trading program is essential for our company as we establish a greenhouse gas emission reduction plan. California thrives on the creativity of its businesses. The market-based trading program provides our company with the ability to reduce emissions by managing the credits we are given. The ARB must give more attention to this area.
3. The ARB Scoping Plan's recommendation to ultimately require a 100% auction system for carbon credits will reduce, dollar-for-dollar, investments we could make in the facility. Several billions of dollars a year in new fees means less money for new jobs, employee benefits, and company growth. These fees would be over and above the tens of millions of dollars a year in fees that CARB will impose to pay for its AB 32 administrative costs.

4. Zero Net Energy (ZNE) requirements for new commercial and industrial buildings are unrealistic and technologically impossible for many commercial and industrial structures. If mandated, it would essentially require these facilities to produce on-site power generators, which would be unjustifiably expensive. Time of sale retrofit requirements for existing commercial buildings would worsen the state's already difficult real estate market. Retrofits are doubly capital intensive because they not only require investment for the cost of retrofitting, but usually halt or severely curtail a building owner's revenue stream by rendering the building unusable during retrofit work. This mandate needs to be reviewed, and significantly reworked.

Right now, most California businesses are just hoping to make payroll—not profit—each month. Thousands of Californians lost their jobs in 2008, and more are facing job loss in 2009. The state is in a recession, and how quickly we recover will be based on decisions like the AB 32 Scoping Plan.

Enacting the AB 32 Scoping Plan without proper understanding of the near-term cost of these regulations on the competitiveness of California companies is only doing half your job. CARB should not only analyze and report the cost effectiveness of the Plan, but should report on how these measures will impact the competitiveness of California businesses.

On behalf of our company's 55 employees, we look forward to your response. Thank you for your time and dedication to the state of California.

Sincerely,
LODI IRON WORKS, INC.



Kevin Van Steenberge
President

Phone # 209-358-5395 ext. 1