



AB 32 Implementation Group



Working Toward Greenhouse Gas Emission Reductions
And Enhancing California's Competitiveness

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Contact: 916 858-8686

*Statement by Shelly Sullivan, Executive Director of the AB 32 Implementation Group.
AB 32 Implementation Group is a coalition of more than 185 business, taxpayer and
employer organizations.*

“The preliminary draft proposal for the cap-and-trade program does not include decisions about the most controversial elements of the plan. For example, officials are considering a full auction of allowances which could cost \$143 billion between 2012 and 2020. This amount would be paid by large employers, utilities and public institutions such as University of California, Department of Water Resources and local water and sanitation districts. Yet to be determined is how the large sum of money raised in the auction would be distributed to various groups and purposes. Serious legal questions about the California Air Resources Board’s (CARB) right to conduct an auction and spend the revenue have not been settled.

Agency officials have not completed a valid and credible economic analysis of the program to show that it meets the AB 32 goals for real emission reductions and cost-effectiveness. The potential impact of cap-and-trade on consumers, government budgets, and employment must be fully understood to guide decisions about program design. Final decisions on the program should also account for the impact of all other AB 32 regulations which include \$3.7 billion more in fuel costs for the low carbon fuel standards, 30% higher electricity bills from the renewable portfolio standard, \$50,000 more per house from the zero net energy policy and \$1000 to \$3000 more for new cars from its fuel efficiency measures.

This is particularly important given the current realities of high unemployment as well as state and local budget deficits.

AB 32 Implementation Group advocates for a well-designed market system that is cost-effective and technologically feasible. A successful cap-and-trade program should include a broad use of offsets, a minimal use of auctions, and a seamless link with national and international programs. A sound economic analysis should guide decision-making about these program elements. These forward-thinking measures will ensure AB 32 does not lead to more job loss and unnecessary costs for consumers. Anything less would be setting AB 32 up for failure.”