



AB 32 Implementation Group



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

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STUDY: NEW FUEL STANDARD WOULD INCREASE COSTS BY BILLIONS

SACRAMENTO – The Low Carbon Fuel Standard scheduled to be adopted next week by the California Air Resources Board (CARB) would, by 2020, increase fuel costs in California by \$3.7 billion a year and increase smog-forming chemicals by five tons a day, according to a just-released independent economic analysis of the program.

The new findings stand in stark contrast to the economic review conducted by CARB, which found that the reformulation of gasoline and diesel to fight Global Warming would provide a costs savings to motorists.

CARB's overly optimistic projections, on everything from the number of electric and other alternatively-fueled vehicles Californians will own to the cost of producing and distributing biofuels like ethanol, explain the discrepancy according to the independent reviewers from Sierra Research, Inc., a team led by former CARB Executive Officer Tom Austin.

The Low Carbon Fuel Standard is intended to reduce the carbon intensity of transportation fuels by 10% by 2020. The air board has scheduled preliminary adoption for its meeting April 23.

“The findings of this review are yet another reason CARB should not be racing ahead with this new fuel standard until we fully understand the impacts it will have,” said Dorothy Rothrock, senior vice president of government relations for the California Manufacturers and Technology Association and co-sponsor of the AB 32 Implementation Group.

(more)

“This is the most complicated reformulation of fuels in our state’s history and questions abound about the availability and dependability of necessary alternatives as well as the resulting costs to drivers, consumers and our economy as a whole.”

Rothrock added, “CARB’s use of an apparently deficient economic analysis to justify rushing to adopt the far-reaching Low Carbon Fuel Standard continues a troubling pattern established when the agency approved its AB 32 Scoping Plan last December despite harsh criticism from the state’s Legislative Analyst and the agency’s own peer reviewers.

“Those experts concluded CARB’s study had grossly underestimated the costs of its global warming program.”

The new standard for gasoline and diesel is supposed to reduce greenhouse gas emissions as part of the state’s larger AB 32 (Global Warming Solutions Act) program.

Ironically, the study found the increase in the number of trips by diesel-fueled trucks to transport ethanol and other fuels to California in the amount required will actually increase oxides of Nitrogen (NOx) – a key component of smog – by five tons per day.

The full report can be found at www.ab32ig.com.

The AB 32 Implementation Group is a coalition of more than 180 business and organizations across California that supports meeting the goals of AB 32 in a way that allows California’s economy to grow and prosper.

Members include the California Manufacturers & Technology Association, California Small Business Ass’n, California Taxpayers’ Ass’n, California Alliance for Jobs, California Retailers Ass’n, California Grocers Ass’n, League of Food Processors, Small Business Action Committee, California Trucking Ass’n and the California Chamber of Commerce.