



TAKE ACTION TO PROTECT CALIFORNIANS FROM PRICE SPIKES

July 14, 2017

Dear Senators and Assembly Members,

The companies listed below represent many of the California businesses directly regulated under California's Cap-and-Trade program and we **SUPPORT AB 398**, as amended July 10, 2017, to extend California's climate change and local air quality leadership by extending the state's cost-effective cap-and-trade program while ensuring continued leadership and environmental integrity.

AB 398 reforms and extends California's cap-and-trade program to provide the most cost-effective path toward the state's climate change goals while mitigating potential consumer cost increases related to higher prices for fuel, energy and consumer goods.

In 2016, California established an ambitious goal to reduce greenhouse gas (GHG) emissions 40 percent below the 1990 level by 2030, but failed to determine a path towards compliance for in-state industrial facilities. ARB's recent Scoping Plan Update and other research indicate that the most cost-effective measure for reaching that goal is the cap-and-trade program proposed for extension under **AB 398**.

The alternative to extending California's cap-and-trade program is a far costlier command-and-control regulatory scheme that would lead to higher energy prices for consumers and businesses and does not necessarily ensure that the state achieves GHG reduction targets.

A well-designed cap-and-trade program is critical to protecting consumers and industry while meeting our climate change goals. Therefore, California manufacturers, food processors and many other companies appreciate that **AB 398** contains cost containment provisions necessary to protect businesses and consumers from carbon pricing not imposed by other jurisdictions, including:

- Maintain current industry assistance levels that help manufacturers affordably comply with California’s GHG reduction mandate;
- Impose a carbon price ceiling and ‘speed bumps’ to limit potential skyrocketing prices that lead to higher consumer costs; and
- Improves ARB accountability by mandating additional oversight and reporting requirements, including an annual economic impact analysis by the independent Legislative Analyst’s Office (LAO).

For these reasons, we **SUPPORT AB 398** and humbly request your **“Aye”** vote on this important bill for California’s future.

Sincerely,

Betts Company, Inc.
 California Steel Industries, Inc.
 CalPortland Company
 Caterpillar Inc.
 ConAgra
 Del Monte Foods, Inc.
 The Dow Chemical Company
 General Mills Inc.
 Gerdau Steel
 Graphic Packaging International Inc.
 Hilmar Cheese Company

Ingomar Packing Company, LLC
 J.G. Boswell Tomato Company, LLC
 Los Gatos Tomato Products
 Owens-Illinois, Inc.
 Praxair, Inc.
 Procter & Gamble Company
 Searles Valley Minerals
 Solar Turbines Inc.
 Stanislaus Food Products
 Vista Metals Corp.

cc: Governor Edmund G. Brown, Jr.
 Senate President Pro Tempore Kevin de León
 Assembly Speaker Anthony Rendon
 Assembly Member Cristina Garcia
 Assembly Member Eduardo Garcia
 Rachel Machi Wagoner, Senate Environmental Quality Committee
 Morgan Branch, Senate Republican Caucus
 Mark McKenzie, Senate Appropriations Committee
 Andrea Mullen, Senate Republican Caucus
 Catalina Hayes-Bautista, Governor’s Office of Legislative Affairs