# Fueling California

## "How California's Experience Can Help Energy Consumers In All States"

## July 22, 2012

*fueling* **CALIF RNIA**
Consumer Alliance for Responsible Fuel Policies

# Fueling California: Background Information

Fueling California: Consumer Alliance for Responsible Fuel Policies, a nonprofit group that provides a united voice on behalf of major fuel consumers and engages actively in the debate on public policies impacting the cost, availability, and supply of fuel, as well as advancing alternative fuels and technologies.

## Board of Directors:
- United Airlines
- Walmart
- UPS
- Chevron
- Union Pacific Railroad
- American Presidents Lines
- Avis Budget Group
- Automobile Club of Southern California
- Con-way Inc.
- Harris Ranch

*The companies represented on the Board employ more than 500,000 Californians and contribute more than $3 billion annually in tax revenues to the state.*

## Advisory Committee Members:
- California Retailers Association
- California Grocers Association
- Western Growers Association
- San Francisco Chamber of Commerce
- Los Angeles Area Chamber of Commerce
- Orange County Business Council
- Valley Industry and Commerce Association
- California Business Roundtable
- Santa Clara Chamber of Commerce and Convention-Visitors Bureau
- Kern Economic Development Corporation
- American Jobs Alliance
- AAA Northern CA, NV & UT
- Consumer Energy Alliance
- Airlines for America
- Waste Management
- Foster Farms Poultry
- Coalition for Renewable Natural Gas
- International Warehouse Logistics Association (IWLA)
- California Independent Oil Marketers Association (CIMOA)

# Low Carbon Fuel Standard Symposium

**<u>Fueling California's Low Carbon Fuel Standard Program Symposium</u>**

On June 19, 2012, Fueling California hosted a symposium that brought together leading voices from regulatory agencies, industry leaders, environmental organizations, government, alternative energy companies and academia to discuss California's Low Carbon Fuel Standard Program.

In 2006, the California Legislature passed and then- Governor Schwarzenegger signed AB 32, the Global Warming Solutions Act of 2006, which set the 2020 greenhouse gas emissions reduction goal into law.

It directed the California Air Resources Board to begin developing early actions to reduce greenhouse gases while also preparing a scoping plan to identify how best to reach the 2020 limit.  The reduction measures to meet the 2020 target were adopted at the start of 2011.

The symposium provided an overview of the regulation and where we are today; realities of the implementation; goals of the standard and possible solutions to achieve them and research and viewpoints from academia/ economists.

# Low Carbon Fuel Standard Symposium

**Fueling California's Low Carbon Fuel Standard Program Symposium**



"What I don't appreciate is putting forth policies that will increase the cost of a fuel where more than likely middle class to lower middle class citizens are paying the increase in cost to somehow meet the agenda of someone who wants to claim they are being green when in reality we can find a far more efficient, far more effective way in reducing carbon emissions, creating jobs and moving the state forward as the leader and the juggernaut-- vis-à-vis AB 32."

**California State Senator Michael J. Rubio** (D) Member, Senate Transportation and Housing Committee



"We've got a technology vector and we have a time vector. And no one said you arbitrarily have to predetermine when they intersect. Ultimately, you want that to occur, but I know of no way to schedule innovation. So if they are not intersecting, let's adjust them until they do. So that's a viable pathway we can go through and have that discussion again, but at the end of the day, what we're looking for is technology to come forward at scale, at cost, all those things. It's not there."

**Rick Zalesky**, GM, Crude & Manufacturing Strategy, Technology and Commercial Integration (Global Trading), Chevron Corporation

# California Trucking Association (CTA) Study on AB 32

The Impact of the Low Carbon Fuel Standard and Cap and Trade Programs on California Retail Diesel Prices – Stonebridge Associates, LLC. – April 2012

• CTA estimates that the combined effect of the two programs (LCFS and ARB's Cap and Trade Program) could increase California-only retail diesel prices by **$2.22/gallon by 2020**, raising diesel prices by 50 percent to **$6.69/gallon**.

• The average price difference between California and neighboring states would be **$2.33/gallon**, taking into consideration California's $0.11/gallon higher average diesel tax rate.

• Between 2015 and 2020, the cumulative impacts of containerized import losses caused by retail diesel price increases could be **616,922 lost jobs**, **$68.5 billion** in lost state domestic product, **$21.7 billion** in lost income and **$5.3 billion** in lost state and local taxes.

• By comparison California job losses due to the current recession between 2007 and 2010 were 1,304,600 jobs. The projected cumulative loss of **616,922 jobs**, solely due to retail diesel price increases, would equal nearly half the state's total recession-related job losses.
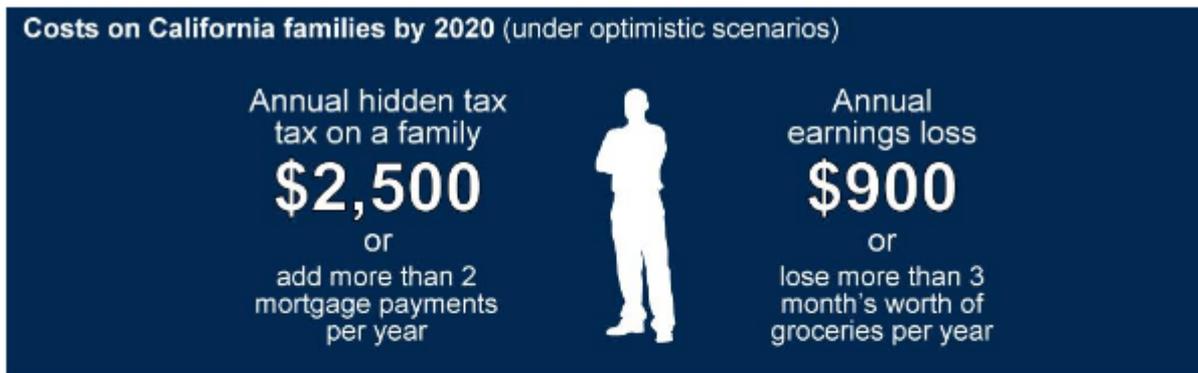
# Western States Petroleum Association (WSPA) Study on AB 32

Impact of AB 32 (Impact on California's Economy) - The Boston Consulting Group – June 2012

- Due to forecasted refinery closures California could lose **28,000-51,000 jobs**, including many high-paying skilled manufacturing jobs, as well as indirect job losses due to multiplier effects.

- California could lose up to **$4.4 Billion of tax revenue per year by 2020** resulting in further reduction in employment in certain areas (e.g., road maintenance, local businesses).

- There will be a wealth transfer of at least $3.7 Billion per year by 2020 from refineries and fuel suppliers to the California Air Resources Board as a result of purchasing allowances.

- Other negative impacts include loss of manufacturing expertise and increased cost of living resulting from higher fuels cost, disproportionately impact low income households.

- California's climate change regulations will discourage energy intensive industries from locating in the state, and existing industry will have an incentive to relocate outside of the state.

# California Manufactures and Technology Association (CMTA) Study on AB 32

The Fiscal and Economic Impact of the California Global Warming Solutions Act (AB 32) (Key Findings) - Andrew Chang & Company, LLS - June 2012



**Costs on California families by 2020** (under optimistic scenarios)

Annual hidden tax tax on a family
**$2,500**
or
add more than 2 mortgage payments per year

Annual earnings loss
**$900**
or
lose more than 3 month's worth of groceries per year

**Economic impacts on California by 2020** (under optimistic scenarios)

Gross state product loss
**5.6%**
or
lose the same amount we lost in CA's Great Recession from 2009 to 2011

Annual state & local revenue loss
**$7.4** billion
or
lose 5 of the state's largest agencies

Jobs lost
**262,000**
or
fill the L.A. Coliseum more than 2 times with the unemployed

"The Price of Green Virtue"
The bill starts to come due for California's climate change law

Editorial – July 7, 2012

"So the California government is forcing oil and gas companies to sell a fuel that barely exists. The only viable short-term compliance option is for California to import sugar-cane ethanol from Brazil. One result is that gasoline prices could rise by anywhere between 50 cents and $2.70 a gallon at the pump after 2015, says BCG. Californians could pay $6 a gallon. Maybe this is how Sacramento politicians think they can get left coasters to ride their high-speed train."

# LCFS In Other States

**Oregon**

In 2009, the Oregon legislature authorized the Environmental Quality Commission to develop low carbon fuel standards for Oregon. The goal is to reduce the average carbon intensity of Oregon's transportation fuels by ten percent over a ten year period.

On May 10, 2012, Oregon announced its decision to move forward with development of a low carbon fuel standard.

**Washington**

In May 2009, Governor Christine Gregoire issued Executive Order (E.O.) 09-05, Washington's Leadership on Climate Change. E.O. 09-05 directs the Washington Department of Ecology (Ecology) to assess whether the California Low Carbon Fuel Standard (LCFS) or a modification thereof would best meet Washington's greenhouse gas emissions reduction targets.

**New Hampshire**

On June 21, 2012, New Hampshire enacted House Bill 1847, prohibiting the state from participating in any low-carbon fuel standard program without prior and express legislative approval. The law took effect without the signature of Governor John Lynch.

# For more information on our organization, please visit our website at www.fuelingcalifornia.org