

July 12, 2017

Via Electronic Mail

Senator Bob Weickowski, Chair
Senator Jeff Stone, Vice Chair
Senate Environmental Quality Committee
State Capitol, Room 4035
Sacramento, CA 95814



Re: OPPOSE – Assembly Bill 398 and Assembly Bill 617

Dear Senators Weickowski and Stone,

We are writing on behalf of thousands of our members and supporters throughout California to express our strong opposition to AB 398 and reject the weak accompanying compromise that is being proposed by AB 617.

Communities for a Better Environment (CBE) is one of the preeminent environmental justice organizations in the nation. The mission of CBE is to build people's power in California communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments. We serve communities that are disproportionately impacted by pollution from refineries and other industrial sources, and our members have first-hand knowledge of impacts of oil industry operations.

Attached you will find a newly released policy brief that analyzes how cap-and-trade up to now has benefited the oil industry and why AB 398 will perpetuate these existing policy flaws, limit California's ability to reach its 2030 and 2050 targets and hurt vulnerable communities impacted by refinery emissions. Here are some key findings from this analysis related to California's cap-and-trade program during 2013–2015, a period when there was no direct limit on greenhouse gas (GHG) emissions from refineries:

- State officials gave oil refiners approximately 86 million tonnes of emission allowances free of charge.
- Refiners leveraged the gift to process cheaper, dirtier-than-average crude oil and boost production for export of polluting fuels Californians no longer needed.
- Toxics emitted along with these GHG increments caused serious health hazards, including substantial risk of death in the state's refining regions, and disparately severe impacts in low-income communities of color near the refineries.
- Refiners pursued capacity expansion plans that could operate and increase emissions for several decades, asserting that cap-and-trade would allow the resultant emissions, and showing cap-and-trade did not discourage those expansion plans.

Direct observations disprove the hypothesis that cap-and-trade will encourage a transition to low carbon technologies in the oil refining sector. Instead, the scheme is giving refiners emission allowances free of charge, allowing them to emit more per barrel of crude refined than any other U.S. refining region, emit more from excess production to export polluting fuels, and further expand the industry's carbon footprint globally.

This new cap-and-trade extension proposal blessed by the Governor threatens to pave the way for expanding oil infrastructure in California. Once it makes those investments, the oil industry will move even more aggressively to protect them in the political arena, further corrupting our democratic processes at the state and local levels, and entrenching environmental injustice in the shadow of its smoke stacks. The state's climate initiative could fail, with devastating effects for millions of Californians living in low-income communities of color. There is a better way to move forward and for California to show its leadership on climate policy.

We urge you to oppose Assembly Bill 398 and reject the ineffective Assembly Bill 617.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bahram Fazeli', with a long horizontal flourish extending to the right.

Bahram Fazeli
Director of Research & Policy

Attachments