

## **7.i. Oppose Letters – Members/Caucus**

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# California State Senate

SENATOR  
**BOB DUTTON**

THIRTY-FIRST SENATE DISTRICT



COMMITTEES  
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REVENUE & TAXATION

MEMBER

APPROPRIATIONS

BUDGET & FISCAL REVIEW

ENERGY, UTILITIES &

COMMUNICATIONS

TRANSPORTATION & HOUSING

JOINT COMMITTEE TO

DEVELOP A MASTER PLAN TO

END POVERTY IN CALIFORNIA

JOINT COMMITTEE ON

EMERGING SERVICES &

HOMELAND SECURITY

SELECT COMMITTEE ON

PERCHLORATE CONTAMINATION

September 6, 2006

Governor Arnold Schwarzenegger  
State Capitol  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

RE: Request for Veto of AB 32 (Nunez)

I am writing to respectfully request that you veto AB 32 - a bill that amounts to one of the largest job-killing bills this year and attempts to legitimize the global warming theory by instituting a mandatory cap on greenhouse gases in California, aiming to limit emissions in California in the year 2020

I agree with the group, Sustainable Environment and Economy for California (SEE California), as they argue that signing AB 32 will discourage investment in California's infrastructure projects. This bill could very well lead us down the road to another energy crisis, as during peak hours. California is currently hanging by threads to meet its energy demands. AB 32 would further exacerbate this problem by forcing significant energy resources out of the market - especially when considering that DOF indicates that California's population will increase by 7 million people by the year 2020.

Additionally, the California Energy Commission predicts that we will need to increase our gasoline demand by 18.2 billion gallons per year by 2025. Yet the proposals found in AB 32 will force producers and refiners to eliminate 17 percent of petroleum supplies from the California market. Also, the bill provides a loophole to not cause this bill to "disproportionately burden low and moderate-income households."

For the reasons mentioned above, I respectfully request that you veto AB 32.

Sincerely,

*Bob Dutton*

BOB DUTTON  
State Senator, 31<sup>st</sup> District

REPRESENTING BIG BEAR LAKE, COLTON, CRESTLINE, GLEN AVON, GRAND TERRACE, HIGHGROVE, HIGHLAND, LAKE ARROWHEAD, LOMA LINDA,  
MENTONE, MIRALOMA, PEDLEY, RANCHO CUCAMONGA, REDLANDS, RIVERSIDE, RUBIDOUX, RUNNING SPRINGS, SAN ANTONIO HEIGHTS,  
SAN BERNARDINO, SUNNYSLOPE, UPLAND, WOODCREST, YUCAIPA, YUCCA VALLEY

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Assembly  
California Legislature



GEORGE A. PLESCIA  
ASSEMBLY MEMBER  
SEVENTY-FIFTH DISTRICT

LEGISLATIVE COUNSEL  
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FAX (619) 451-2000

WEBSITE  
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Monday, September 11, 2006

Governor Arnold Schwarzenegger  
State Capitol, First Floor  
Sacramento, CA 95814

**RE: RECOMMENDED VETO OF AB 32 (NUNEZ AND PAVLEY)**

Dear Governor Schwarzenegger:

This letter serves to memorialize a veto request for Assembly Bill 32, which passed the Assembly on August 31, 2006, by a vote of 47 to 32, with 30 members of the Assembly Republican Caucus voting 'No'.

AB 32, directs the California Air Resource Board (ARB) to establish a mandatory reporting system to track and monitor emissions levels, as well as authorizing the establishment of fees to be imposed on businesses to pay for this monitoring.

This measure will have the effect of driving good companies and good paying jobs out of California to states or countries that do not have similar restrictions on businesses. Economists have stated that this bill will trigger significant increases in consumer and business costs for things such as electricity and fuel, and it will do next to nothing to affect emissions on a global scale.

If California were a "nation" its economy would be the 6th largest in the world. It is also widely known that as a source of greenhouse gases, California produces only about 1% of the world total. Another nation, China, has the 4th largest economy in the world and by 2020 will produce approximately 21% of the total greenhouse gas emission world-wide. Moreover, China has publicly discussed plans to increase its coal-fired electrical generating capacity by constructing 544 new coal-fired power plants.

AB 32 fails to take into account the absolutely minimal impacts the imposition of this extremely costly program on greenhouse gas production if California acts alone and not in concert with nations such as China. In short, California families will be forced to bear the cost of the economic expansion planned for another competitor in the world marketplace.

Additionally, California is hanging by a thread when it comes to meeting its energy demands. AB 32 would seriously exacerbate this problem by forcing significant energy resources out of the market -- especially when considering that the Department of Finance indicates that California's

population will increase by 7 million people by the year 2020. The California Energy Commission predicts that we will need to increase our gasoline demand by 18.2 billion gallons per year by 2025. Yet the proposals found in AB 32 will force producers and refiners to eliminate 17 percent of petroleum supplies from the California market in order to meet the goals the ARB will establish under this legislation.

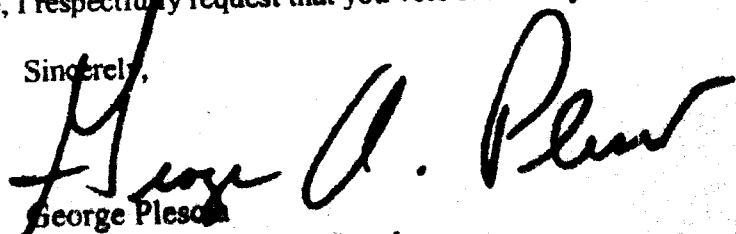
Further, Section 38590 of the measure makes reference to Health and Safety Code Section 43018.5. This appears to be a pre-emptive "solution" to an issue before the U.S. Supreme Court. On June 26, 2006, it was announced that the United States Supreme Court would hear a case that would determine if carbon dioxide, a so-called greenhouse gas, should be considered a form of air pollution and be regulated under the Clean Air Act by the U.S. Environmental Protection Agency. Early reports indicate that this could jeopardize the status of AB 1493 (Pavley-2002), which requires CARB to adopt regulations to reduce the emissions of carbon dioxide emissions by motor vehicles. Arguments before the Court are expected late this year, and a ruling could come in June 2007, and if the decision handed down strikes down the current provisions of AB 1493, then the ARB would be empowered to introduce an even more restrictive program that could include new taxes and fees on offending automobiles under this legislation.

Lastly, AB 32 authorizes the ARB to impose the "fees" necessary to pay for the cost of implementing and monitoring the program it puts in place. This amounts to the formation of the single largest taxing authority since the creation of the California Franchise Tax Board. All in the name of creating a new governmental program that will have an exceedingly small level of impact in the face of just one non-Kyoto participating nation's intended expansion of its single largest contributor of greenhouse gases, coal-fired electrical generation. It should also be noted that the gases generated by China have shown up in the air over California and will likely be "counted" as part of the current level of production charged against California businesses and families.

Governor, you have, in public speeches, stated that the debate over the theory of global warming is over – if it truly were over, there would be no dissenting opinions in the scientific community, there would be no trepidation expressed by highly respected economists across the nation of the pending detrimental impacts on California's economy, and we would not be hearing from constituents across our state that this legislation must not be the political answer to purported scientific theory. The alarmist notion that we alone as a state, the businesses and hard-working families of California, must solve this problem will now certainly come at a high cost to our state's economy and our state's economic standing on the world stage.

For the reasons stated above, I respectfully request that you veto Assembly Bill 32.

Sincerely,



George Plescia  
Assembly Republican Leader

## **7.ii. Oppose Letters – Organizations/Local Gov't**



# CALIFORNIA CHAMBER of COMMERCE

ALLAN ZAREMBERG  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

**CONFIDENTIAL**

September 13, 2006

The Honorable Arnold Schwarzenegger  
Governor, State of California  
Capitol Building  
Sacramento, CA 95814

RE: **AB 32 (NUNEZ, PAVLEY): AIR POLLUTION: CALIFORNIA  
GLOBAL WARMING SOLUTIONS ACT OF 2006: GREENHOUSE  
GASES  
JOB KILLER - REQUEST FOR VETO**

Dear Governor Schwarzenegger:

While we recognize your commitment to sign into law AB 32 (Nunez), the sweeping legislation that enacts the California Global Warming Solutions Act of 2006, the California Chamber of Commerce continues to believe that AB 32 should be **VETOED**. However, we urge your review of our concerns as your Administration moves forward with the bill's implementation.

The Chamber of Commerce shares your concern regarding climate change, but could not endorse a bill that fails to include the necessary, common sense protections to ensure that California does not face unintended consequences on our economy without any promise of real reductions in global greenhouse gases. Not unlike the unintended consequences experienced during the energy crisis in 2000-01 following the passage of another far-reaching piece of legislation, we remain concerned that AB 32 could lead to energy and fuel supply constraints and price spikes that could damage the economy.

AB 32 caps carbon emissions at 1990 levels, but does so in the aggregate. While California produces significant cumulative CO<sub>2</sub> emissions, the state is a national leader in reducing emissions on a per capita basis. With each year, it is becoming more apparent that California's rising population will require major growth in all sectors. This legislation attempts to cap carbon without recognizing this very growth, nor does it recognize the significant advances the state has made, without the hammer of a mandatory cap, to control per capita emissions. California has been a leader in the nation in environmental technology research and development, manufacturing and application.

Nonetheless, the Chamber of Commerce stands ready to participate actively in the arduous regulatory process in the coming months and years to craft a greenhouse gas program that we hope will lead other nations to join with California in our state's already impressive efforts to reduce carbon emissions.

The following outlines the California Chamber of Commerce's concerns with AB 32, taken section by section of the bill:

#### **Mandatory Reporting**

The Climate Action Team Registry has been a positive entity in creating a collaborative effort with California Industries. While we remain concerned that moving the registry under the State Air Resources Board will discourage businesses from engaging in additional greenhouse gas mitigation measures and eliminate this cooperation, we strongly encourage the Board to adopt the same reporting protocols to ensure ease of transition. It is equally important that we keep the registry in a form that is agreeable to any national reporting framework that may come into play in the future. We believe the registry as currently constructed would be the best framework to adapt to any such policy.

For many years, the California business community has been involved in successful, voluntary actions to reduce greenhouse gas emissions from their operations and facilities. A number of businesses already provide the innovation and technology that can help the state in finding solutions to reach its greenhouse gas reduction goals. *The mandatory reporting program must recognize and calculate those early actions.*

#### **Statewide Greenhouse Gas Emissions Limit**

AB 32 provides that the board shall determine the statewide greenhouse gas emissions limit by January 1, 2008. Determining output and emissions of an entire economy seventeen years ago is no easy task. *We recommend that you convene a peer review team, made up of nationally recognized scientists who can assist the board in determining the 1990 levels of emissions.*

#### **Greenhouse Gas Emissions Reductions**

##### **Early Reductions**

Section 38560.5 of the bill requires the Air Resources Board to publish by June of next year, a list of early action emission reductions measures that can be implemented prior to 2012. Alarming, this provision requires no public hearing and no scientific or economic peer review to evaluate cost-effectiveness despite its expedited timeline. *We recommend that any early reductions list be given full and appropriate public review to ensure that early mandates can be met technologically and economically.*

##### **Scoping Plan and Measures**

At the heart of the California Global Warming Solutions Act of 2006 are the scoping plan to be completed by January 1, 2009 and the regulatory measures to be adopted by January 1, 2011. *We believe that a plan should be sector-specific and must include:*

- Proposed programmatic measures, including the use of economically achievable best available control technology, aimed to achieve phased sector reductions.

- Sector-specific incentive mechanisms designed to encourage investment in the development and transfer of cost-competitive greenhouse gas emissions reduction technology or clean energy generation technology.
- Sector-specific economic impact analyses of potential greenhouse gas reduction strategies and alternatives that includes an economic impact analysis peer reviewed by a nationally recognized non-profit organization with expertise in energy markets and the energy markets' impact on the major commerce sectors in California and the state's economy as a whole.
- Measures to provide early emission reduction credits regardless of participation in the California Climate Action Registry.
- A peer reviewed analysis of the potential for leakage and specific measures to minimize or eliminate leakage.

#### **Market-Based Compliance Mechanisms**

AB 32 fails woefully in its creation of a market-based system of trading and banking emissions credits. While we fear that even a successful trading system would severely disadvantage California companies, this bill hinders any ability to create a true trading system that some companies may find advantageous.

#### **Economic Safety Valve**

Section 38599 of the bill states that the Governor may adjust the applicable deadlines for the cap in the event of "extraordinary circumstances, catastrophic events, or threat of significant economic harm." Much of what exacerbated the energy crisis of 2000-01 was that the state acted only after much harm had already been inflicted on the California economy. *While the bill does not prescribe this, we recommend that you establish an Greenhouse Gas Economic Advisory Committee, comprised of economic and energy experts, who continually evaluate the status of this bill's effect on the economy. With vigilance and early warning provided by this committee, the state's leaders have a better chance of mitigating any of the harmful economic effects of AB 32 in the future.*

#### **A Better Way for California to Lead**

The Chamber of Commerce believes that the policy proposals found in AB 32 put the proverbial cart before the horse. AB 32 envisions an economy and a state that has the tools to transition from a mostly carbon-based economy to an economy with a more diverse fuel supply. Those tools do not exist and much needs to be done to develop the capacity to make the transition. *We urge follow-up action next year, including legislation where appropriate, which addresses the following priorities to speed the development of the necessary infrastructure for alternative fuels:*

- The siting of production facilities and development of distribution infrastructures for alternative fuels.
- The siting and development of LNG regasification facilities and necessary pipelines.
- Creating incentives for carbon sequestration for domestic fossil fuel plants.
- The development of electrical transmission lines to connect the sources of renewable generation to the markets that needs them most.
- Creating incentives for businesses to implement alternative energy technologies, such as improving the tax treatment of new investment through faster depreciation.

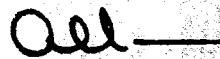


- Work with both national government and developing nations to promote the protection of intellectual property worldwide to foster and encourage the transfer of cleaner, environmentally friendly technologies in countries such as China and India.
- Push California to the forefront both nationally and internationally by urging Washington to further the goals of the Asia-Pacific Partnership on Development and Climate Change.

We agree that steps must be taken to address global climate change and to curb worldwide carbon emissions. California can play an important role in the global solution by continuing our strong environmental leadership and applying our technological expertise to help others take the right steps.

The California Chamber of Commerce welcomes the opportunity to work with your Administration to mitigate the potentially damaging effects of AB 32 and move California in the right direction.

Sincerely,



Allan Zaremberg  
President & CEO

September 8, 2006

The Honorable Arnold Schwarzenegger  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

RE: REQUEST FOR VETO - AB 32 (Nunez/Pavley)

Dear Governor Schwarzenegger:

On behalf of the California Grocers Association, I respectfully request your veto on Assembly Bill 32 (Nunez/Pavley), which increases costs for California businesses, makes them less competitive, and discourages economic growth with little or no proven environmental benefit by adopting an arbitrary cap on carbon emissions.

While we share your concerns regarding climate change, it is important that all strategies used to address greenhouse gas emissions ensure the infrastructure needed for advancing cleaner technologies, the availability of an adequate energy supply over the long-term, a strong manufacturing sector, and a thriving state economy.

CGA is a non-profit, statewide trade association representing the food industry since 1898, representing approximately 500 retail members operating over 6,000 stores in California and Nevada, and approximately 300 grocery supplier companies.

As part of the larger business community, we are committed to finding solutions and share your desire to develop and implement a policy framework that will enhance California's already strong leadership in the area of climate change, however, AB 32 in its current form would jeopardize this very leadership. Without the proper framework, the ambitious goals contained in this bill may never be realized and the political will to follow through will be weakened by an anemic economy.

Please see the SEE Coalition letter for additional details on our concerns with AB 32. Unfortunately, we must oppose AB 32 and respectfully request your veto on the measure.

Sincerely,



KRISTIN POWER  
Vice President, Government Relations

cc: Richard Costigan, Office of the Governor  
Patty Zwarts, CalEPA

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Stump's Markets, San Diego

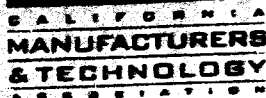
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Jerry Whitmore  
Dreyer's Grand Ice Cream  
City of Industry

Charles Zimmerman  
Nestle Brands, San Ramon



**JACK M. STEWART**  
**PRESIDENT**

**September 8, 2006**

**The Honorable Arnold Schwarzenegger**  
**Governor**  
**State Capitol**  
**Sacramento, California 95814**

**Re: AB 32 (Nunez) – Veto Request**

**Dear Governor Schwarzenegger:**

**The California Manufacturers and Technology Association (CMTA) urges you to veto AB 32 (Nunez), the California Global Warming Solutions Act of 2006.**

**Strategies to reduce greenhouse gas (GHG) emissions should be sustainable over the near and long term, and take into account economic impacts and the ability of California businesses to compete in U.S. and global markets. AB 32 fails to meet the above criteria. The bill would increase California's energy costs, makes businesses less competitive, and drive production and jobs to states and countries without similar restrictions.**

**Industries consuming large amounts of energy—electric power generation, manufacturing, refining, steel and cement production, among others—would bear the brunt of compliance costs, further disadvantaging California manufacturers whose electricity rates already are 80 percent higher than for manufacturers in other Western states.**

**AB 32 could also have the unintended consequence of reducing emissions here but increasing overall global emissions. Earlier this year, the Climate Action Team pointed out that if California implements a GHG reduction program "without other states, there will be an incentive for production to shift to other states to avoid the cap," which could result in a situation in which "emissions may decline in the state, only to increase in other states."**

**CMTA supports addressing global climate change in a cost-effective and economically sustainable manner.**

**California already leads the nation when it comes to reducing GHG emissions through energy efficiency. Our continuing investment in energy efficiency (\$500**

Governor Arnold Schwarzenegger  
AB 32 Veto Request  
Page 2

million per year on energy efficiency alone), research and development and renewable power help explain why carbon intensity (per capita energy usage) has remained steady in California while increasing by 50 percent nationwide.

Manufacturers across California have played an integral role in reducing greenhouse gases by voluntarily improving energy efficiency and by using combined heat and power systems. The cement industry, for example, has increased its energy efficiency by more than one-third since the 1970s. This has been a matter of necessity and economic survival. Energy is a large part of the cost of doing business for manufacturers in California. As a result, California manufacturers have had to become more efficient energy users.

Climate-change policies for California should recognize that we already have lower GHG emissions than other industrialized states and nations, and that the incremental costs—the additional costs of reducing carbon emissions—will be substantial for manufacturers. AB 32 would have an immediate impact on the competitiveness of California businesses and for how long no one knows.

For the above-stated reasons, CMTA urges you to veto AB 32. Thank you in advanced for your consideration of this request.

Sincerely,



Jack M. Stewart

cc: Fabian Nunez, Speaker of the Assembly  
Richard Costigan, Governor's Office  
Susan Kennedy, Governor's Office  
Dennis Albani, Governor's Office

# CMAC

Construction Materials  
Association Of California

August 29, 2006

The Honorable Arnold Schwarzenegger  
Governor  
State Capitol  
Sacramento, CA 95814

**Subject: AB 32 - Oppose**

Dear Governor Schwarzenegger:

The Construction Materials Association of California respectfully opposes AB 32, legislation to cap green house gas emissions. CMAC is a trade association for aggregate and ready mixed concrete producers in Northern and Central California. Our concerns include:

- AB 32 would directly increase energy and cement costs, which would lead to increased costs for producing construction materials. This would further reduce the buying power of state and local dollars for transportation and infrastructure improvements.
- AB 32 would set bad precedents for capping emissions. AB 32 would base emission reductions on total production, which would essentially cap growth. A more workable approach would be on a per unit basis that rewards--not penalizes--capital improvements.
- AB 32 would apply only to California-based businesses. This will reduce the financial viability and attractiveness of conducting business in California, and only transfer green house gas emissions to surrounding states.

Members of CMAC support a viable business climate and environmental goals. We understand the growing concerns about green house gases and believe there are meaningful ways to achieve common goals. However, we believe AB 32 would be counterproductive at this time.

Sincerely,



Charles L. Rea  
Interim Executive Director

Cc: Linda Adams  
Susan Kennedy  
Dan Dunmoyer  
Dennis Albani



## CALIFORNIA PORTLAND CEMENT COMPANY

2025 E. FINANCIAL WAY, GLENDORA, CA 91741 / TEL. (626) 852-6200 FAX (626) 963-9630

September 11, 2006

The Honorable Arnold Schwarzenegger  
Governor of California  
State Capitol Building  
Sacramento, CA 05814

Dear Governor Arnold Schwarzenegger:

Re: AB 32 (Núñez & Pavley) – Veto Request

Dear Governor Schwarzenegger:

California Portland Cement Company respectfully requests you veto AB 32 by Spesker Fabian Nunez and Assemblymember Fran Pavley. CPC has been a leader in the cement business in California since 1891. We are strong supporters of economic growth but we also stand out as clear leaders in the area of environmental performance as evidenced by:

- For both 2005 and 2006, the Department of Energy and the Environmental Protection Agency designated our company as an "Energy Star Partner of the Year" for our energy management program.
- Recipient of a 2006 California Flex Your Power Award.
- Two of our facilities were awarded the 2006 Environmental Excellence Bronze Award from the National Stone Sand and Gravel Association
- Received the Arizona Governor's award for Environmental Excellence in 2005.
- Awarded 1<sup>st</sup> place for Environmental Excellence for 2006 by the National Ready Mix Concrete Association.
- CPC was one of the earliest (joining in 1997) and the first cement company to participate in the EPA/DOE ClimateWise program.
- Most recently both of our cement plants in California are among the first industrial plants in the United States to be awarded the "Energy Star" designation.

While these awards are public acknowledgements of the efforts we put forth to be environmentally responsible producers, we have also voluntarily joined the National Climate Leaders Program and are committed to reducing greenhouse gas emissions as well as other pollutants. I say all of this to express our corporate efforts, goals and accomplishments to be a leader in implementing environmentally sound business practices.

We solidly support measures to improve the environment of California as well as the rest of the nation and the world. However, we believe AB 32 is not the way to do this.

- AB 32 will hurt California's efforts to re-build its crumbling infrastructure.
- AB 32 recognizes that regulatory obstacles may impede GHG reductions, yet it fails to address any of these problems.
- California's population is forecast to grow by at least 21% between now and 2020, which will require more electricity and transportation. We must find a way to meet these needs.

Green House Gas emissions are an issue for California, the nation and the world. Reductions need to start somewhere, but California does not have a bubble over it to prevent GHG's produced elsewhere in the world from impacting us. California also does not have an economic shelter over it. AB-32 puts California businesses at an economic disadvantage to competitors in Oregon, Nevada, Mexico, China or elsewhere in the world where these regulatory requirements do not exist. This will only hurt California, its citizens and the businesses that operate here.

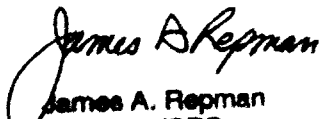
Additionally importing cement from places like China and Thailand generates even more emissions due to the high amounts of fuel used by the ships to transport cement and other commodities to the United States.

Our company has had an internal team working on plans to increase capacity of our plant at Mojave, California. This would represent a capital investment of several hundred million dollars. It would be a "state of the art" facility with the lowest achievable emission rates. Because of the possible ramifications of AB 32, we have put this project on hold and are reviewing the feasibility of investing in Nevada instead. I am certain we are not alone in this. Corporate executives will have tough decisions when answering to their Boards of Directors about the viability and prudence of making significant new investments in California in many industries including cement manufacturing.

What is equally as troubling is that the State's own Department of Transportation (CalTrans) is fighting the adoption of the ASTM standard for cement that was revised nationally in 2004. This change would allow us to increase cement production by 5% to meet demand with NO increase in GHG. On one hand (AB 32), we are being mandated to reduce GHG's and yet those mandating that reduction say they are not willing to adopt changes that will help us accomplish that goal..

I urge you to reconsider the provisions of AB 32, the detrimental impact they will have on the supply of energy and other materials, the impact on jobs that will be lost as well as the cost increases that will be incurred by the state and its residents and to veto this legislation so that more thoughtful study and input from all impacted segments can be evaluated. Thank you for your consideration of our views.

Sincerely,

  
James A. Repman  
President/CEO

Cc: Assembly Speaker: Fabian Nunez  
Assemblymember Fran Pavley  
Dan Dunmoyer, Deputy Chief of Staff, Office of the Governor  
Richard Costigan, Secretary of Legislative Affairs, Office of the Governor





California Precast Concrete Association  
A Division of the Construction Materials Association of California (CIMAAC)  
1029 J Street, Suite 300  
Sacramento, CA 95814  
(916) 554-1000 • FAX (916) 554-1042

August 29, 2006

The Honorable Arnold Schwarzenegger  
Governor  
State Capitol  
Sacramento, CA 95814

**Subject: AB 32 - Oppose**

Dear Governor Schwarzenegger:

The California Precast Concrete Association (CPCA) respectfully opposes AB 32, legislation to cap green house gas emissions. Members of CPCA produce precast concrete products for public works, including drainage, storm water, utilities, soundproofing, and landscaping. Our concerns include:

- AB 32 would directly increase energy, fuel, and cement costs, which would lead to increased costs for producing concrete. This would further reduce the buyer power of state and local dollars for public works projects.
- AB 32 would set bad precedents for capping emissions. AB 32 would base emission reductions on total production, which would essentially cap growth. A sounder means would be a per unit process that rewards--instead of penalizes--capital improvements.
- AB 32 would apply only to California-based businesses. This will reduce the financial viability and attractiveness of conducting business in California, and simply transfer green house gas emissions to surrounding states.

Members of CPCA support a viable business climate and environmental goals. We understand the growing concerns about green house gases and believe there are meaningful ways to achieve common goals. However, we believe AB 32 would be counterproductive at this time.

Sincerely,

Guenter Meiburg  
Chair, CPCA Legislative Committee

Cc: Linda Adams  
Susan Kennedy  
Dan Dunmoyer  
Dennis Albani



## GREATER RIVERSIDE CHAMBERS OF COMMERCE

*The Chamber...building a stronger local economy.*

September 8, 2006

Governor Arnold Schwarzenegger,  
State Capitol Building  
Sacramento, CA 95814

### RE: REQUEST FOR VETO—ASSEMBLY BILL 32 (NUNEZ)

Dear Governor Schwarzenegger,

The Greater Riverside Chambers of Commerce understands climate change is a real issue, but AB 32 is NOT the right solution. It's a lose-lose proposition for California. AB 32 would hurt our economy by putting arbitrary mandates on all employers, making them less competitive and encouraging business to leave the state - taking their jobs with them.

In addition, AB 32 hurts the environment because these companies could move to other states or even other countries where clean air policies aren't as stringent as California's standards. I don't want businesses to move out of my state, especially with little or no proven environmental benefit. Bottom line, AB 32 would hurt California's economy and my pocketbook with no benefits; it is NOT the answer.

We need to find a GLOBAL solution to this GLOBAL problem. Let's work together to find a solution that helps our environment and keeps California's economy strong. We respectfully request your VETO of AB 32. It's wrong for California.

Sincerely,

Cindy Roth  
President/CEO

cc: Dave Kilby, California Chamber of Commerce  
Assemblyman Fabian Nunez

Lockheed Martin Corporation  
1550 Crystal Drive, Suite 300 Arlington, VA 22202-4127  
Telephone 703-413-5996 Facsimile 703-416-5846  
E-mail: [steve.e.chaudet@lmce.com](mailto:steve.e.chaudet@lmce.com)

**LOCKHEED MARTIN** 

**Stephen E. Chaudet**  
Vice President, State & Local Government Affairs & PAC

August 30, 2006

The Honorable Arnold Schwarzenegger  
State Capitol Building  
Sacramento, CA 95814

Subject: Oppose AB 32 (Nunez)

Dear Governor Schwarzenegger:

The San Francisco Chronicle reports that California Business is divided over a proposed measure to cap greenhouse emissions. However, we can assure you of our opposition to AB 32. Please allow us to share our perspective as a world leader in the research, design, manufacture and integration of sophisticated space and aeronautical systems.

Although the State of California is a challenging place for manufacturing, we have maintained a significant presence in Southern California since 1912 and in the San Francisco Bay Area for 50 years. Today, we have over 18,000 employees in California.

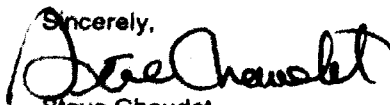
Reduction of greenhouse gas emissions is a global concern that needs to be addressed at the national level rather than the state level. Further, this bill would create an anti-business atmosphere in California, encouraging companies competing in national and international markets to relocate to other states.

As an alternative approach, we urge legislators to create incentives for manufacturers to remain in California and to develop and adopt new technologies to meet emission reduction targets that do not place California business at a disadvantage.

We acknowledge and salute your environmental leadership position, but please consider the impact AB 32 will have on jobs and the California economy. California government's efforts would be better spent influencing national greenhouse policy rather than going it alone. This is a national and global issue; California's leadership is needed to shape the national solution, not to put California business and the State's economy at a disadvantage.

If you have questions or concerns about Lockheed Martin's views on this issue, we would welcome the dialogue. Thank you for your consideration.

Sincerely,



Steve Chaudet  
Lockheed Martin  
Vice President, State and Local Government Relations

cc: The Honorable Sally Lieber  
The Honorable Elaine Alquist

California Manufacturing & Technology Association



*Gateway to Silicon Valley*

September 8, 2006

**TO: The Hon. Arnold Schwarzenegger**

**RE: VETO AB 32 (Nunez)**

**Dear Governor Schwarzenegger:**

The members of the Milpitas Chamber of Commerce understand climate change is a real issue, but AB 32 is NOT the right solution. It's a lose-lose proposition for California. AB 32 would hurt our economy by putting arbitrary mandates on all employers, making them less competitive and encouraging business to leave the state - taking their jobs with them.

In addition, AB 32 hurts the environment because these companies could move to other states or even other countries where clean air policies aren't as stringent as California's standards. I don't want businesses to move out of my state, especially with little or no proven environmental benefit. Bottom line, AB 32 would hurt California's economy and my pocketbook with no benefits; it is NO the answer.

We need to find a GLOBAL solution to this GLOBAL problem. Let's work together to find a solution that helps our environment and keeps California's economy strong. We respectfully request your VETO of AB 32. It's wrong for California.

cc. Dave Kilby - CalChamber

Sincerely,

  
Frank De Smidt  
Chair, Government Affairs  
[government@milpitaschamber.com](mailto:government@milpitaschamber.com)



45500 Fremont Boulevard

Fremont, CA 94538 USA

(510) 498-5500

September 8, 2006

The Honorable Arnold Schwarzenegger  
Governor of California  
State Capitol Building  
Sacramento, California 95814

Re: AB 32 (Núñez)

Dear Governor Schwarzenegger:

As you know, NUMMI is the Toyota/GM venture in Fremont, California that employs over 5000 team members and produces approximately 400,000 vehicles per year. Also, NUMMI has 23 affiliated major part suppliers in California that employ approximately 4000 team members. We appreciate the opportunity to share with you our concerns about AB 32 regarding greenhouse gases.

NUMMI sees environmental stewardship as a very high priority. Through its concerted voluntary efforts, NUMMI has been a model of conservation and environmental innovation over the years. Its systematic review of manufacturing processes has resulted in very high levels of source reduction, water conservation, energy conservation, recycling and the like. Along with all of its other environmental concerns, NUMMI is taking a strong interest in finding workable solutions leading to the reduction of greenhouse gases.

NUMMI truly appreciates efforts to find ways to protect the environment while not endangering high paying manufacturing jobs such as those NUMMI and its suppliers offer. At the outset, we would like you to know that we are extremely concerned about any greenhouse gas control proposal that insists upon across the board emission reduction goals, rather than intensity or performance based standards.

We are concerned that a "cap" type program that requires only absolute reductions, rather than allowing for optional compliance with performance based standards, is likely to have several negative effects. In particular, such programs typically reward businesses that move their greenhouse gas-producing business to other states or countries. When companies move that business out of state, they gain "credits" that they can sell to others who remain and struggle to meet greenhouse gas "caps" which are imposed by such programs.

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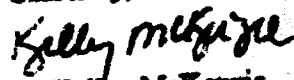
NMMI

September 5, 2006  
Comments on AB 32 Concerning Greenhouse Gases  
Page Three

Unfortunately, the legislature did not accept our recommendation. We, therefore, have tremendous concerns about the ultimate impact of the legislation on us and other businesses in the state. In particular, we believe that there are serious possibilities for "leakage" as a result of the bill in its present form. In other words, we expect that some businesses will simply leave the state and take their emissions with them. This, of course, does nothing to reduce global greenhouse gases. Some businesses can only operate in the markets they serve and are, therefore, bound to stay and comply or simply stop operations. However, this is not the case in the automobile and many other industries. We are concerned that the extra cost (or perhaps even practical impossibility) of complying with AB 32 might force some or all of our businesses to go elsewhere. For this reason, we urge you to veto the bill and encourage the legislature to return a more workable solution to you in the form of new legislation next session.

Thank you again for the opportunity to comment on AB 32. If you would like to discuss these issues further, please contact me or our consultant, Tony Fisher, at 916.833.0723.

Sincerely,



K. Kelley McKenzie  
General Counsel

cc: Richard Costigan





Portland Cement Association

September 12, 2006

The Honorable Arnold Schwarzenegger  
Governor of California  
State Capitol Building  
Sacramento, CA 95814

RE: AB-32 Veto Request

Dear Governor Schwarzenegger:

I am writing you on behalf of the Portland Cement Association (PCA) in regards to AB-32, legislation recently approved by the California Legislature, which would create a new climate change program in California. PCA is very concerned about the impact this legislation will have on the viability of the cement manufacturing industry in the state and respectfully requests that you veto the legislation.

The Portland Cement Association represents cement companies in the United States and Canada, which includes 31 companies operating 107 plants in 34 states and distribution centers in all 50 states servicing nearly every Congressional district. PCA members account for more than 97 percent of cement-making capacity in the United States and 100 percent in Canada.

PCA takes the issue of climate change very seriously, and was one of the first industry sectors in the U.S. to adopt a voluntary greenhouse gas reduction goal and to implement a comprehensive voluntary program. Considerable progress has been made since the program was adopted in 2001, and the industry remains committed to its implementation. The program was designed, however, to also ensure a robust and sustainable cement industry in the United States.

California leads the nation in cement production and has the most energy efficient and environmentally friendly group of facilities in the United States. Cement production and consumption has steadily increased over the past decade in the state to satisfy the demands of the construction industry. Indeed, the demand for cement in California has outstripped the ability of cement manufacturers in the state to meet demand, resulting in cement imports from both domestic and international sources. Safe to say, these other sources of cement are generally not manufactured in facilities that meet the stringent energy efficiency or environmental standards in California.

AB-32, if implemented, will significantly impact the value of cement manufacturing facilities in the state. The legislation, whether intended or not, will be interpreted as capping cement production capacity at 1990 levels. This will severely discourage any new investment in enlarging or enhancing cement facilities in the state. Moreover, and perhaps most significantly, the legislation will strongly encourage imports of cement from other states and nations, further harming the state's industry.

1130 Connecticut Avenue, NW, Suite 1250  
Washington, DC 20036-3625  
202.408.9494 Fax 202.408.0877

[www.cement.org](http://www.cement.org)

The Honorable Arnold Schwarzenegger  
September 12, 2008  
Page 2

The "leakage" of cement from other places into California, will have negative environmental consequences. It is almost certain that the cement produced in other places will not be done in a manner as sensitive to the environment as in California. Furthermore, at least the same amount of greenhouse gases currently emitted by cement manufacturers in California to meet the state's needs will be emitted to the atmosphere, albeit in another location around the world. This type of environmental outcome does not make sense to PCA.

PCA has been working with the California Legislature, the California Energy Commission, among others to devise greenhouse gas policies that help mitigate the effects of climate change, while also ensuring a healthy and viable cement industry in the state. We stand willing to continue these efforts. Specifically, we look forward to working with Caltrans to implement a recent change to an ASTM cement standard which would allow cement manufacturers to reduce greenhouse gas emissions. California remains the only state west of the Rockies to not yet recognize this pivotal environmental advantage in cement production.

In conclusion, AB-32, if enacted, will permanently harm California's cement industry. We urge you not to approve this legislation.

Please do not hesitate to contact me to discuss the perspectives of PCA on AB-32. I may be reached at (202) 408-9494 ([ao'hare@cement.org](mailto:ao'hare@cement.org)). Thank you for considering the perspectives of PCA on this matter.

Sincerely,

*Andrew T. O'Hare*

Andrew T. O'Hare  
Vice President, Regulatory Affairs

cc: The Honorable Fabian Nunez, Speaker, California State Assembly  
The Honorable Fran Pavley, California State Assembly  
Ms. Susan Kennedy, Office of the Governor  
Mr. Richard Costigan, Office of the Governor  
Mr. Dennis Albani, Office of the Governor



Agricultural Council of  
California

Alliance of Automobile  
Manufacturers

Asphalt Pavement Association

Associated General Contractors  
of California Inc.

California Beer and Beverage  
Distributors

California Building Industry  
Association

California Business Roundtable

California Business Properties  
Association

California Cement  
Manufacturers Environmental  
Coalition

California Chamber of  
Commerce

California Farm Bureau  
Federation

California Forestry Association

California Grocers Association

California Hotel & Lodging  
Association

California Independent Oil  
Marketers Association

California Independent  
Petroleum Association

California League of Food  
Processors

California Manufacturers &  
Technology Association

California/Nevada Automotive  
Wholesalers Association

California Nevada Cement  
Promotion Council

California Precast Concrete  
Association

California Refrigeration  
Products Institute

California Restaurant  
Association

California Retailers Association

Central Valley Chamber of  
Commerce

Center for Energy and  
Economic Development

Chemical Industry Council of  
California

Construction Materials  
Association of California

Engine Manufacturers  
Association

Greater Bakersfield Chamber of  
Commerce

Industrial Environment  
Association

Marine Cordova Chamber of  
Commerce

Rubber Manufacturers  
Association

Winegrowers

# SEE California

## SUSTAINABLE ENVIRONMENT & ECONOMY *for* CALIFORNIA

September 11, 2006

The Honorable Arnold Schwarzenegger  
Governor  
State Capitol  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

While we recognize your commitment to sign into law AB 32 (Nunez), the sweeping legislation that enacts the California Global Warming Solutions Act of 2006, the SEE California Coalition respectfully remains **OPPOSED** and requests your **VETO** of the bill. However, we urge your review of our concerns as your Administration moves forward with the bill's implementation.

The SEE California Coalition shares your concern regarding climate change, but could not endorse a bill that fails to include the necessary, common sense protections to ensure that California does not face unintended consequences on our economy without any promise of real reductions in global greenhouse gases. Not unlike the unintended consequences experienced during the energy crisis in 2000-01 following the passage of another far-reaching piece of legislation, we remain concerned that AB 32 could lead to energy and fuel supply constraints and price spikes that could damage the economy.

Nonetheless, the SEE California Coalition stands ready to participate actively in the arduous regulatory process in the coming months and years to craft a greenhouse gas program that we hope will lead other nations to join with California in our state's already impressive efforts to reduce carbon emissions.

### A Cap on Carbon is a Cap on Growth

AB 32 caps carbon emissions at 1990 levels, but does so in the aggregate. While California produces significant cumulative CO<sub>2</sub> emissions, the state is a national leader in reducing emissions on a per capita basis.

With each year, it is becoming more apparent that California's rising population will require major growth in all sectors. This legislation attempts to cap carbon without recognizing this very growth, nor does it recognize the significant

advances the state has made, without the hammer of a mandatory cap, to control per capita emissions. California has been a leader in the nation in environmental technology research and development, manufacturing and application.

#### *Will Push Jobs and Businesses out of California*

California is already one of the most heavily regulated states in the nation. This bill would make it virtually impossible for California industries to remain competitive in the marketplace, pushing both jobs and businesses elsewhere. In fact, a cap on carbon could actually penalize businesses looking to locate or expand in this state. For both these companies that have already invested here and those contemplating it, a greenhouse gas cap and trade program is tantamount to a new tax.

The Climate Action Team Report has identified the 2020 reduction goal to be 174 million metric tons of CO<sub>2</sub>. In the European Union's trading system emissions credits and offsets range from \$10 to \$35. Using this range as an example, California employers could face additional costs of \$1.7 to \$6 billion annually. Moreover, the uncertainty of unrestrained carbon credit costs will have a chilling effect on new investment in the state.

#### *The Potential for Leakage*

As pointed out in the Climate Action Team Report, "If the state implements the program without other states, there will be an incentive for production to shift to neighboring states to avoid the cap." We cannot neglect the fact that leakage is a reality when it comes to a California-only cap. This is a problem that will not only affect California's economy, but will have an adverse effect on the environment. When manufacturers and businesses move their operations to less-regulated regions, they will also contribute to increasing emissions in those regions. The Climate Action Team also articulates this point when they state, "emissions may decline in the state, only to increase in neighboring states." Those companies who decide to move to far more carbon-intensive countries such as China and India will contribute even more to greenhouse gas emissions since those countries are far less efficient in energy savings in comparison to California. Policymakers and strategists still have not found an answer to the problem of leakage and by implementing a cap on carbon emissions in California we will have our hand in increasing global emissions by contributing more to this problem.

#### On the Road to Another Energy Crisis

In determining a roadmap for California's future and state actions needed to mitigate greenhouse gas emissions, one of the most important aspects is the state's ongoing struggle to maintain reliability in regards to the electricity grid. Electricity generation represents about 40% of the state's stationary source CO<sub>2</sub> emissions, and would therefore bear the largest percentage of reduction mandates or offset costs.

During peak hours, California is currently hanging by threads to meet its energy demands. AB 32 will further exacerbate this problem by forcing significant energy resources out of the market. According to data provided by the California State Department of Finance, California's population is predicted to reach 43.9 million by 2020. More generation is needed to merely keep up with this growth. AB 32 will

exacerbate an already precarious electricity situation. The California Energy Commission projects that by 2016, the state will need over 67,300 megawatts of power. Yet current in-state production is only 62,000, only a portion of which is actually available at any given time. While it is impossible to predict the magnitude of the bill's ramifications, it is important to provide context. If the pre-1977 fossil-fuel burning generating facilities – those targeted as the significant CO<sub>2</sub> emitters – were decommissioned, California would need over 16,000 new megawatts of power.

AB 32 sets in motion an uncertain and potentially extremely expensive program. Power plants must begin construction today to meet the demands of tomorrow, yet it is not likely that generators and utilities will invest billions of dollars to construct new facilities if they cannot be operated or will be severely taxed to operate by 2012.

### AB 32 Will Starve the Economy

At the heart of greenhouse gas emissions reduction is a reduction in the use of carbon fuels, which literally fuel or feed virtually all economic activity. The effect on the economy of implementing the proposals found in AB 32 would be like placing an athlete on a strict diet without providing the necessary supplements. California lacks the necessary supplements to maintain a healthy and robust economy. For instance there is insufficient production and distribution of alternative fuels such as ethanol, biodiesel or liquefied natural gas (LNG). Without adequate supplies of alternative fuels there is no way to replace the loss of carbon fuels, fuels that are necessary for the basic functions of the states economic activity.

While electrification is often pointed to as a viable alternative to the combustion of petroleum, it is important to remember that much of the present and future sources of California's electrical generation rely on carbon-based fuels or alternative fuels that have no prospect of widespread availability for the next decade. Coal and natural gas fired power plants generate slightly less than 45 percent of the electricity needed in California. Electricity from renewable sources such as wind and solar presently make up 11 percent of supply. Even the nation's most aggressive policies in favor of renewable electrical production cannot defy the immutable laws of physics.

It is not physically possible to reduce the use of petroleum by more than 17 percent and maintain the economic activity necessary to support California's projected population growth. According to the California Energy Commission the demand for gasoline in California will increase to approximately 18.2 billion gallons per year by 2025. Yet AB 32 will force producers and refiners to eliminate 17 percent of petroleum supplies from the California market. There are no viable alternative sources of fuels available to replace this loss. None of the most promising alternative fuels have commercially viable levels of production or distribution and none will for at least ten years.

### Climate Change is a Global Issue

AB 32 strives to combat global warming through a California-only approach, disregarding the CO<sub>2</sub> emissions contributed by the developing world. It is becoming

more apparent that the greenhouse gas emissions released by developing countries such as China and India will continue to increase with their economic growth. Both countries have also admittedly stated they are reluctant to reduce their emissions through any binding contract or cap since it could jeopardize their economies. With that said, it is important that we recognize where the problem is and how best to contain it. China and India are growing economies with growing populations. Their energy and petroleum demand is also growing rapidly each year. If we do not realize the impact such countries have on global emissions and mistakenly focus on California, which is already engaged in maximizing energy efficiency, then we are setting California up for failure and economic devastation. Dr. Margo Thorning points out in her analysis, that "energy use and economic growth go hand in hand, so helping the developing world improve access to cleaner, more abundant energy should be our focus." Simply stated, a dollar of greenhouse gas mitigation in China or India is more economical and does much more for the environment than spending that same dollar in California.

### **A Better Way for California to Lead**

The SEE California Coalition believes that the policy proposals found in AB 32 put the proverbial cart before the horse. AB 32 envisions an economy and a state that has the tools to transition from a mostly carbon-based economy to an economy with a more diverse fuel supply. Those tools do not exist and much needs to be done to develop the capacity to make the transition. We urge follow-up legislation next year that addresses the following priorities to speed the development of the necessary infrastructure for alternative fuels:

- The siting of production facilities and development of distribution infrastructures for alternative fuels.
- The siting and development of LNG regasification facilities and necessary pipelines.
- Creating incentives for carbon sequestration for domestic fossil fuel plants.
- The development of electrical transmission lines to connect the sources of renewable generation to the markets that needs them most.
- Creating incentives for businesses to implement alternative energy technologies, such as improving the tax treatment of new investment through faster depreciation.
- Work with both national government and developing nations to promote the protection of intellectual property worldwide to foster and encourage the transfer of cleaner, environmentally friendly technologies in countries such as China and India.
- Push California to the forefront both nationally and internationally by urging Washington to further the goals of the Asia-Pacific Partnership on Development and Climate Change.

### ***The California Climate Action Registry (CCAR)***

The Climate Action Team Registry has been a positive entity in creating a collaborative effort with California industries. It is an appropriate place for non-mandated industries to continue to voluntarily report and participate in California's efforts relative to GHG reduction strategies. The CCAR has established the state as a leader in developing an inventory framework that involves all stakeholders through a voluntary process. We are concerned, however, that moving the registry under the State Air Resources Board will

discourage businesses from engaging in additional greenhouse gas mitigation measures and eliminate this cooperation. It is equally important that we keep the registry in a form that is agreeable to any national reporting framework that may come into play in the future. We believe the CCAR as currently constructed would be the best framework to adapt to any such policy.

For many years, the California business community has been involved in successful, voluntary actions to reduce greenhouse gas emissions from their operations and facilities. A number of businesses already provide the innovation and technology that can help the state in finding solutions to reach its greenhouse gas reduction goals. Moreover, many of these industries voluntarily register their emissions with the California Climate Action Registry. Although we are committed to these efforts, we have major concerns that AB 32 will do more harm than benefit and lead California on the wrong path in reducing greenhouse gas emissions.

We agree that steps must be taken to address global climate change and to curb worldwide carbon emissions. California can play an important role in the global solution by continuing our strong environmental leadership and applying our strong economy and technological expertise to help others take the right steps, too. Unfortunately, AB 32 will implement a California-only program that may harm our economy and actually could make our environment worse.

The SEE California Coalition welcomes the opportunity to work with your Administration to mitigate the potentially harmful effects of AB 32 and move California in the right direction.

Sincerely,

The Members of the SEE California Coalition



P.O. BOX 325 • RANCHO CUCAMONGA, CALIFORNIA 91730-0325

Jack D. Stutz, President &amp; CEO

August 23, 2006

The Honorable Arnold Schwarzenegger  
State Capitol Building  
Sacramento, California 95814

Re: Assembly Bill 32 (Nuñez & Pavley) - STRONGLY OPPOSE

Dear Governor Schwarzenegger:

TAMCO is California's only steel manufacturing company, and we have been in business since 1957. During this period of operation (1957 - 2006), sixteen (16) other similar facilities have either gone out of business or have moved their businesses to other states.

TAMCO produces reinforcing bar for housing, highway building, bridge construction, as well as all other construction projects within the State. TAMCO supplies over 50% of the construction requirements within the State.

TAMCO is currently considering a sizeable new investment to increase its capacity in order to meet California's needs, which are fueled by the population growth projections of the State. This decision to invest in California will not be made until the status of AB 32 is determined.

The reason that TAMCO has survived while all others have gone out of business in the State, is its own commitment to being a strong supporter of the environment. As part of our industry's "Climate Vision Agreement" with the Department of Energy, we set a goal to improve energy intensity by 10% by 2012, compared to the 2002 baseline. Our data shows that we have surpassed that target and we are breaking new ground each day.

Based on the relationship between energy and greenhouse gas emissions, the United States steel industry's aggregate carbon dioxide emissions per ton of steel shipped were reduced by 17%, compared with the protocol's call for an average 7% reduction in greenhouse gas emissions between 1990 and 2012. We have demonstrated our ability to work in the best interest of the environment, and we do not need to be strangled by unnecessary State regulations.





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TAMCO

The Honorable Arnold Schwarzenegger

August 23, 2006  
Page Two

Re: Assembly Bill 32 (Nafiz & Pavley) - STRONGLY OPPOSE

TAMCO strongly urges Legislators to create incentives for manufacturers like ourselves to remain in California, and to adopt new technologies that do not disadvantage California manufacturers that are competing both nationally and internationally.

PLEASE OPPOSE AB 32.

Respectfully,



Jack D. Stutz  
President and Chief Executive Officer

JDSnkb



## VISTA METALS CORP



August 23, 2006

The Honorable Arnold Schwarzenegger  
State Capital Building  
Sacramento, CA 95814

Subject: Oppose AB 32 (Nunez)

Dear Governor Schwarzenegger,

Vista Metals Corp is an aluminum smelter located in Fontana, California. We manufacture specialty aluminum alloys consumed in the aerospace, defense, and commercial manufacturing sectors throughout the world. Vista Metals is a privately held, family owned and operated company that has been in business for over 38 years. During that period the owners have committed capital and countless resources to continually grow and expand the business. Vista is a dedicated employer providing high paying jobs, competitive benefits, and a desirable work environment. Just as important, Vista Metals is an energy innovative and progressive manufacturer. We have implemented numerous process improvements and efficiencies ahead of most manufacturers, and always well in advance of regulatory requirements. Vista Metals Corp is a model California corporate citizen.

Our growth and success has seemingly occurred in spite of, and not as a result of, being located in California. We believe that legislators should propose incentives to manufacturers to remain in California, not obstacles. Like many other manufacturers, Vista Metals dedicates more and more resources to comply with regulatory requirements, nation high energy costs, and burdensome labor constraints. As the rules of doing business in California have changed Vista Metals has played fairly. Yet the rules are continuously changing. **We are not in favor of AB 32.**

**AB 32 presents more obstacles** to California manufacturers. While we all applaud efforts to protect the environment we must apply the means do so in a responsible and achievable manner. In its current form **AB 32 fails to consider the required coordination with other states and nations** in order to achieve the lowering greenhouse gas emissions globally. AB 32 would require energy producers to reduce their output too of greenhouse gas emissions. Electricity and natural gas prices will be negatively impacted, forcing manufacturers to once again pay ever increasing rates, at substantially higher rates than all of our competitors located outside of California



~~Please do not fall into the trap of unintended and unforeseen consequences.~~ Taken at its face value the intent of AB 32 is a worthy undertaking (who doesn't want to protect the environment?). But our experiences of past failed efforts (i.e. cheaper electricity by deregulation) begs us to invest the necessary efforts and time to come up with legislation that will work and achieve the intended goals.

I strongly urge all parties to reconsider the current approach taken by AB 32. I propose that the policymakers, along with business leaders and state residents, take the time to craft a thoughtful, workable, and meaningful strategy to address climate change.

I sincerely appreciate your consideration of our position. I look forward to positive developments in this matter.

Sincerely,

  
Andrew Primack  
President  
Vista Metals Corp

cc: Assemblymember Fabian Nunez, Speaker of the Assembly  
Senator Don Perata, President Pro Tempore  
Senator Dick Ackerman, Senate Republican Leader  
Assemblymember George Plescia, Assembly Republican Leader  
Senator Nell Soto  
Assemblymember Joe Baca Jr.  
Jack Stewart

# Vulcan

Materials Company

## Western Division

RONALD G. MCABEE  
PRESIDENT

2000 SAN FERNANDO ROAD  
LOS ANGELES, CALIFORNIA 90005  
TELEPHONE 310 474 3000  
FAX 310 258 4000

August 25, 2006

The Honorable Arnold Schwarzenegger  
State Capitol Building  
Sacramento, CA 95814

**Subject: Oppose AB 32**

Dear Governor Schwarzenegger,

I am writing to you to ask that you Oppose AB 32, Mandatory Greenhouse Gas Emissions. While greenhouse gas emissions are a very serious matter that must be addressed, AB 32 is not the answer.

Vulcan Materials Company is the nation's largest producer of construction aggregates and a leader in the production of construction materials in California. Our facilities have served all areas of our State for nearly 100 years. As such, we are a critical link in improving the State's aging transportation infrastructure by providing the materials used to construct and repair California's roads and bridges, as well as repairing our levees.

The regulatory scheme proposed by AB 32 adds additional requirements that will not only negatively impact our industry but will also severely impact the efforts to re-build California's crumbling infrastructure. Specifically, AB 32 establishes a California-only cap on carbon emissions, which will create immediate higher energy and petroleum prices that will have a serious negative impact on our State's economy. Consequently, these higher costs will result in additional costs for road construction materials, such as rock, asphalt and concrete. Unfortunately these higher costs will only compound those price increases recently seen in CalTrans projects, as well as City and County street repair and maintenance jobs, due to higher material transportation costs and diminishing supplies of locally available aggregate rock.

Vulcan supports addressing climate change impacts globally, but we believe that it should be done in an effective manner that is sustainable for the long-term. The irony of AB 32 is that while its California-only cap on carbon emissions would clearly stifle California's economic growth, it could actually also result in increased global emissions,

Page 2

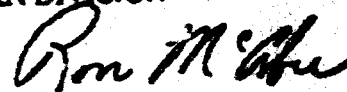
Subject: Oppose AB 32

as businesses move from California to other states or overseas. It would also significantly undermine the ability of California businesses to compete with businesses located outside of our State, and send the wrong message to businesses across the country and the world who are considering investing in California.

Vulcan believes that California can have a strong economy and a healthy environment. We strongly support strategies that work, such as efforts to increase energy efficiency, and the economically sound use of environmentally-friendly energy sources. However, AB 32 imposes obvious undesirable environmental and economic consequences on California, without a complete and full analysis of the potential magnitude and types of all impacts that may result from its enactment. It also poses the real risk of further delaying every Californian's desire to improve the safety of our highways and roads and reduce traffic congestion. For these reasons, Vulcan opposes AB 32, and encourages you to oppose it also. Please feel free to contact me with any questions or concerns.

Sincerely,

VULCAN MATERIALS COMPANY,  
WESTERN DIVISION



Ronald G. McAbee  
President

cc: Assemblymember Fabian Nunez, Speaker of the Assembly  
 Senator Don Perata, President Pro Tempore  
 Senator Dick Ackerman, Senator Republican Leader  
 Assemblymember George Plescia, Assembly Republican Leader  
 Members, California State Senate  
 Members, California State Assembly  
 Linda Adams, Secretary, California Environmental Protection Agency  
 Dan Dunmoyer, Deputy Chief of Staff, Office of the Governor  
 Richard Costigan, Secretary of Legislative Affairs, Office of the Governor  
 Dorothy Rothrock, CMTA  
 Adam Harper, CMA  
 Charlie Rae, CMAC  
 Southern California Rock Products Association  
 Southern California Ready Mixed Concrete Association

# KP ADVOCATES

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September 14, 2006

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Pat Zenzola

The Honorable Arnold Schwarzenegger  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Re: Veto Request  
AB 32 (Nunez): Greenhouse Gases

Dear Governor Schwarzenegger:

On behalf of the Western States Petroleum Association (WSPA) we are writing to respectfully request that you veto AB 32 (Núñez). As amended on August 30, 2006, AB 32 delegates extraordinarily broad authority to the California Air Resources Board (CARB) over the production and consumption of all forms of energy in California.

AB 32 directs CARB to determine what the statewide greenhouse gas emissions level was in 1990 and requires the Board to approve an emissions limit equivalent to that level to be achieved by 2020. Unfortunately, the bill does not include the "umbrella entity" or Climate Action Board that the Administration requested and instead relies on a single-purpose agency with newly granted and poorly defined authority. Without a more comprehensive or coordinated approach, CARB may now exercise the full extent of this sweeping authority to achieve the specific mission of AB 32 without regard for the general well-being of the state's economy and its people.

AB 32 is the most significant change in energy policy since deregulation and AB 1890. Unfortunately, it was hastily crafted in the last hours of the Legislative session without opportunity for meaningful input by the public or those stakeholders most likely to be significantly affected.

While WSPA continues to respectfully request that you veto the bill, we stand prepared to engage with CARB and your Administration in the implementation of AB 32. We urge that your Administration ensure that implementation of AB 32 balances the goals of the legislation with the needs of the state's growing population

and its economy. This Administration has previously stated its energy policy as one that should ensure:

- adequate and reliable energy supplies when and where needed
- affordable energy to households and businesses; and
- advanced energy technologies that protect and improve economic and environmental conditions

The Administration's broad engagement in the implementation of the AB 32 rules will be critical to ensure that the state's energy policy is upheld. Without restraint, CARB may pursue measures that restrain the availability of energy sources such as electricity, natural gas or transportation fuels to the detriment of the public.

As we know all too well from the deregulation experience, major changes in energy policy, such as those proposed in AB 32, are complex and affect the entire economy of California. For that reason, if you choose to sign AB 32, it is critical to the state's economy that CARB gets it right.

Thank you for considering our concerns and our request that you veto AB 32. If we can answer any questions or provide additional information, please contact us at (916) 448-2162.

Sincerely,



Eloy Z. Garcia

cc: The Honorable Fabian Núñez  
The Honorable Fran Pavley  
Ms. Linda Adams, Secretary, California Environmental Protection  
Mr. Richard Costigan, Secretary, Legislative Affairs  
Mr. Dennis Albani, Office of the Governor