



April 17, 2012

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The Honorable Joe Simitian, Chairman
Senate Committee on Environmental Quality
California State Capitol, Room 112
Sacramento, CA 95814

Re: SB 1572

Dear Chairman Simitian and Committee Members:

On behalf of CleanTECH San Diego, I am pleased to express my support for Senate Bill 1572. This bill provides a framework to advance the goals of California's landmark law, the Global Warming Solutions Act (AB 32), to reduce greenhouse gas emissions in a manner that optimizes benefits for all Californians.

CleanTECH San Diego is a nonprofit association focused on accelerating the greater San Diego region's transition to a clean energy economy. We have a broad and diverse membership that includes private sector companies, as well as local governments, nongovernmental agencies and universities and research institutions.

While the State's market-based compliance mechanism is only one of many measures adopted pursuant to AB 32 to meet the State's greenhouse gas reductions goals, it is an important component of this portfolio as it establishes an overall cap and price on carbon pollution. The fee revenue generated by the auction of emission permits from this mechanism provides a critical opportunity for the state to ensure AB 32's goals are met by promoting California's transition to a low carbon economy, while creating jobs for the state and cleaning our air and water.

SB 1572 establishes a basic process and framework to support this outcome, and we offer the recommendations below to help shape this bill as it advances in the legislative process:

- As identified by SB 1572, fees generated by the market-based compliance mechanism should adhere to the legal precedent of the Sinclair Paint Co. v. State Bd. Of Equalization (1997), 15 Cal.4th 866, governing regulatory fees, advancing greenhouse gas reductions and the goals of AB 32. The use of these fees for other purposes risk exposing this program and AB 32 to legal challenges and undermining the overwhelming public support and state efforts to reduce greenhouse gas emissions.
- SB 1572 should incorporate the following goals to guide the future development and implementation of a detailed and transparent expenditure plan to reduce GHG emissions:
 - Maximize benefits to disadvantaged communities
 - Promote the clean energy economy and statewide job creation
 - Maximize benefits to public health
 - Maximize benefits to the environment
 - Address the impacts and effects of climate change

It should be noted that these comments are only intended to address the allocation of funds associated with the industrial auction. Some of our members, including SDG&E, are commenting separately on the CPUC deliberations related to the use of auction revenues derived from utility allowances, making the point that allowances and/or allowance revenues allocated to utilities should be used to offset the upward impact on natural gas and electric utility rates that is associated with implementation of various measures that are furthering the goals of AB 32.

We appreciate the ongoing commitment and leadership of Senator Pavley and this committee for its support. Furthermore, we acknowledge and support continued coordination with the Administration and the Air Resources Board as an essential part of the implementation process.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Anderson", written over a light gray rectangular background.

Jason Anderson