CARE Californians for Affordable & Reliable Energy

SB 32: New Mandates and Cost Increases

Californians for Affordable and Reliable Energy (CARE) support cost-effective climate change policies that ensure energy remains affordable and reliable for California consumers and businesses.

SB 32 (Pavley), an extension of AB 32, California's Global Warming Solutions Act of 2006, would mandate the reduction in GHG emissions to 40% below 1990 levels by 2030. SB 32 does not address the many challenges arising from current climate change programs and impacts consumers and businesses by creating uncertainty and granting unlimited authority to an unelected agency. Before lawmakers take action on SB 32 and extend the current climate program, the CARE coalition asks that these issues be reviewed and resolved:

Should the Legislature or the California Air Resources Board (CARB) set the economic, energy, and climate policies for California?

If passed, SB 32 will give unlimited authority to the ARB to mandate new regulatory control powers over the economy, state and local planning, transportation, housing, food production, and other major policy areas. We strongly urge lawmakers to protect their consumers and businesses by maintaining authority over programs and not delegating their policy-making authority to a state agency.

Is current Cap and Trade revenue spending the most cost-effective in reducing GHG emissions?

The Legislative Analyst raised serious questions about the effectiveness of the Cap and Trade Program revenue spending. Before lawmakers move forward with even stricter mandates, California must ensure that existing programs are effective. To confirm existing GHG emission reduction targets are actually doing what they were intended to do, it is critical that state agencies implementing the programs provide the data to ensure California consumers and businesses that the programs are working as they should.

How can California lawmakers implement post-2020 GHG reduction goals in a cost-effective way, if current programs are not proving to be cost-effective?

Thus far, the ARB has not demonstrated that GHG emissions have been achieved in a real, quantifiable, cost-effective manner. Even California's Department of Finance agrees that the ARB failed to show cost-effective reductions through credible metrics. Expenditures that will occur in 2016-2017 have not yet been analyzed to ensure cost-effective reductions in GHG emissions.

How will reaching the 2030 goal impact the cost of energy to consumers and businesses?

According to the ARB, the cost of energy and goods and services will increase by 2020 as a result of existing climate change policies, directly impacting California consumers. This legislation fails to protect consumers and businesses from further increases by not providing robust legislative oversight and accountability.[1]

How will new state mandates impact families that want to own their own homes?

With California's home prices already being some of the highest in the nation, new or extended climate change policies would have a sharp impact and create uncertainties for residential construction, resulting in cost implications for Californians wishing to purchase homes. SB 32 would price thousands of households out of the real estate market, increasing the number of people living below the poverty line, and decreasing new home construction.

1. http://www.dof.ca.gov/research/economic_research_unit/SB617_regulation/Major_Regulations/documents/ARB%20Cap-and-Trade%20SRIA%202016%20Final-2.pdf

Californians for Affordable and Reliable Energy (CARE) is a broad-based coalition supported by the California Business Roundtable, small businesses, community groups, local officials, local business organizations, statewide associations, and energy consumers that are calling on policy-makers to ensure that we have a responsible energy plan that protects our state's economy.

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