



May 28, 2020

The Honorable Holly Mitchell
Chair, Senate Committee on Budget and Fiscal Review
State Capitol, Room 5050
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

Re: Support: Proposed Trailer Bill Language, Cap-and-Trade

Dear Senator Mitchell and Assemblymember Ting:

CEJA Action is writing to express our concern with the continued high emissions from entities covered by the Cap-and-Trade system, and the current threat of underperformance of the quarterly auctions that generate the revenue we need to transition to a just and carbon-free economy. In the interest of ensuring our state's ambitious climate goals are met, we support the proposed trailer bill language that would order CARB to complete a rulemaking by March 2021 to address outstanding questions and concerns related to the Cap-and-Trade system.

CEJA Action is a statewide alliance of grassroots, community-based organizations working in communities near the state's largest polluters. We have been actively engaged in the negotiations and implementation of AB 32 (Núñez, 2006), SB 32 (Pavlely, 2016), AB 197 (E. Garcia, 2016), AB 398 (E. Garcia 2017) and AB 617 (C. Garcia, 2017). Despite our repeated calls for meaningful reform, California elected to adopt a Cap-and-Trade system that has failed to drive down emissions beyond what could have been expected from the 2008 recession and the early adoption of renewable energy technologies. As we feared, ten years after the first regulation for Cap-and-Trade was adopted, our communities are still overburdened by the impacts of polluting industries, and are lacking the level of substantial investment needed to adapt for climate change.

The auction performance on May 20, 2020 provides every indication that the market will continue to be insufficient to drive the emissions reductions or revenue generation our communities need. The time to act is now.

For these reasons, CEJA Action supports the proposed trailer bill language that would order CARB to complete a rulemaking by March 2021. We look forward to the opportunity to debate the merits of the system with other stakeholders through that process, and respectfully request that the process be subject to the Administrative Procedures Act to allow for full participation of all parties.

Thank you for your time and consideration of our position. If you have any questions, please do not hesitate to contact me.

Sincerely:



Katie Valenzuela
Policy & Political Director
CEJA Action
katie@caleja.org

Cc: Governor Gavin Newsom
Senate President pro Tempore Toni Atkins
Assembly Speaker Anthony Rendon
Senator Bob Wieckowski, Chair, Senate Budget Subcommittee 2
Assemblymember Richard Bloom, Chair, Assembly Budget Subcommittee 3
Matt Almy, Department of Finance
Anthony Williams, Legislative Affairs Secretary, Governor's Office
Rachel Wagoner, Deputy Legislative Secretary, Governor's Office
Kip Lipper, Chief Policy Advisory for Energy and Environment, Pro Tem's Office
Marie Liu, Policy Consultant, Speaker's Office