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California's Climate Change Law: No Climate Benefits, but Billions in Higher Energy Bills

By Janice Keating

If you think your utility bills, gasoline costs are high now, just wait until the costs of AB 32 (California's Global Warming Solutions Act) begin to hit home.

While AB 32 won't affect global warming, it will dramatically increase energy costs for consumers. In fact, California taxpayers already have spent a lot of money to produce a plan. More than 200 new state employees and contractors were hired by the California Air Resources Board to draft the state's global warming reduction strategy at a cost of more than \$100 million. The bureaucratic burn rate will continue at roughly \$50 million or more per year into the future.

However, administrative costs are really the tip of the iceberg for the actual price tag for AB 32. Here's how AB 32 will really cost you:

- 60% increase in your electricity bill according to the Southern California Public Power Authority.
- 8% increase in your natural gas bill according to CARB's economic analysis.
- \$50,000 more for the price of a new home according to an analysis by the National Renewable Energy Laboratory.
- \$3.7 billion a year more for gasoline and diesel according to Sierra Research.
- \$1,000 to \$3,000 cost for a new car according to CARB and automaker studies.

On top of all that, food processors, winemakers, colleges, utility district and other manufacturers will be forced to pay an AB 32 Auction Tax estimated at \$143 billion over eight years for the right to continue operating in California. That's the equivalent of increasing gasoline taxes by more than 50 cents per gallon or increasing the average family's electricity bill by hundreds of dollars per year.

A local winery would be forced to pay \$2.6 million a year for these AB 32 Auction Taxes or more than \$26 million over ten years. The Modesto Irrigation District would be forced to pay nearly \$14.6 million a year or more or \$146 billion over ten years. A food processing company in the region would pay \$3.7 million a year or \$37 million over a decade. A dairy company with four plants in the valley would be forced to pay \$8.3 million a year and \$83 million over ten years.

Add this all up, and it comes to real money. A study conducted for the California Small Business Roundtable found that AB 32 regulations would cost small business alone nearly \$200 billion, and would result in more than one million lost jobs.

Ironically, since carbon emissions do not respect borders, AB 32 might actually increase greenhouse gas emissions. That's because AB 32's higher costs will force California

companies to shut down their operations here and move them elsewhere in the country or the world which have less stringent environmental controls.

Some true believers still insist that AB 32 won't result in any costs or job losses. However, A UC Labor Center Study found that AB 32 might produce a modest amount of "green" jobs, but would threaten more than three million jobs in manufacturing, energy and other industries. Many of these are blue-collar jobs that provide good salaries and good benefits to California workers who are suffering an effective unemployment rate of nearly 20 percent.

And for what? California's climate change law won't impact global warming at all because our state GHG emissions are a tiny fraction of the worldwide total. And the world, especially China, has clearly stated they don't intend to follow California.

At a price tag of billions of dollars and thousands of lost jobs without any climate benefits, it just makes you wonder what those people in Sacramento are thinking.

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Janice Keating is a former member of the Modesto City Council.