

March 19, 2008



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



Dear Governor Schwarzenegger:



We appreciate your leadership on California's historic efforts to reduce the State's overall greenhouse gas emissions and to grow California's clean tech economy. We now are urging you to reaffirm your support for market-based solutions in achieving these goals, for it is not certain that markets will develop as part of AB 32 implementation without your leadership. By educating consumers and regulators about the benefits of markets (cap and trade), you can help ensure that market-based solutions remain a key component of AB 32 and a powerful ally in the State's efforts to reach our greenhouse gas reduction goals.



Last year you said "it is essential that we continue to develop market-based approaches to reduce carbon emissions" and that we "harness the power of the marketplace by giving financial value to carbon allowances and creating a financial incentive for emissions reductions."



As you know, market systems have effectively reduced emissions at least cost to businesses and consumers in the United States and internationally. The Congressional Research Service estimated that reducing greenhouse gas emissions through a cap and trade system would cost \$23 to \$50 per ton compared to \$193 to \$295 per ton if trading were not allowed. The money saved by using markets lowers costs for consumers and encourages more investment in California's economy and job creation.



Despite the consideration by the California Air Resources Board of a cap and trade program in its AB 32 scoping plan, growing pressure to adopt only command and control strategies, rather than a blend of regulatory approaches, may interfere with this market development. We continue to feel that a cap and trade system stands out as an approach that can provide a level of environmental integrity and cost savings that conventional regulations simply cannot match. Thus, it is vital that you continue to speak out about the benefits of market-based solutions in order to preserve public support for your vision of California as a leader on climate change policies.

Sincerely,

Marc Burgat
Vice President, Government Affairs
California Chamber of Commerce

Dorothy Rothrock
Vice President
California Manufacturers & Technology
Association





Shelly Sullivan
Executive Director
AB 32 Implementation Group

David Bischel
President
California Forestry Association



Bob Rivinius
President
California Building Industry Association

Kristin Power
Vice President, Government Relations
California Grocers Association



Catherine H. Reheis-Boyd
Chief Operating Officer
Western States Petroleum Association

James F. Simonelli
Executive Director
California Metals Coalition



Patti Krebs
Executive Director
Industrial Environmental Association

Rex Hime
President & CEO
California Business Properties Association



Rock Zierman
Chief Executive Officer
California Independent Petroleum
Association

Rodney K. Pierini
President & CEO
California/Nevada/Arizona Automotive
Wholesalers' Association



Gary W. Hambly
President & CEO
California Construction and Industrial
Materials Association

Paul Meyer
Executive Director
Consulting Engineers and Land Surveyors
of California



Tom Holsman
Chief Executive Officer
The Associated General Contractors of
California

Jay McKeeman
VP, Government Relations & Communications
California Independent Oil Marketers
Association



John R. Ulrich
Executive Director
Chemical Industry Council of California

Michael Lewis
Senior Vice President
Construction Industry Air Quality Coalition



Brendan L. Huffman
President & CEO
Valley Industry & Commerce Association

Julie Sauls
Vice President, External Affairs
California Trucking Association



Kris Hunt
Executive Director
Contra Costa Taxpayers Association

Peter A. Mantas
President & CEO
SpillGuard Technologies



Tom Cooper
President
T.W. Cooper, Inc.

Rob Neenan
Director of Regulatory Affairs
California League of Food Processors

Bill Mattos
President
California Poultry Federation

Sadie J. Kimbrow
President-Founder
Carson Black Chamber of Commerce

Karna L. Davis
Vice President
Delta Tech Service, Inc.

Teresa Casazza
President
California Taxpayers' Association

Matthew Schreck
Energy Analyst
Petco Animal Supplies

Veronica Perez Becker
Vice President of Legislative Affairs
Central City Association of Los Angeles

Bill Hauck
President
California Business Roundtable

Betty Jo Toccoli
Chair & CEO
California Small Business Roundtable

Mary M. Howard
Chairman of the Board
Gold Coast Hispanic Chamber of Commerce

Jack D. Stutz
President & CEO
TAMCO Steel

Joel Nelsen
President
California Citrus Mutual

Aaron Lowe
Vice President, Government Affairs
Automotive Aftermarket Industry Association

Rachel Kaldor
Executive Director
Dairy Institute of California

Chris Cathcart
President
Consumer Specialty Products Association

Lara Diaz Dunbar
Senior VP, Government Affairs & Public Policy
California Restaurant Association

Joe Pettus
Senior VP, Fuel and Energy Operations
Safeway Inc.

Debra Moreno
President & CEO
Greater Bakersfield Chamber of Commerce

Ivan Tether
President
California Small Business Alliance



Michael Turnipseed
CEO
Kern County Taxpayers' Association

John Marrs
Legislative Committee Chair
Surface Technology Association



Bill Wiggins
Legislative Committee Chair
Metal Finishing Association of Southern California, Inc.

Janine Montoya
Owner
Tri-County Heating, Air Conditioning and Fireplaces



Betty Jo Toccoli
President
California Small Business Association

Michael D. Stevens
VP, Government Affairs
National Cement Company of California, Inc.



Linda Best
President & CEO
Contra Costa Council

George Segarini
President & CEO
Tuolumne County Chamber of Commerce



William N. Auriemma
President & CEO
Diversified CPC International, Inc.

Kate King
President & CEO
Napa Chamber of Commerce



Robert Evans
Assistant Director of Legislative Action
NAIOP SoCal Chapter

Dave Hummel
President
Lehigh Hanson, Inc.



Lacy Dunn
President & CEO
Orange County Business Council

Sean Fitzgerald
President
National Aerosol Association



Dan Cruey
President & CEO
SAMCEDA



cc: Darren Bouton, Deputy Cabinet Secretary
David Crane, Special Advisor to the Governor
Dan Dunmoyer, Cabinet Secretary and Deputy Chief of Staff
Susan Kennedy, Chief of Staff
John Moffatt, Deputy Legislative Secretary

