WSPA Priority Issues

November 11, 2014
The Best Of Times…

U.S. crude oil production has reached its highest point since 1997, due to production from shale and other tight rock formations, while reducing imports to their lowest level in more than 20 years.

American Petroleum Institute
The Worst Of Times…
The Worst Of Times…
The Worst Of Times…

*We need to go straight at the fossil fuel industry*

Bill McKibben
The Worst Of Times...
The Worst Of Times…
The Worst Of Times…

The goal here is not to win. The goal here is to destroy these people, we want a smashing victory.

Tom Steyer
In 2014, WSPA has activated a significant number of campaigns and coalitions that have contributed to WSPA’s advocacy goals and continue to respond to aggressive anti-oil initiatives in the West.

Each campaign was structured to address specific state or local issues and provide an excellent opportunity for the petroleum industry to educate consumers and voters in all of WSPA’s five Western states.

WSPA has also invested in several coalitions that are best suited to drive consumer and grassroots messages to regulators and policymakers.
West Coast Climate Change Issues

- California
  - AB 32
  - Cap-and-trade for stationary sources
  - Cap-and-trade for fuels (January 1, 2014)
  - Low Carbon Fuel Standard

- Washington
  - Low Carbon Fuel Standard
  - Cap-and-trade
  - Carbon tax

- Oregon
  - Low Carbon Fuel Standard
  - Carbon tax
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>Oct 14</td>
<td>CARB Board Hearing; California Drivers Alliance FUTC Press Conference - OCT 2014</td>
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<tr>
<td>Oct 27</td>
<td>Draft expected for Washington OFM Clean Fuels (LFCS) Study - OCT 2014</td>
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<tr>
<td>Oct 27</td>
<td>CARB Staff Workshop on California LCFS Compliance Schedule and Cost Containment - OCT 2014</td>
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<td>Oct 29-Nov</td>
<td>WSPA Meetings with Oregon EQC Members - OCT 2014</td>
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<td>Mid Nov</td>
<td>Final Washington OFM Clean Fuels (LCFS) Study Due - NOV 2014</td>
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<td>Nov 17</td>
<td>Final Washington CERT report presentation to Governor Inslee &amp; release - NOV 2014</td>
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<tr>
<td>Jan 1</td>
<td>California Implementation of FUTC - JAN 2015</td>
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<tr>
<td>Jan 6-7</td>
<td>EQC Adoption Hearing on Oregon Clean Fuels Program (LCFS) - JAN 2015</td>
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<tr>
<td>Jan 10</td>
<td>CARB Release of LCFS 45 day review package - JAN 2015</td>
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<tr>
<td>Feb</td>
<td>Oregon Legislative Session; LCFS sunset debate - FEB 2015</td>
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<tr>
<td>Feb</td>
<td>Washington Legislative Session; Cap-and-Trade debate - FEB 2015</td>
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<tr>
<td>Feb 19-20</td>
<td>CARB Board Hearing on LCFS - FEB 2015</td>
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Deadlines are subject to change. The timeline and milestones included above will be updated in January 2015.

California Climate Change Campaign

Engaging Business Allies

- Organized coalition activities
  - CIOMA (Fed Up at the Pump)
  - IWLA (Tank the Tax)
  - CAHT
  - CTA
  - NFIB
  - CARE
California Climate Change Campaign

How Big Oil is using front groups to attack global warming regulations
“To ensure that the program continues to function well, and to avoid a situation in which allowance prices spiral upwards as we approach November 1, 2015, it is imperative to address a number of outstanding design flaws in the program.”

“Market design flaws can result — and have resulted — in catastrophic implications for environmental markets around the globe.”

“On December 14, 2011 the Government of Québec adopted the Regulation respecting a cap-and-trade system for greenhouse gas emission allowances. Québec thus became the first Canadian partner to adopt its own regulation, placing it shoulder to shoulder with California.”

“57 percent of Quebecers aren’t even aware of the cap-and-trade program for GHG emissions. The program will require Quebec companies that produce or import fuels into the province, to buy credits in a carbon market involving Quebec and California, as of January 1, 2015.”
Oregon Climate Change Campaign

Engaging Consumers

Oregonians
FOR SOUND FUEL POLICY

Oregonians for Sound Fuel Policy is a coalition of fuel users, consumers and business organizations opposed to the adoption of the proposed Clean Fuels Program in Oregon, also known as a Low Carbon Fuel Standard.
Oregon Climate Change Campaign

Engaging Consumers
Oregon Climate Change Campaign

Engaging Consumers

“Just about everything you touch in a grocery store or in a lumber yard gets to you by truck. When you start increasing the costs on transportation, the costs will get passed onto the consumer.”

– Andy Owens, A&M Transport

Andy Owens video
Oregon Climate Change Campaign

Engaging Consumers

“A Low Carbon Fuel Standard... would be a disincentive for companies like me that are moving in the right direction, doing the right thing – and penalize us for doing that.”

- Matt Miller, Oregon small-business owner and fleet operator and winner of the 2014 Columbia Willamette Clean Cities Coalition Award
Washington Climate Change Campaign

Engaging Consumers

Washington Consumers for Sound Fuel Policy is a coalition of Washington energy consumers, businesses, community leaders and industry stakeholders committed to representing the interests of businesses and consumers in the debate over how best to reduce greenhouse gas emissions.

Please join our efforts to protect our economy and pursue workable alternatives that decrease Washington’s greenhouse gas emissions levels.
Washington Climate Change Campaign

LOW CARBON FUEL STANDARD
An Infeasible Solution To A Serious Problem

As adopted elsewhere (California), a Low Carbon Fuel Standard mandates the reduction of carbon intensity of conventional diesel – as a strategy to reduce greenhouse gas emissions.

While the coalition supports appropriate and cost-effective fuel and energy policies, a LCFS has been shown to be an imposition that will likely result in fuel supply disruptions and extreme fuel price volatility. At a time when job creation and economic growth in the State should be a priority, climate change must be carefully considered. As a LCFS regulation could adversely impact the state’s economic markets.

The potential economic consequences of a California LCFS in a Boston Consulting Group report entitled ‘Understand, Alert 32 dated June 2012 and updated in October 2013. If implemented in Washington State, the report projects similar impacts to happen here at home. More detailed Washington State model projections were not available, but states with LCFS regulations have been found to develop a variety of costs and impacts.

A LCFS could create fuel shortages if fuel providers are unable to meet the standards. To reduce competition for scarce low-carbon biofuels could result in higher prices, which could be passed along to businesses and cost of doing business increases. Businesses are left with no choice but to see the economic costs which are likely to lead to job losses, greater unemployment, and overall economic growth.

According to a Charles River Associates study, a national to major compliance costs that could drastically increase. Indeed, the study found consumer costs could rise by as much as 5% within five years of adoption of a national LCFS regulation.

Pointing to the further infeasibility of a LCFS, the Washington Association warned in a 2010 letter that LCFS regulations cost of consumer products because businesses often rely deliver their goods to market.

PROJECTED COSTS/IMPACTS OF A 10% CARBON FUEL STANDARD

No one knows exactly how much a Low Carbon Fuel Standard (LCFS) cost Washington State’s economy but the estimates are high:

- Washington State Estimate – Climate Legislative and Executive Workgroup (CLEW) – Avalon formerly Scientific Applications International Corp., the CLEW’s expert consultants, estimate that the costs of gas and diesel fuels would have to increase by $0.92 to 2.14 dollars per gallon at a state LCFS to produce results. CLEW’s program was identified as one of the most expensive strategies for reducing greenhouse gas emissions.

- California Estimate – Boston Consulting Group Analysis – The proposal reviewed by the CLEW appears to be modeled after program. The Boston Consulting Group (BCG) has estimated its compliance costs there will be between $0.33 and $1.04 per gallon. Analysis of the costs are likely to climb as scarce credits become more expensive and if other states impose similar regulations.

A variety of other potential costs and impacts have been identified to a potential LCFS. These include:

- Potential loss of manufacturing jobs – BCG projected that California’s refinery capacity as a result of the LCFS would lose 69,000 jobs. Other impacts could result in increased costs or supply constraints. Washington State’s refining industry could be similarly affected.

- Potential loss of tax revenues – The BCG report estimated the LCFS would lose $28 billion in tax payments as a result of the state’s LCFS. Again, critical to Washington State would be in trial.

- Potential impact on transportation funding – The Washington Association has already indicated that its members support transportation funding package in light of concern the potential fuel cost impacts of a LCFS and other climate-related policies that would likely impact fuel availability and costs.

In addition to meeting the transportation and other needs of Washington families and businesses, Washington’s five refineries support more than 4,000 local jobs, create $1.7 billion in economic activity, and pay more than $1 in taxes each year. The costs of a state Low Carbon Fuel Standard are significant economic benefits at risk.

SUPPORT FORM: Join Our Coalition

You may publicly list our organization as being opposed to a low carbon fuel standard for Washington, and list our group as a member of the Washington Consumers for Sound Fuel Policy.

Please return the form to Greg Hanon, greg@greghannon.com

Our Members Include:
- Association of Washington Business
- Associated General Contractors
- Automotive United Traders Organization (AUTOS)
- National Federation of Independent Businesses – Washington
- Northwest Paper and Paper Association
- Washington Aggregates and Concrete Association
- Washington Asphalt Pavement Association
- Washington Construction Industry Council
- Washington Food Industry Association
- Washington Highway Users Federation
- Washington Oil Marketers Association
- Washington Trucking Associations
- Western States Petroleum Association
- Western Wood Producers Institute

www.wasoundfuelpolicy.org
California Climate Change Campaign

Engaging Consumers

Put the brakes on the “Hidden” Gas Tax!

On January 1, 2015, California drivers can expect a large “hidden” gas tax that the California Air Resources Board notes may climb to an additional 76 cents per gallon.

For further information, or to SIGN THE PETITION to Stop the Hidden Gas Tax, visit:

www.CaliforniaDriversAlliance.org
About the Hidden Gas Tax Campaign

On January 1, 2015, the California Air Resources Board (CARB) will expand the state’s cap-and-trade program to include gasoline and diesel fuels for the first time ever. This expansion could increase the cost of gasoline from 16 cents per gallon to as much as 76 cents per gallon or more, according to CARB.

CARB has made no effort to educate the public about the program expansion or its expected impact on gas prices. In fact, nearly 70 percent of Californians are unaware that it is coming. That’s why motorists, small businesses and consumers are calling this program a “hidden gas tax.”

This new gas tax will hurt the very people who can least afford to pay more at the pump – working families, small businesses, and lower income consumers. It will cost jobs. And it will create a “Greenhouse Gas Reduction Fund” worth billions of dollars for Sacramento lawmakers to spend at their discretion – with no input from those of us footing the bill.

“The cap-and-trade system should not be used to raise billions of dollars in new state funds at the expense of consumers who are struggling to get back on their feet after the recession.”

— Henry T. Perea, Assemblymember
California Climate Change Campaign

“This program, unless delayed or modified, will have a major impact on California fuel markets and very possibly, consumers. We believe the State has an obligation to Californians to provide widely available, accurate and consistent information.”
SAN DIEGO - California already has the highest gas prices in the nation, and any further increase could adversely impact family budgets, our economy, and small businesses.

"Higher taxes, employer mandates, and generally anti-business legislation seems to be the only thing that comes out of our elected officials," said Ann Kinner.

Ann Kinner is chair of the local chapter of the National Federation of Independent Business.
“From our analysis, we anticipate a 76 percent likelihood of allowance prices adding around $0.10 per gallon of gasoline in 2015 and around $0.12 per gallon in 2020 (both in 2012 dollars). Here, allowance prices would be near the Auction Reserve Price (ARP). This would cause net job losses in California of 18,050 jobs in 2015 and a net reduction in economic output of $2.940 billion as households across the state cut back their spending to afford higher priced gas.”
Washington Climate Change Campaign

Engaging Politically

Thanks to leaders like SENATOR DOUG ERICKSEN, Washington State is back on the right path with a bi-partisan four-year balanced budget that does not rely on tax increases.

- For the first time in 26 years, the legislature did not increase college tuition, making the opportunity for a college education more attainable for our students. (ESESB 5034)
- Over $1 billion more was invested in our K-12 education system. (ESESB 5034, EESB 6000)
- And Senator Erickson sponsored legislation requiring oil companies using trains that carry crude oil through Washington State to pay for oil spill prevention, preparedness and response in the event of a spill, protecting our communities and our environment. (SB 6567)

We need more leaders like Doug Erickson, who are focused on solving our state’s problems and creating new job opportunities so everyone can prosper in Washington State.

Thank you Senator Erickson!

Call Senator Doug Erickson at (360) 786-7692 and THANK HIM for fighting for a better future for Washington.
California Climate Change Campaign

Engaging Politically

Stop the Hidden Gas Tax!

The California Air Resources Board (CARB) has refused to hold any hearings to allow those impacted by a January 1st Hidden Gas Tax to be heard.

Why are California drivers and other fuel consumers being shut out?

Call the Air Resources Board at (800) 242-4450 and demand that this costly regulation be delayed until California drivers have the opportunity to be heard!

Visit our website and sign the petition to help STOP the Hidden Gas Tax

www.CaliforniaDriversAlliance.org
California Climate Change Campaign

Engaging Politically

Why Won't Assemblyman Roger Dickinson protect California families from new, hidden gas taxes?

Tell Assemblyman Dickinson to stand up for consumers and to oppose the huge new hidden gas tax. Visit www.CaliforniaDriversAlliance.org today.

Thank you Mike Gipson for pledging to protect California families from new, hidden gas taxes.

www.CaliforniaDriversAlliance.org
# Oregon Climate Change Campaign

## Engaging Politically

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<tr>
<th>Take Action Now</th>
<th>TAKE ACTION NOW: Ask your legislator to oppose the hidden gas tax!</th>
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<tr>
<td>Ask your legislator to oppose the hidden gas tax!</td>
<td>Politicians in Oregon are considering a Low Carbon Fuel Standard (LCFS), otherwise known as the Clean Fuels Program. If implemented, it will become a new hidden gas tax designed to increase your cost of fuel.</td>
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<tr>
<td>Join the conversation on Facebook</td>
<td>These policies hurt poor and middle income families the most. And because these policies are not transparent, consumers often have no idea why their fuel costs are rising.</td>
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<tr>
<td>Follow us on Twitter</td>
<td>Gov. Kitzhaber has made it clear he plans to move forward with a LCFS – even without the support of the state’s elected legislators.</td>
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<td>Together, we can stop them.</td>
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@WSPAPREZ