December 6, 2018

Dear Chair Nichols and CARB Board Members:

Thank you for the opportunity to raise concerns before you at the November Board hearing. As always, we appreciate the opportunity to weigh in on issues such as AB398 implementation because of the significant impacts these policies have on the industry, economy, and consumers.

Through this entire rulemaking proceeding, we have been very clear and transparent regarding our concerns about the price ceiling and speed bump placement. Our comments and input have one objective - to ensure cap-and-trade can remain a cost-efficient and environmentally effective part of California’s climate policy. We were disappointed that the Chair and some members of the board questioned the sincerity of our concerns as well as the point of view of many of the community members that took the time to speak on cost containment issues.

We are willing partners in cap-and-trade, and its success is important to our members. The price ceiling and speed bump placement remain real and critical issues to be addressed. While some may believe that the price ceiling value is only a theoretical issue, for our member companies – who must plan for compliance – the price ceiling is tremendously important. The purpose of AB398 is to ensure that the cap-and-trade program has adequate cost containment provisions. CARB has clearly articulated that the design of the cap-and-trade amendments is intended to avoid reaching either the speed bumps or price ceiling. The intent of AB398 is not to have CARB set the speed bumps and price ceiling so high that they are never reached. That would essentially mean they are non-binding.

Despite the discourse that took place during the last hearing, we are optimistic about being able to work with the Board and stakeholders to ensure California’s cap-and-trade program is balanced in its approach and can continue to be a model for others.

We look forward to further dialogue on these issues and thank you again for the opportunity to weigh in with you and the Board.

Thank you,

[Signature]