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July 14, 2010

NO ON "DIRTY OIL" INITIATIVE TO SUSPEND THE CLEAN ENERGY LAW (AB 32).

Texas has a saying, "Don't mess with Texas," that started as an anti-litter campaign. So why are Texas oil companies Valero and Tesoro messing with California's goal to cut pollution? As key funders of the Dirty Oil Initiative set for the ballot in November (misleadingly called the "Jobs Initiative"), their goal is to suspend AB 32, the California Global Warming Solutions Act of 2006, just when it is about to be more broadly implemented, until the state's jobless rate lowers to 5.5% for a straight year. They want to kill the bill and stop the spread of clean energy legislation — not surprising given that these carbon belching companies are clinging frantically to their dirty business model of pollution past. AB 32 is a trendsetting law that deserves strong support for many reasons.

1. THE IMPORTANCE OF THE MARKET SIGNAL AND INVESTMENT CAPITAL.

* AB 32 has sent a strong signal to the market to invest in energy efficiencies and clean energy which is already driving a new and cleaner economy in California - even during this recession. We must continue to invest in this direction and reap the long-term benefits. San Diego is particularly well poised to benefit with its cluster of universities, research, and high tech companies.

* AB 32's environmental requirements are prompting the market to comply and innovate. Huge amounts of venture capital have poured into the emerging green market (\$9B between 2005 and 2009). High tech companies have grown rapidly in San Diego and California during the recession. As the economy slowed between 2007 and 2008, our state lost 1% of the jobs, but green sector jobs rose more than any at 5%. In San Diego, there was 57% growth in green jobs. According to CleanTech San Diego, there are 700 clean tech businesses in San Diego that have invested more than \$1 billion! As we develop our own expertise in energy efficiencies and clean energy, we will be in a position to sell and export our expertise and products.

* While momentum is building, it can fall. Opponents use the worn cliche that AB 32 will be a job-killer because of costs. Virtually all studies, including one by the California Air Resources Board, predict an affordable cost of compliance, minimal cost increases, long-term

savings, decreased vulnerability to foreign oil and price increases, and a strengthened economy. By contrast, the only negative study (Varshney and Tootelian (2009)) was fatally flawed by using assumptions that are incorrect (e.g., that every house in the state would incur \$50,000 costs to become a "Zero Net Energy" home, such as by installing solar panels) and failing to take into account the offsetting benefits that will accrue from any investment.

* The state Employment Development Department released a study in April, 2010, which indicates nearly 500,000 people are involved in green jobs in this state (the highest number in the country). Manufacturing is the top employer of green jobs within our state, hiring about 93,000 workers.

* Another study by Next 10 and Collaborative Economics in December, 2009, shows there has been a 45% boost in green businesses and 36% jump in the number of green employees from 1995 to 2008, whereas the total jobs in California only expanded 13%.

* The Union of Concerned Scientists recently concluded AB 32 would add a mere 0.3% to the energy costs of small businesses by 2020. Their calculation is likely high because it did not factor in the cost savings that can be achieved by implementing energy efficiencies.

* We should be alarmed that China invested \$34.5 billion in 2009 in its country's renewable energy future (nearly twice that of the U.S.). We actually need more, not less, than AB 32 to ensure our state and country do not lose their competitive edge. Suspend AB 32, however, and you will see a massive retrenchment in the very investment we need in our state.

2. THE HUGE COST OF INACTION.

* U.C. Berkeley prepared a study for Next 10 in October, 2009, which estimated the cost of remaining primarily dependent on fossil fuels could rise as much as 33% by 2020, with a resulting loss of \$80B and 500M jobs. It appears that may be exactly where the oil companies behind Property 23 see their future profit.

* There are other staggering costs that come with inaction compared to moving forward. Consider that costs of securing energy independence and adapting to climate change increase the longer we fail to take action. Consider remaining hostage to the rising costs of oil and dependent on other countries to supply us. Consider taking a back seat to a new energy future while countries such as China leave us in the dust with new, clean technologies.

* The worldwide supply of oil is at a tipping point. Tightening supplies will lead to price spikes and jockeying over remaining supplies, adding to global instability. Our country imports about 55% of our oil needs today and projects 70% in 20 years. We remain hostage to foreign price controls. Our foreign debt burgeons. We borrow to buy. The cost of fossil fuels will increase steadily over the coming years. We could instead invest heavily here and convert to clean energy independence at a price that very quickly will be better and more stable than the prices we would otherwise be forced to accept from oil cartels.

3. THE IMPORTANCE OF CLEAN AIR AND IMPROVED HEALTH.

* Air pollution continues to be a serious problem. On the best days, San Diego's air pollution is still near the "moderate" level.

* The American Lung Association has declared a national asthma epidemic. According to State of California report, "*The Burden of Asthma in California. A Surveillance Report*" (June 2007), over 5 million Californians have been diagnosed with asthma sometime during their lives. The report indicates a growing trend in the diagnosis of asthma in adults, from 11% in 1995 to 13.7% in 2005. An October 2006 UCLA Health Policy Research Brief indicates asthma disproportionately affects young children, African-American children, and American Indian/Alaska Native children.

* According to the state, the costs of asthma are enormous. For instance, over \$3/4B was spent on emergency room visits for asthma in 2005 alone.

* We need the market to respond to the type of signal that AB 32 sends - that is, to make our use of energy more efficient and cleaner which will help clean our air and create healthier lives and communities.

3. THE IMPORTANCE OF CLIMATE CHANGE AND NATIONAL SECURITY.

* As climate scientists, including those at Scripps, have warned, climate change accelerates after years of hidden build up. CO₂ persists decades or more in the atmosphere. Oceans have buffered much of the impact so far, absorbing more CO₂ (becoming more acidic) and 80-90% of the increased heat (raising sea level). Science shows we are at a "tipping" point (per Dr. James Hansen) or very close to it. We cannot alter trends quickly once they become apparent.

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* Our military sounds the same alarm. Since 2007, the Center for Naval Analyses, with a Military Advisory Board of retired Generals and Admirals, has produced reports examining the intertwined issues of energy, climate change, national security, and global instability. Their May, 2009, report "warns that continuing business as usual is perilous because of the converging national security risks of energy demand and climate change."

* The message from Valero and Tesoro is 100% *opposite* that of our military. The dirty oil companies want business as usual. Who cares if that is *perilous* if it is *profitable*???

4. CONCLUSION.

* Are Valero and Tesoro nostalgic for the past, when oil roamed free, forcing others to bear the social costs of oil spills, air pollution, and climate change, while keeping us addicted to oil?

* How do we Californians and San Diegans feel about Texas oil companies trying to pull the clean tech rug and clean air out from under us? The Dirty Oil Initiative is reckless and would stymie investment in a clean future.

* California can take the lead in finding the best ways to implement efficiencies and clean energy here and the world. AB 32 has jumpstarted the process. I say we charge ahead. Will you join me?

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Please join the California Business Alliance for a Green Economy and endorse the opposition to Property 23.

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