

## **IWLA Opposed to California Placing Transportation Under a Cap-Trade Program**

On January 28, 2010 the California Air Resource Board (CARB) held a hearing to provide an overview of the greenhouse gas cap-and-trade program. The [preliminary draft regulation](#) was released on November 24, 2009, with the final draft regulation scheduled to be heard by the Board in October 2010.

IWLA submitted comments on January 11, 2010 and Patty Senecal gave public comments at the Board hearing on January 28.

CARB intends to put the point of regulation upstream by placing the refineries and oil companies under a declining cap. This would function like an economy-wide tax on carbon and the cost would be pushed downstream to the end-users of fuels. To meet the cap, refineries will have to purchase allowances or off-sets. As the cap declines, the cost to purchase allowances/off-sets will rise.

Fuel prices will increase at the pump by imposing a cap on transportation fuels (low carbon diesel, natural gas, gasoline). California logistics providers are already faced with the costs of complying with several major CARB rules (Transportation Refrigeration Units, Port/Rail Drayage rule, SmartWay Truck/Trailer rule, off-road large spark ignition/forklift control measure, and a pending Statewide Bus and Truck rule). The increased cost of compliance will put trade-sensitive companies at a disadvantage.

The new low carbon fuel standard (LCFS) regulation was passed prior to the fuel pathway, which was released a few weeks ago. IWLA argues that, to succeed at a low carbon fuel, CARB must (1) determine the availability, effectiveness, reliability, and safety of the pathway they are proposing; (2) conduct extensive on-road testing in all engines, in all vocations; (3) determine how this fuel will impact the vehicle performance, fuel efficiency, and engine; (4) analyze the economic impact of the LCFS on key sectors in California goods movement industry; (5) determine what the cost of the LCFS to end-users over time; (6) conduct a multi-media environmental review to ensure no adverse impact to air, water, or public health; (7) study the impact for California companies for competitiveness; and (8) include end-users in the process and respond to our concerns. IWLA has submitted three sets of written comments and testified at the three public workshops and Board hearing on LCFS.

If you would like more information, contact Patty Senecal at [psenecal@iwla.com](mailto:psenecal@iwla.com).