



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...



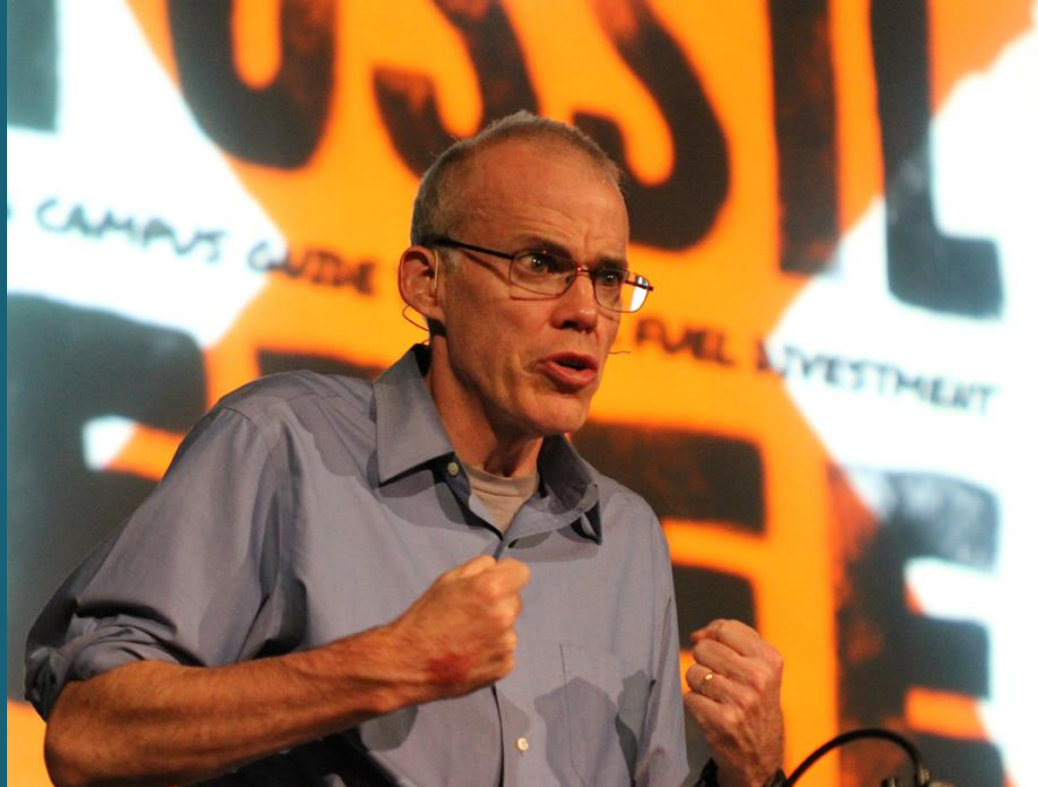
The Worst Of Times...



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.



Invest Engage Guide

Upstream

Downstream



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**

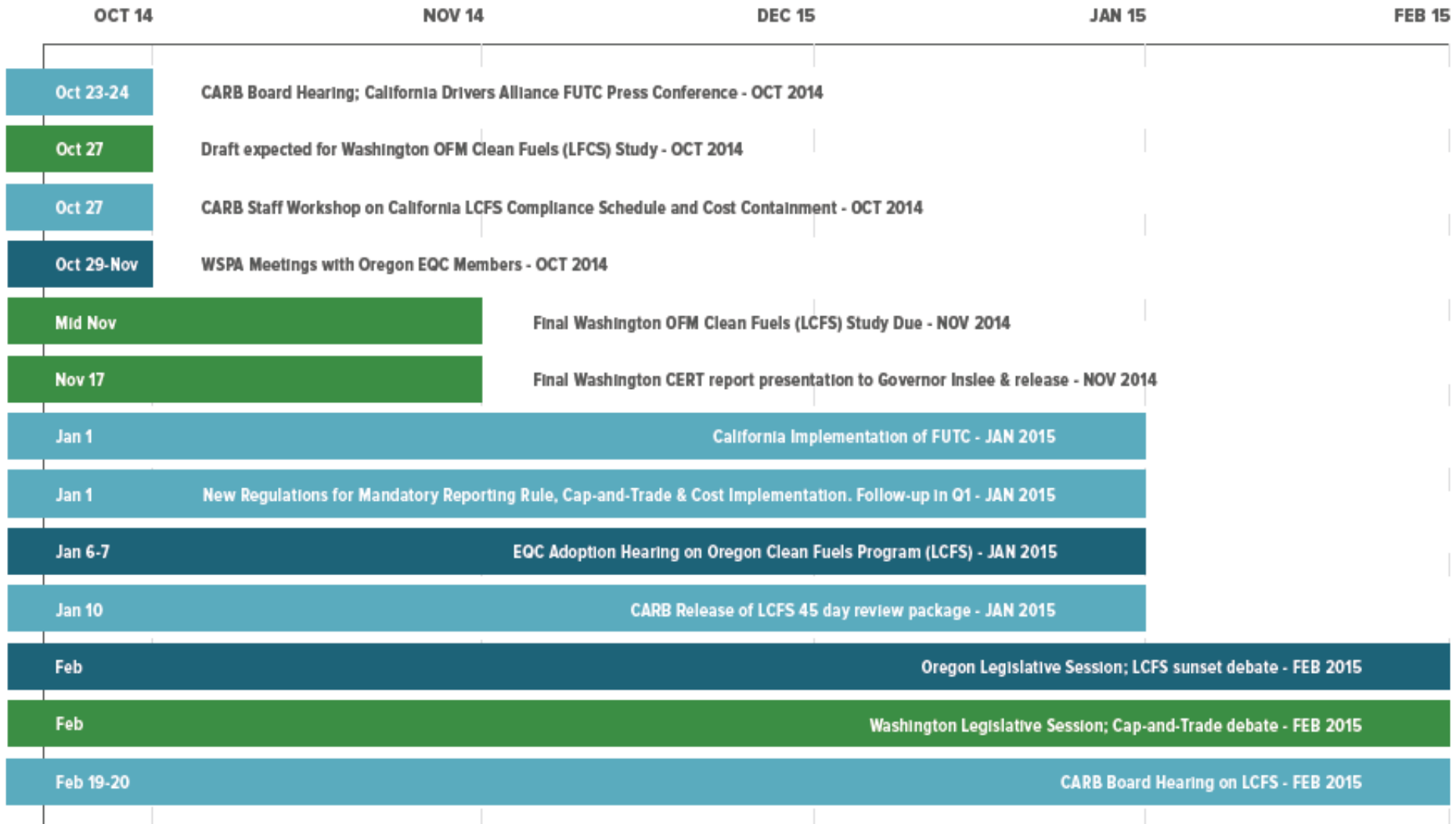
- ✓ **Low Carbon Fuel Standard**
- ✓ **Cap-and-trade**
- ✓ **Carbon tax**

- **Oregon**

- ✓ **Low Carbon Fuel Standard**
- ✓ **Carbon tax**

Upcoming Climate Change Milestones

Items and Deadlines from October 2014 to February 2015



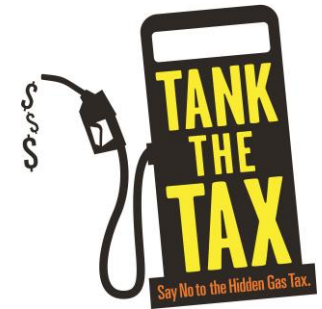
Deadlines are subject to change. The timeline and milestones included above will be updated in January 2015.

California Items in Light Blue. Oregon Items in Dark Blue. Washington Items in Green.

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

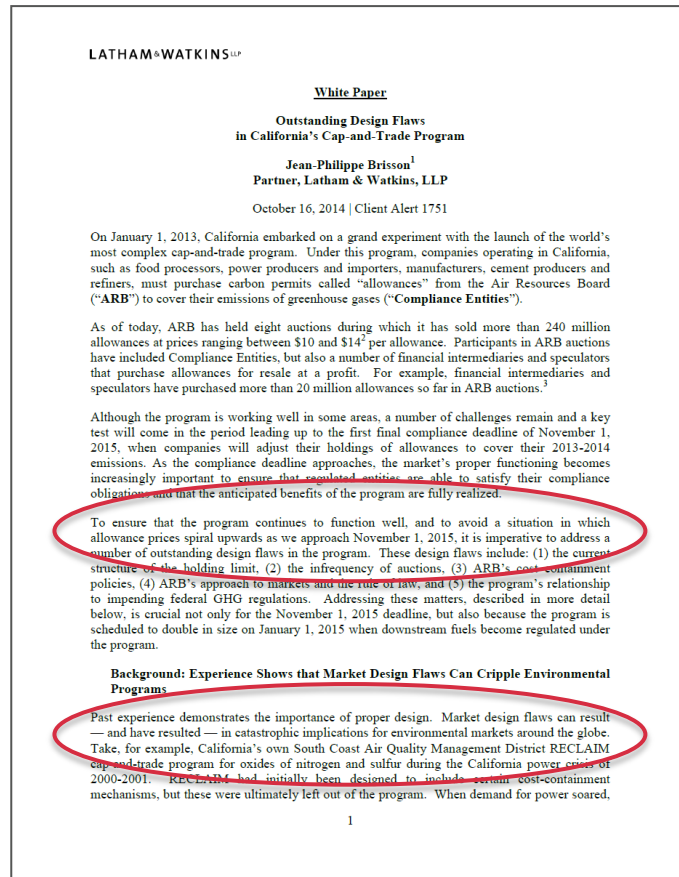


How Big Oil is using front groups to attack global warming regulations



California Climate Change Campaign

Engaging Business Allies



“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.”

California Climate Change Campaign

Engaging Business Allies



“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.”

*Développement durable,
Environnement et Lutte
contre les changements
climatiques*

Québec 

Oregon Climate Change Campaign

Engaging Consumers

Oregonians

FOR SOUND FUEL POLICY

[About](#)

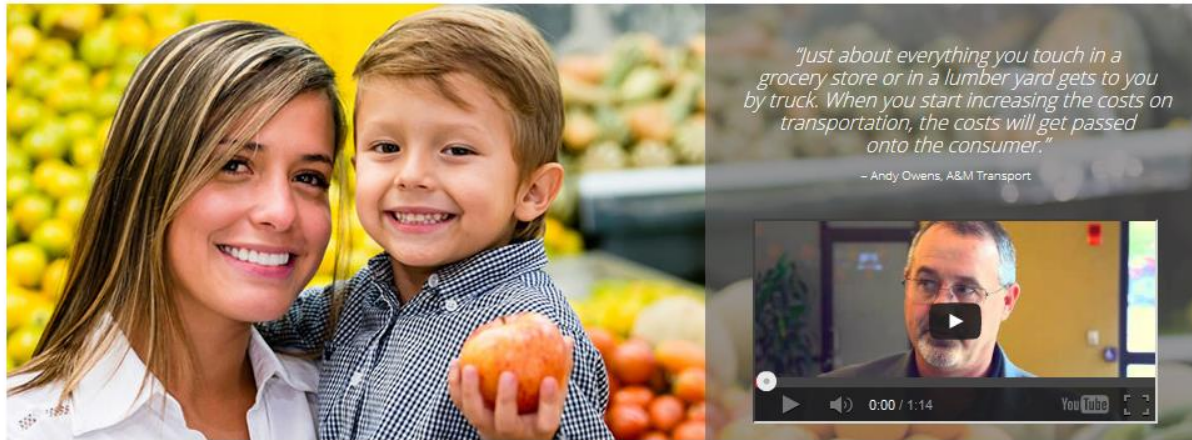
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Oregonians for Sound Fuel Policy is a coalition of fuel users, consumers and business organizations opposed to the adoption of the proposed Clean Fuels Program in Oregon, also known as a Low Carbon Fuel Standard.

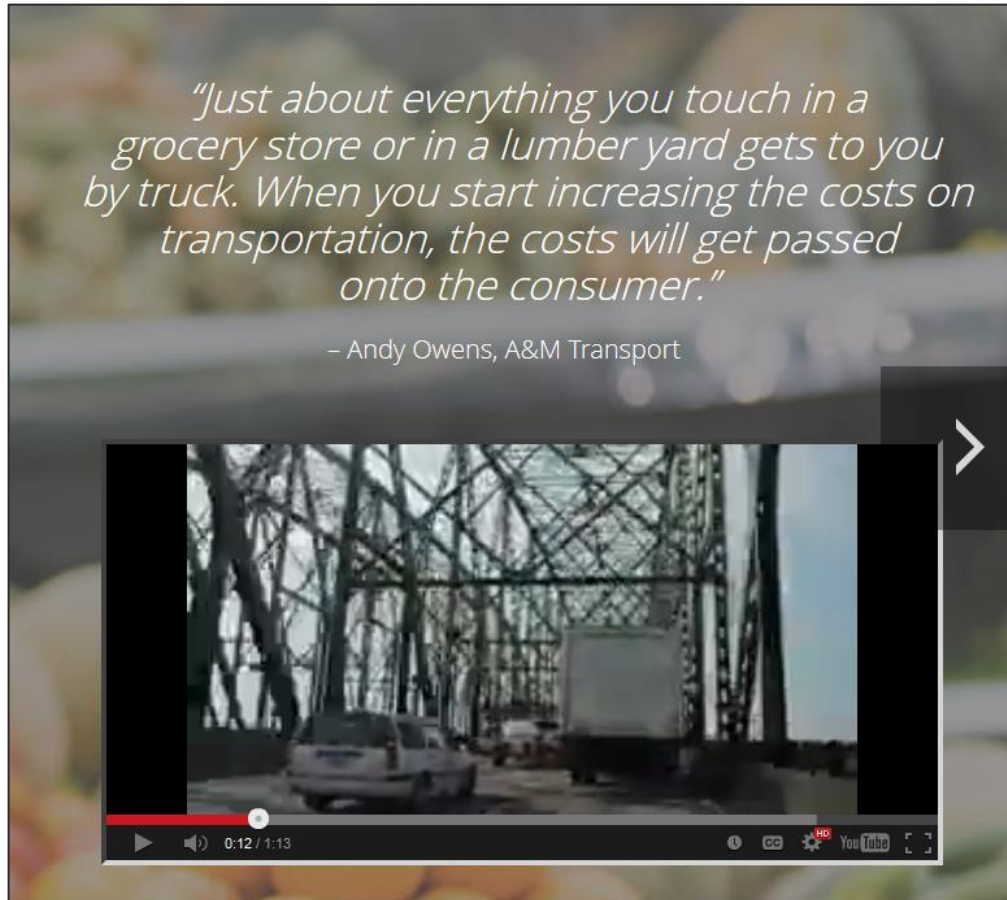
Oregon Climate Change Campaign

Engaging Consumers



Oregon Climate Change Campaign

Engaging Consumers



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

According to studies by leading consulting firms, a Low Carbon Fuel Standard, or LCFS, could add approximately one dollar per gallon to the cost of producing transportation fuels.

Matt Miller video

Washington Climate Change Campaign

Engaging Consumers



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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

Washington Consumers

FOR SOUND FUEL POLICY

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 approach that will likely result in fuel supply disruptions and extreme volatility. At a time when job creation and economic growth in Washington State should be Olympia's number one focus, regulations that address climate change must be carefully considered. As a LCFS regulation could adversely impact the state's economy.

The potential economic consequences of a California LCFS in a Boston Consulting Group report entitled *Understanding the Impacts of a California Low Carbon Fuel Standard* dated June 2012 and updated in October 2013. If implemented in Washington State we believe similar impacts will occur here at home. More detailed Washington State modeling to develop definitive impacts in Washington if a LCFS were to be adopted.

LCFS Could Put Washington's Economy, Businesses, and Jobs at Risk
The Boston Consulting Group (BCG) report determined that a LCFS would likely result in the closure of up to half of California's refineries. In addition the report projected a loss of 28,000-51,000 jobs and \$4 billion in lost tax revenue to state and local governments.

A LCFS could create fuel shortages if fuel providers are unable to compete for scarce low-carbon biofuels could result in fuel price increases, which could be passed along to businesses and consumers. If the cost of doing business increases, employers are left with difficult decisions which can lead to job loss, greater unemployment, and slower economic growth.

According to a Charles River Associates study, a national LCFS would result in major compliance costs that could drastically increase fuel prices. Indeed, the study found consumer costs could rise between 10% and 20% 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 would increase the cost of consumer products because businesses often rely on fossil fuels to deliver their goods to market.

www.wasoundfuel.org

Washington Consumers

FOR SOUND FUEL POLICY

PROJECTED COSTS/IMPACTS OF A LOW CARBON FUEL STANDARD

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

- ✓ **Washington State Estimate – Climate Legislative and Executive Workgroup (CLEW)** – Leidos (formerly Scientific Applications International Corp.), the CLEW's expert consultants, estimate that the cost of gas and diesel fuels would have to increase between \$0.93 and \$1.18 per gallon for a state LCFS to produce results. LCFS 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 California's program. The Boston Consulting Group (BCG) has estimated that compliance costs there will be between \$0.33 and \$1.06 per gallon. The analysis also shows that these costs are likely to climb as scarce credits become more expensive and if other states impose similar legislation.

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 result in the loss of 28,000 to 51,000 jobs in that state. This did not include potential for job losses in other industries as the result of increased costs or supply constraints. Washington State's refining industry would be similarly affected.

- ✓ **Potential loss of tax revenues** – The BCG report estimated that state and local governments around California would lose \$4 billion in tax payments as a result of that state's LCFS. Again, critical tax revenues in Washington would be at risk.

- ✓ **Potential impact on transportation funding** – The Washington Association has already indicated that its members' support for transportation funding package is waning in light of concern regarding potential fuel cost impacts of a LCFS and other climate-related costs 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 jobs, create \$1.7 billion in economic activity, and pay more than \$2 billion in taxes each year. The costs of a state Low Carbon Fuel Standard would threaten these economic benefits at risk.

www.wasoundfuel.org

Washington Consumers

FOR SOUND FUEL POLICY

SUPPORT FORM: Join Our Coalition

A low carbon fuel standard is not ready for prime time in Washington.

You may publicly list your 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 print.)

Organization or Business Name

Title Printed Name

Street Address

City State Zip

Phone Fax Email

Authorized Signature: _____ Date _____

Please return the form to Greg Hanon: greg@greghanon.com

Our Members Include:

- Association of Washington Business
- Associated General Contractors
- Automotive United Trades Organization (AUTO)
- National Federation of Independent Businesses – Washington
- Northwest Pulp & Paper Association
- Washington Aggregates & 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 Preservers Institute

Revised 05/18/2014

www.wasoundfuelpolicy.org



California Climate Change Campaign

Engaging Consumers



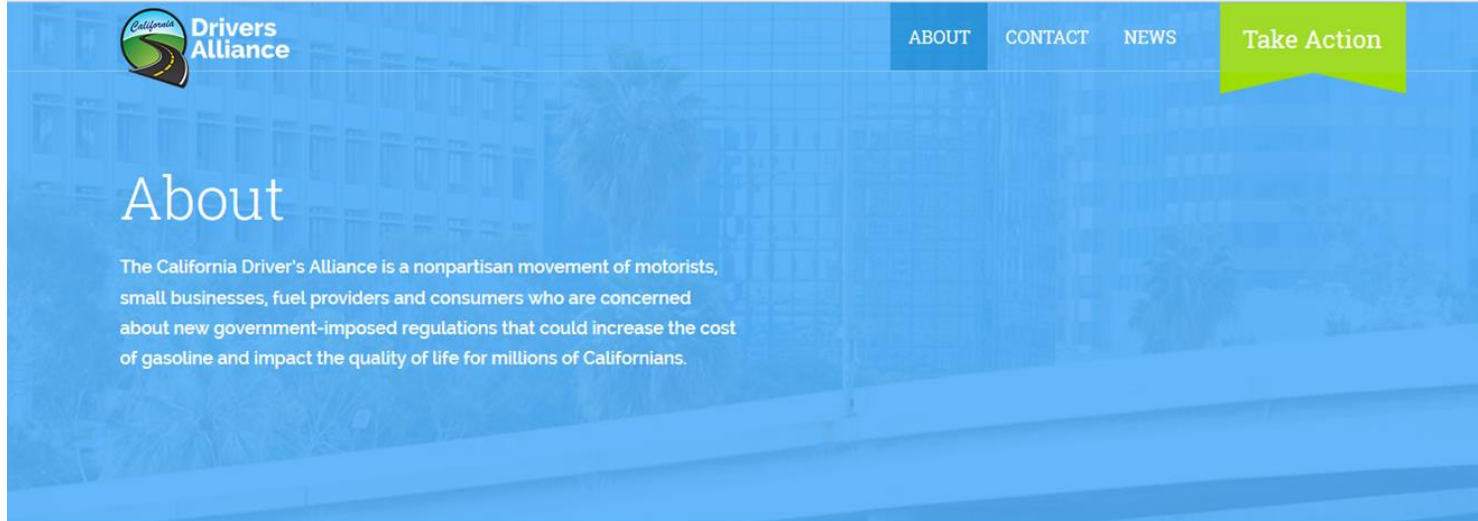
Put the
brakes on
the “Hidden”
Gas Tax!

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

California Climate Change Campaign



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



Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Catherine H. Reheis-Boyd
President

August 1, 2014

Mary Nichols
Chair, California Air Resources Board
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Dear Chairwoman Nichols:

I write to you today to seek clarification regarding a number of recent statements your representatives have made regarding the January 1, 2015 expansion of California's cap and trade program to transportation fuels. As you know, the Western States Petroleum Association believes this regulatory expansion will have a significant impact on the fuels markets and potentially consumers, most of whom are unaware of the change and its impact on fuel costs.

WSPA and its members share the Air Resources Board's objectives to reduce greenhouse gas emissions to 1990 levels by 2020. Toward this end, we have worked with the Board and its staff on implementation of cap and trade regulations for stationary sources of greenhouse gas emissions. Expanding the program to fuels is a major, unprecedented step. No other jurisdiction in the world has attempted to regulate gasoline and diesel markets through a cap and trade mechanism. That is why we are recommending the program be delayed – so that all Californians can be properly educated, obligated parties can understand how the program is intended to work, and appropriate controls are in place to prevent unnecessary disruptions to markets and fuel supplies.

We would ask that you provide us an explanation or clarification of the statements catalogued below.

1. "They really don't have to pony up anything until November, 2018." (Dave Clegern, spokesperson for CARB, *Inland Valley Daily Bulletin*, July 2, 2014)

This statement is inconsistent with our understanding of the existing regulation. Chapter 3 of CARB's April 2013 Regulatory Guidance Document states that starting in 2015, each obligated company is required to surrender a minimum of 30 percent of the emissions allowances for a given year by November 1 of the following year. This means, at a minimum, that fuel providers will be required to

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“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.”

California Climate Change Campaign



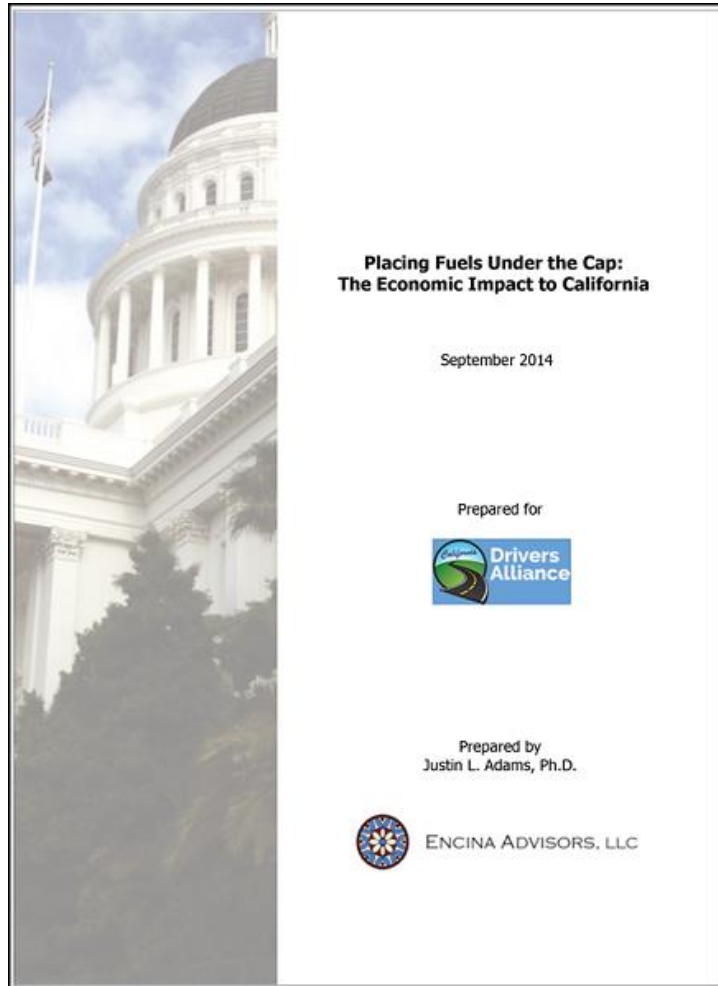
The image is a screenshot of a news article from KUSI News, San Diego's News Channel. The page features a navigation bar with links for HOME, NEWS, WEATHER, and SPORTS. Below the navigation bar, there are social media icons for Facebook, Twitter, and Email, along with a 'LIVE TRAFFIC' button and a 'CONTESTS' button. The article title is 'New tax would push gasoline prices over \$4 a gallon', posted on Sep 15, 2014 at 6:19 PM PST. The article includes a video player showing a man in a suit, identified as John Kabateck, representing the Federation of Independent Business. The video player has a play button overlay.

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.

California Climate Change Campaign



“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

Thank You



Keeping College More Affordable
\$1 Billion More For Public Schools
Protecting our Environment

Thank you,
SENATOR DOUG ERICKSEN

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. (3ESSB 5034)
- ✓ Over \$1 Billion more was invested in our K-12 education system. (3ESSB 5034, ESSB 6002)
- ✓ And Senator Ericksen 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 Ericksen, who are focused on solving our state's problems and creating new job opportunities so everyone can prosper in Washington State.

Thank you Senator Ericksen!

Call Senator Doug Ericksen at (360) 786-7682 and
THANK HIM for fighting for a better future for Washington.



ENERGY PROUD

Paid for by Enterprise Washington
1603 116th Avenue NE, Suite 120
Bellevue, WA 98004

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**

 Drivers Alliance www.CaliforniaDriversAlliance.org



California Climate Change Campaign

Engaging Politically


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

Why?

Tell Assemblyman Dickinson to stop


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

www.CaliforniaDriversAlliance.org

 **Drivers
Alliance**
P. O. Box 160584
Sacramento, CA 95816

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

 California Drivers Alliance
P. O. Box 160584
Sacramento, CA 95816

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Oregon Climate Change Campaign

Engaging Politically



Take Action Now

[Ask your legislator to oppose the hidden gas tax!](#)

[Join the conversation on Facebook](#)

[Follow us on Twitter](#)

TAKE ACTION NOW: Ask your legislator to oppose the hidden gas tax!

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.

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.

Gov. Kitzhaber has made it clear he plans to move forward with a LCFS – even without the support of the state’s elected legislators.

Together, we can stop them.



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