May 30, 2008

Mary D. Nichols, Chairperson
California Air Resources Board
1001 T Street • P.O. Box 2815
Sacramento, CA 95812

Re: AB 32 Scoping Plan – FEEBATES as a Transportation Sector Strategy

Dear Chairperson Nichols:

We are writing to urge the California Air Resources Board (CARB) to include in the AB 32 scoping plan a clear and explicit appeal to the state legislature for authorization and direction to create a vehicle feebeates program that will reduce emissions of global warming pollution from within the transportation sector.

As you know, a feebeates mechanism is a market-oriented solution that would assign one-time surcharges and rebates on new passenger cars and light trucks on essentially a sliding scale based on their greenhouse gas emissions. The rebates and surcharges act as incentives for consumers to purchase, and for manufacturers to produce, cleaner, lower-emitting vehicles.

According to the Union of Concerned Scientists and other supporters, a vehicle feebeates program can work well independently or in conjunction with existing vehicle GHG emission regulations. Feebeates would allow drivers to save thousands of dollars in fuel costs, while also wiping out millions of tons of cumulative global warming pollution over the next decade.

An effective feebeates program would entail several key features: First and foremost, the program should be designed to achieve the maximum feasible and cost-effective global warming emission reductions, consistent with AB 32. The program should be self-financing, so that the surcharges pay for the rebates and agency administrative costs. The dollar levels should be sufficient to affect behavior—whether at the manufacturer or retail level. The feebeates program should be consistent with the state's efforts to improve air quality and ensure that no loss of emissions benefits occurs for any criteria pollutant as the result of any specific feebeates program design consideration.
We strongly support the inclusion of a feebates program as part of the implementation of AB 32. A feebates program will show that the market can be influenced in a positive direction through appropriate incentives, while working to compliment existing vehicle regulations.

Thank you for considering our input.

Sincerely,

[Signatures]