Texas Oil Firms Oppose California Climate Law

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WASHINGTON — Several Texas oil companies are bankrolling a petition drive to suspend California’s path-breaking climate change law in a move that may prove a bellwether for national efforts to address global warming.

The Valero Energy Corporation, a San Antonio-based company that is one of the nation’s largest independent oil refiners and retailers, has contributed $500,000 to a ballot initiative that would halt the carrying out of the California climate law known as Assembly Bill 32, which Gov. Arnold Schwarzenegger, a Republican, signed in 2006. At least one other Texas oil company, Tesoro, with operations in California and a prominent antitax group are helping to finance the petition drive to place the initiative on the November general election ballot.

The California law, the first of its kind in the nation, is intended to reduce emissions of climate-altering gases by 15 percent below current levels by 2020 through a variety of means, including a regional cap-and-trade system. The bill also calls for greater efficiencies in buildings and transportation, more use of renewable sources of energy and greater reliance on clean-burning fuels. These are all major elements of climate change proposals now being discussed in Washington.

The fine points of the California plan, including the critical questions of how emissions permits would be allocated and how any revenues would be distributed, are still being worked out.

The ballot initiative would prevent the law’s taking effect until unemployment in California falls to 5.5 percent or lower for four consecutive quarters. The state’s current unemployment rate is 12.5 percent. The average statewide unemployment rate in 2006 was 4.9 percent.

Mr. Schwarzenegger has said he considers the climate change law one of the signal achievements of his administration and wants to see it put in place. He said recently he believed the petition drive was fueled by the “greed” of out-of-state energy companies.

“I think that the California people are outraged about the fact that Texas oil companies,
Texas oil companies, are coming to California and trying to change laws and policies in California,” he said at a green technology exhibition in Sacramento last month. “I mean, it’s outrageous.”

But the governor has also expressed concern that the new law, scheduled to take effect in 2012, not harm the state’s crippled economy and cause additional job losses.

The California Jobs Initiative, the group collecting petition signatures to upend the California law, has raised just under $1 million, according to a spokeswoman for the group. Most of the money came from oil companies, but the Howard Jarvis Taxpayers Association, founded by the father of California’s antitax movement, contributed $100,000.

A Valero spokesman, Bill Day, said costs would rise at the company’s two large refineries in California under the new emissions law because refineries use a lot of electricity and natural gas to heat and refine crude oil. Electricity prices would go up under the law, he said, and the consumption of natural gas produces carbon emissions that would be penalized under the legislation.

“Like the national cap-and-trade legislation, it does nothing at all to alleviate the problem of climate change, but it would have tremendously bad impacts on the California economy,” Mr. Day said. “This is exactly the wrong time to be implementing a cap and trade program that will further hurt consumers and cause more job losses. We are supporting a measure that would give California voters the chance to express their opinion on whether this legislation should be implemented now.”

Valero has also been active in opposing federal cap-and-trade regulations. In response to the climate bill passed by the House last June, Valero organized a “Voices for Energy” campaign against the bill and placed signs at its gas stations around the country depicting Uncle Sam warning drivers that the legislation would increase gasoline prices.

Steven Maviglio, spokesman for Californians for Clean Energy & Jobs, an alliance supporting the climate bill, said he had little doubt the organizers of the initiative would collect the required 434,000 signatures by mid-April to win a spot on the November ballot. He said his organization, representing technology firms, environmental advocates and public health groups, had raised nearly $1 million to defend the law. But he said both sides in the fight would probably raise tens of millions of dollars for what he called an environmental “battle royal” in the fall.

“Valero has been very outspoken on the national level against climate change regulation,” said Mr. Maviglio, who served as spokesman for Gray Davis, the Democratic governor whom Mr. Schwarzenegger succeeded in a lively recall election in 2003. “This is a strategic effort by the oil companies to try to unravel this law before it spreads throughout the country. The theory is if they can kill it here, they can kill it everywhere.”

There are already signs of economic and political unease in state capitals about climate change legislation. Arizona announced this year that it was pulling out of an embryonic regional greenhouse gas emissions trading group, and more than a dozen state attorneys general have challenged the Environmental Protection Agency’s plans to regulate global warming gases.

John M. Broder reported from Washington, and Clifford Krauss from Houston.