

EDITORIAL: Head off big fuel price hike

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By The Bee Editorial Board



The expected costs of expanding California's cap-and-trade law to fuels are such that Californians could see the price for gasoline and diesel rise by at least 17 cents a gallon, and potentially much higher, depending on demand for the pollution credits in state auctions.

ASSOCIATED PRESS FILE

Assembly Member Henry T. Perea of Fresno is at odds with a majority of his fellow Democrats in Sacramento because he wants a three-year delay on the "cap-and-trade" rule that would require energy companies to purchase greenhouse-gas emission credits for transportation fuels beginning Jan. 1.

The expected costs are such that Californians could see the price for gasoline and diesel rise by at least 17 cents a gallon — and potentially much higher depending on demand for the credits in state auctions.

Perea says that his motivation for seeking the delay is to protect those areas of California struggling with double-digit unemployment and low wages, and lack efficient public transportation.

"The economics of inland California are very different than those of the rest of the state, especially the wealthy coastal areas," Perea said Friday at a Fresno Chamber of Commerce breakfast.

As does Perea, we support the goals of Assembly Bill 32, the state's landmark 2006 legislation that seeks to reverse climate change. And we also support his Assembly Bill 69, which would exempt transportation fuels until 2018.

Environmentalists and many Democratic lawmakers don't see merit in Perea's legislation. They say its goal is to protect the interests of Big Oil and trucking companies.

We don't believe that Perea is a shill for oil companies and freight movers. Rather the split in the Democratic ranks reflects the widening gap between the haves and have-nots among their constituents. Most people in the Bay Area, for example, can easily handle the spike at the pump; those who can't often have easy access to quick, reliable public transit.

It's a different story in the San Joaquin Valley and the Inland Empire.

"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," Perea told The Los Angeles Times. "In some areas of the state, like the Central Valley, constituents need to drive long distances and they will be disproportionately impacted by rising gas prices."

Perea also has questions about what the Legislature will do with the \$2 billion to \$3 billion raised by the sale of the greenhouse gas emission credits. How much of this new revenue will go to address problems in disadvantaged areas? And how much will simply roll to regions with the most political power? These are questions worth asking.

In early July, 16 Democrats sent a letter to the Air Resources Board urging that it delay implementation of the credit purchases. That effort was countered by 32 Democrats signing a letter to Gov. Jerry Brown urging that the deadline stay put.

"Do we have a chance to get this done? I am not sure," Perea said Friday.

"What we're really trying to do on this is create a public discussion, because I'm not sure the public is aware of cap and trade and what it's going to do to their pocketbooks."

Perea's efforts to protect those struggling to make ends meet will crank up Monday when the Legislature reconvenes from its summer recess.

At the least, the credits rule should be amended to protect the most vulnerable of Californians — perhaps a state rebate for low-income households?

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