CLFP Issue Summaries

ANNUAL BOARD OF DIRECTORS MEETING
April 24, 2015

Water Supply Issues:

- ***Mandatory Water Reductions.*** On April 1, 2015 the Governor issued an Executive Order which directed the State Water Board to implement mandatory water reductions in cities and towns across California to reduce potable urban water usage by 25 percent statewide. The mandatory water reductions do not apply to self-supplied water.

The State Water Board is currently developing emergency regulations to implement the new restrictions and prohibitions contained in the Executive Order, including:

- Mandatory 25% reduction in potable urban water use;
- Commercial, industrial and institutional potable water use reductions;
- Prohibition on using potable water for irrigation of ornamental turf in street medians;
- Prohibition on using potable water for irrigation outside of new home construction without drip or micro-spray systems;
- Rate structures and other pricing mechanisms.

The State Water Board will be releasing proposed regulations for public comment on April 28 and plans to adopt the regulations on May 5 or 6, 2015.

CLFP is monitoring the State Water Board's regulatory process. Staff reached out to Felicia Marcus, Chair of the State Water Board with concerns about maintaining the current statutory process water exemption that provides water suppliers the flexibility to exempt industrial water users from water conservation mandates. In response to these concerns, Chair Marcus assured CLFP staff that the Executive Order and Board regulations are "not going to be targeting CII uses except ornamental turf. Also (I) doubt local agencies would choose to do something that would hurt business, let alone health and safety. "

However, despite these assurances, CLFP staff has heard that some member companies may be receiving notices from their water suppliers to cut water use by up to 35%. **If your company receives one of these notices, please contact CLFP staff.**

It will be critical in the coming weeks and months that companies that receive their water from municipal sources be actively engaged with their local suppliers and educate them about the need for a process water exemption.

The CLFP will continue to work with the Governor's Office and the State Water Board on clarifying the intent and application of the Executive Order and corresponding regulations to ensure that water needed for processing plants is, indeed, exempted from water use reduction mandates.

The CLFP staff will discuss a more detailed strategy moving forward with the CLFP Board.

- ***Groundwater:*** Last year the Legislature passed and the Governor signed the Sustainable Groundwater Management Act (SGMA) of 2014. In brief, this Act requires the adoption of a "groundwater sustainability plan" (GSP) for all high or medium priority basins. The Act allows any local agency or combination of agencies to establish a groundwater sustainability agency (GSA) for the purpose of developing and implementing a GSP.

  There are several legislative efforts currently underway to provide clean-up to the Act. These efforts include an expedited adjudication process to help provide more certainty in existing water rights and designating groundwater storage as a beneficial use.

  CLFP is also monitoring the efforts of the Department of Water Resources (DWR) in implementing its new and expanded responsibilities under SGMA, including: (1) developing regulations to revise groundwater basin boundaries; (2) adopting regulations for evaluating and implementing GSPs and coordination agreements; (3) identifying basins subject to critical conditions of overdraft; (4) identifying water available for groundwater replenishment; and (5) publishing best management practices for the sustainable management of groundwater.

  In March 13, 2015, DWR released a draft Strategic Plan that describes its new responsibilities and vision for carrying out the SGMA. DWR is requesting public comment feedback on the plan by June 1, 2015. CLFP is currently reviewing the plan and will be working with the CLFP Water Resources Subcommittee in developing comments.

  DWR will also be hosting public listening sessions regarding the development of Emergency Regulations on Groundwater Basin Boundary Revisions. These listening sessions will be held on April 28, 2015 in Willows, April 29, 2015 in Visalia and April 30, 2015 in San Bernardino. There will also be a webinar on May 1, 2015. According to DWR, these listening sessions are in addition and prior to the required public meetings that will occur once the draft regulations are developed. DWR will present information and will be seeking input on basin boundary issues that could create potential difficulties with SGMA implementation.

- ***Water Bond/Storage***: In November 2014, California voters passed Proposition 1, a $7.5 billion water bond. The bond provides $2.7 billion to increase the state's water storage capacity and designates the California Water Commission as the state agency responsible for developing and adopting a program to appropriately allocate these funds for the public benefits of eligible water storage projects.

The Bond calls for this funding to begin at the end of 2016. The Commission plans to release draft regulations by June, 2015 and issue the final plan to Office of Administrative Law by the Fall of 2015 to begin the formal rule making process.

The Commission hosted three public meetings in April to provide an opportunity for stakeholders provide input on how the bond funds should be spent. The meetings were held in Chico, Fresno, and Pleasant Hill.

Agricultural stakeholders told the commissioners at the meeting in Fresno that water plays a vital role in the region and the effects of the drought hurt more than just those who farm; It extends to workers, businesses that depend on farming and rural communities. Supporters of more water storage are pushing to have a new dam built at Temperance Flat, upstream of Millerton Lake, and Sites Reservoir in Sacramento Valley.

How the water storage portion of the funds is ultimately to be spent will be debated among the nine members of the commission. Three are from the Valley: farmer Joe Del Bosque of Firebaugh, Dave Orth, general manager of the Kings River Conservation District, and Herrera of Visalia. Del Bosque is currently vice-chairman of the commission.

Water Quality Issues:

- ***Storm Water Permit:*** The new Industrial General Permit (IGP) was adopted April 1, 2014. Once effective (July 1, 2015) it will replace the current permit. The IGP requires electronic applications and reporting. It also contains more stringent requirements including, mandatory BMPs, additional monitoring and sampling requirements, and Numeric Action Levels (NALs) and Exceedance Response Actions (ERAs).

- ***CV-SALTS:*** CLFP remains engaged with the CV-SALTS stakeholder coalition, which continues to work on revising the Central Valley Regional Water Board's (Board) Basin Plans to include a salt and nutrient management plan (SNMP). The plan, once adopted, will set the regulatory standards for all wastewater discharges in the Central Valley and will have a significant impact on most farming and food processing operations. CLFP's main goal in engaging on the CV-SALTS effort is to provide more regulatory flexibility and certainty for food processors with wastewater land application sites. Much of the effort by the Regional Board is focused on groundwater degradation, and this may eventually dovetail with efforts by the state to develop independent regional groundwater management agencies. Draft Basin Plan Amendments are expected in late 2015, and then will be subject to public comments and review by the Regional and State Water Boards prior to approval.

To retain its voting seat on the stakeholder coalition Board of Directors, CLFP is required to make a $20,000 contribution in 2015. The funds are used to pay for

technical consulting services and research. CLFP will seek approval from members to solicit funds for the contribution to the Coalition.

- ***Chrom-6 Drinking Water Standard***: The Department of Public Health (DPH) recently set a new state drinking water standard for hexavalent chromium (Chrom-6) at 10 parts per billion. The new standard is substantially lower than what the latest research shows is needed to protect public health. Chrom-6 occurs naturally in water supplies across the state at levels that often exceed California's new drinking water standard. Efforts to eliminate this naturally occurring Chrom-6 could potentially cost water utilities millions of dollars a year.

  This new standard could have serious implications to food processors with self-supplied water. Food processors on self- supplied water systems that employ 25 or more people that come into contact or use the water at the plant, are considered a non-transient community water systems and would be subject to this new drinking water standard. Water used in food processing plants must be derived from an adequate source (i.e from an approved and appropriately constructed well or a public drinking water system) and if it contacts food or food contact surfaces that it is of adequate sanitary quality.

  CLFP staff confirmed that DPH will generally only be considering enforcement when contaminated water is coming into direct contact with food or used on food contact equipment where contaminants may be left behind that can be incorporated into the food during processing. This could be a concern with regard to using water that exceeds the Chrom-6 standard to clean plants or use on or in products.

  On May 29, 2014 the California Manufacturers & Technology Association (CMTA) and the Solano County Taxpayers Association (SCTA) jointly filed a lawsuit against the DPH in Sacramento Superior Court over the new state drinking water standard. The lawsuit asks the court to order DPH to adopt a drinking water standard for hexavalent chromium that is based on the best available research, considers national standards, and takes into account the reasonably expected economic impacts of this rule. The case is expected to go to trial in July of 2015.

  The CLFP has been requested to be an intervener in the case and to file a brief by June, 2015. If CLFP member companies are interested in contributing to this effort, they should contact CLFP staff.

  In addition, CLFP is monitoring and may be engaging on pending legislation that would authorize a deferral on compliance for public water systems until 2020.

California's Department of Resources Recycling and Recovery (CalRecycle)

CalRecycle is proposing new regulations regarding the land application of food processing byproducts and compostable green waste. CalRecycle states that they are trying to address a specific nuisance issue with municipal green waste composting operations, however they have included food processors into the proposed regulation

as well. The current proposal would make land application costly and impractical in many cases.

The agency formally released the draft proposal for public comment on October 10, 2014. CLFP submitted lengthy comments that requested and exemption for food processors from the onerous new requirements as land application is already regulated by the Regional Water Quality Control Boards.

It appears that we made progress as the revised regulations seem to address our concerns. CalRecycle will be initiating a 15 day written comment period for the Rulemaking on April 21, 2015. Written comments must be submitted by 4:00 p.m. on May 6, 2015. CLFP will be submitting comments. Staff has sent the revised comments to the CLFP Solid Waste Subcommittee for thoughts and feedback on the revised regulations.

Proposition 65:

- ***Enhanced Warning Regulations.*** The Office of Environmental Health Hazard Assessment (OEHHA) has released for public comment a proposal to enhance warning requirements. OEHHA is claiming that these changes are necessary to make more information available to the public and give businesses greater flexibility and certainty in terms of the warnings it provides. However, OEHHA's proposed changes are substantial and there is significant concern by CLFP and the larger business community that these changes will result in increased litigation and greater burdens on businesses for compliance with Proposition 65.

  In particular, the key elements of the proposal include:

  - The creation of an OEHHA website that will be listed in all warnings.
  - A list of chemicals that must be specifically listed in a Proposition 65 warning if there is an exposure to that chemical. The list includes mercury, lead, arsenic, cadmium, phthalates, and chlorinated Tris among others.
  - Changes to the methods of warning and the content of warnings including changes to what has been considered a "safe harbor warning."

  OEHHA held a public hearing on March 25, 2015. CLFP submitted two separate joint comments to OEHHA with the Agricultural Council of California and the California Chamber of Commerce.

  OEHHA plans final adoption of these regulations this summer.

- ***Lead in Fruit Case***. In September 2011, the California-based Environmental Law Foundation ("ELF") filed a lawsuit against Gerber, Dole, Welch's and 15 other large and small food manufacturers as well as numerous distributors and retailers, for failure to warn for lead as allegedly required under Proposition 65.

On July 31, 2013, Judge Brick with the Alameda Superior Court issued a lengthy written decision finding for the food and beverage manufacturers on the basis of their "safe harbor" defense – more specifically that the amount of exposure to lead from each of the products was under Proposition 65's 0.5 microgram per day warning threshold. One of the key arguments by the defense that Judge Brick agreed with was that exposure to lead should be averaged over time based on actual data on how the food or beverage is consumed and based on an average of lead levels detected in lots.

ELF and the defense appealed Judge Brick's decision. On March 17, 2015, the California Court of Appeal issued a decision that affirmed the trial court's decision that the defendants had met their burden on the safe harbor defense, and that the defendant's use of averaging was permitted under Proposition 65. This is a great result. However, the court did not address in its decision the cross-appeal and the industry's arguments related to a naturally occurring exemption and federal preemption.

ELF may appeal the case to the California Supreme Court if it can get the support of the Attorney General (AG). CLFP is working behind the scenes with other food and agriculture groups to request that the AG not get involved. Without the support of the AG, it is not likely that the Supreme Court will hear the case.

- ***Mateel Case***. In early January 2015 the Mateel Environmental Justice Foundation, which has a long history as a Proposition 65 plaintiff, filed a writ petition seeking to challenge and rescind the "safe harbor" level for lead under Proposition 65. This action has potential consequences for the agricultural and food processing industries as well as a wide range of other industries that manufacture or distribute consumer products sold in California that may contain trace levels of lead. Mateel asks the court to order OEHHA to <u>rescind</u> the current 0.5 micorgram/day safe harbor for lead under Proposition 65. Stated simply, Mateel wants OEHHA to require businesses to provide Prop 65 warnings if their product and/or facility contains <u>any</u> amount of lead.

The economic, legal, and policy consequences that will result if OEHHA does not mount a vigorous defense will be extraordinary. This could undo a positive verdict for food processors in the laed and fruit case currently pending in the Court of Appeal. Further, longstanding determinations and prior court-approved settlements based on the existing lead warning threshold could be called into question. Many plaintiff enforcers would likely use any detectable lead, no matter how small, to support a notice letter and a lawsuit against a company. The amount of warnings from lead exposures would increase exponentially, flooding consumers with even more warnings.

CLFP has joined with the California Chamber of Commerce, the California Farm Bureau and other organizations as an intervener in this case. This will help ensure that OEHHA does not make a settlement agreement with the plaintiffs that will have an adverse impact on industry.

Air Issues:

- ***CARB Changes in Preparation for Post-2020:*** The California Air Resources Board (CARB) revealed that a number of internal changes have been made that they believe will increase the efficiency of the agency in its role of oversight and implementation of current and future regulations.

  The new division chief of the Stationary Source Division is Floyd Vergara. He was formerly the Chief of the Alternative Fuels Branch at CARB and was the principal author of the Board's Low Carbon Fuel Standard's regulatory language. Vergara is an attorney and is licensed in California as a professional engineer. He has been at the Board for nearly 27 years.

  Under Vergara, the Stationary Source Division's authority has been expanded to include not only emissions associated with fuel, oil & gas, and cap-and-trade operation, but now includes oversight on toxic materials, freight, drayage, and Transport Refrigeration Units (TRUs).

- ***CARB Creates Economic Advisor Position:*** In anticipation of post-2020 impacts, CARB created a position for an economic advisor whose first job will be to establish a team of external economic advisors to advise the Board and executive staff on policy and regulatory implementation. CARB said the new appointee would have input on new modeling and implementation strategies associated with CARB efforts to address the state's climate goals. The economic advisory is also expected to advise Boardmembers on major policy items.

- ***Air Toxic Hot Spots:*** The Office of Environmental Health Hazard Assessment (OEHHA) recently proposed updated "Air Toxic Hot Spots" (AB 2588) health risk assessment guidelines, and plans on finalizing them within the next month or two. Despite significant reductions in stationary source emissions over the last two decades, OEHHA's new guidelines have changed the way air quality health risk is estimated and will result in much higher estimates of risk. Facility risk estimates will increase by 1.5 to 3 times or more – even if there has been no change in a facility's emissions.

  OEHHA and the California Air Resources Board (CARB) are now engaged in updating the risk management and risk communication. There is a concern is that these new guidelines will require many facilities to meet regulatory requirements that include formal notification to surrounding communities that their operations now pose a significant health risk to residents – despite having reduced or registered no change in emissions. Others can expect to face barriers to obtaining new permits or renewing existing air emission permits.

  CLFP has joined a coalition of businesses and industries working with CARB and California Air Pollution Control Officers Association (CAPCOA) to develop reasonable risk communication and risk management guidelines used by local air quality districts.

- ***Ground Level Ozone:*** Late last year, the US Environmental Protection Agency (EPA) proposed to strengthen the National Ambient Air Quality Standards (NAAQS) for ground-level ozone. The proposed update will expand the ozone monitoring season for many states.

  The Clean Air Act requires the EPA to set two types of outdoor air quality standards for ozone: a primary standard: to protect public health, and a secondary standard: to protect public welfare. The EPA is proposing to update both standards. Both would be 8-hour standards.

This is the EPA's second attempt in four years to revise the ozone standard. In 2010, the EPA proposed to reconsider the current 2008 ozone standard. The standards were last updated in 2008 and even though the current 2008 standard of 75 parts per billion ("ppb") has not yet been fully implemented; the EPA proposes to lower it down to a range between 70 ppb to 65 ppb. The EPA is even taking comments on lowering the standard all the way down to 60 ppb.

The current ozone standard of 75 ppb is the most stringent ever and has not been fully implemented in Southern California nor throughout the Central Valley. CLFP has taken the position that the EPA and the states should focus on fully implementing and attaining the existing standard before contemplating a lower standard. A decision can be made at a later date to determine if additional actions are warranted. CLFP will be submitting comments on this issue to the EPA.

- ***Cap-and-Trade Lawsuit (AB32):*** The Pacific Legal Foundation's (PLF) lawsuit against the AB32 Cap-and-Trade regulation continues. The PLF lawsuit challenged Assembly Bill 32 (AB32) Cap-and-Trade Regulation on two grounds: First, the auction process as an unconstitutional state tax because it was not enacted by two-thirds majorities in both chambers of the Legislature. Second, the California Air Resources Board's (CARB) cap-and-trade auction is beyond the scope of authority (Ultra Vires) granted by AB 32 in that it does not authorize CARB to generate revenue.

The Sacramento Superior court ruled in favor of the state leading to an appeal by plaintiffs PLF/The Morningstar Packing Company and the California Chamber of Commerce. Appeal briefs were filed by plaintiffs in late October last year. The state's reply brief (CARB, CA Attorney General) was is due February 2, 2015. However, the state missed the deadline and has been given an additional 15 days to file a response. Thereafter, Appellants reply briefs will be due by March 20, 2015. Due to the state's delay in filing its Reply, the deadline for filing Amicus Briefs is extended to May 18, 2015.

To date, at least three briefs are expected to be filed in support of the appeal. CalTax and the National Federation of Independent Business have committed to supplying a brief. Also, a coalition of California industries is working on a brief as well led by the California Manufacturers & Technology Association (CMTA). CMTA has agreed to be the named party on the brief to be filed by industry. Finally, the Howard Jarvis Taxpayers Association is considering a brief, as well. Briefs will be submitted in support of the PLF and CalChamber appeals.

Energy Issues:

RATES

- ***PG&E Natural Gas Rate Case:*** Evidentiary hearings in this case have concluded and parties are now scheduled to provide Opening Comments on April 29, 2015. Afterward, Reply Comments are due on May 20.

Of note: During the evidentiary hearings, the Office of Ratepayer Advocates (ORA) proposed that PG&E receive no more than 60% of the rate increase they are seeking – approximately $700 million. Attorneys familiar with Commission decisions in rate cases such as these are unhappy with ORA's position as the Commission is likely to use the $700 million as a floor in determining what PG&E should receive.

Best guess for a final Commission decision continues to be late summer or early fall.

Background
On December 19, 2013, PG&E filed an application seeking Commission approval for its 2015 Gas Transmission & Storage (GTS Rate Case) rate design, which contemplates revenue requirements of $1.286 billion. Overall, this represents a 57.9% increase in natural gas transportation rates for noncore industrial gas customers.

Ex Parte Violations by PG&E
Since the discovery of the ex parte violations by PG&E in mid-September, there was little forward progress made toward resolving this proceeding. Following an Order to Show Cause (OSC) why it shouldn't be held in contempt of the Commission and sanctioned for violation of the ex parte rules, PG&E was found in violation of the rules governing Commission proceedings and was fined $1million and was banned from all ex parte communications with any CPUC senior management for the length of the proceeding or one year. At that time, Commissioners Michael Peevey and Mike Florio recused themselves from any further voting in this proceeding. Since then, Commissioner Peevey has left the Commission.

Email Evidence
The emails in question were determined to constitute evidence of "judge shopping" by PG&E in this proceeding. The emails show CPUC President Michael Peevey, Peevey's chief of staff Carol Brown, and CPUC Commissioner Mike Florio working with PG&E to steer the GTS Rate Case to a judge of the utility's choosing. CLFP submitted comments on the Commissioner's proposed decision on the OSC arguing that the entire GTS Rate Case was tainted as the result of PG&E's unethical and illegal actions and should be dismissed. The Commission rejected that argument. CLFP continues to raise this point, given that PG&E is facing federal criminal charges in this matter that may have a bearing on the outcome of the proceeding. Additionally, the Commission recently ordered the release of an additional 65,000 emails that will be subject to review by parties and could also have an impact on this proceeding.

The finding of a violation by PG&E also set in motion a mechanism that will require PG&E shareholders to cover the costs resulting from the delay attributable to PG&E's violations. For instance, the commission had to postpone the case's hearings and reassign the proceeding to a different judge. A future decision will determine the amount shareholders may have to pay. It could reach up to $400 million. PG&E has filed an appeal of that decision.

Still no news regarding the ongoing federal investigation and federal indictments charged against PG&E. It remains uncertain as to whether these will affect the final outcome to this proceeding.

In the meantime, CLFP continues to work closely with other industrial parties and their counsel on the issues in this proceeding.

- ***Utility Allowance Allocation Proceeding for EITE Facilities:*** CLFP is a party to a California Public Utilities Commission (Commission) proceeding which will determine how the utilities will distribute the money received from the sale of the allowances given to the utilities to hide the cost of AB32 from residential electric ratepayers and to reduce the risk of emissions leakage in industry that may result from California's cap-and-trade program.

In a previous decision, the Commission decided that the investor-owned utilities should return all the GHG allowance revenue resulting from the sale of the free allowances to residential, small business, and emissions-intensive and trade-exposed (EITE) customers. In that decision, specific methodologies were developed for allocating the GHG allowance revenue to EITE customers calling the revenue returned the "California Industry Assistance" and the Commission set the eligibility requirements for CA Industry Assistance for EITE customers.

In general, a facility will qualify for assistance if it operates in an industry characterized by the North American Industry Classification System (NAICS) codes as eligible for industry assistance under Table 8-1 of the Cap-and-Trade Regulation. The Commission's Energy Division is tasked with calculating the amount of assistance each EITE customer will receive mirroring the methodologies developed by the California Air Resources Board (CARB): those being product-based and energy-based, though the particulars of the methodologies will differ slightly to account for differences between direct emissions (combustion) and indirect emissions (electricity).

For food processors:

- Obligated facilities, already subject to the cap-and-trade will receive the CA Industry Assistance according to the Commission's product-based methodology.
- For facilities subject to mandatory reporting only (emissions under 25,000mmtCO2e annually) CA Industry Assistance will be calculated on an energy-based benchmark.
- Facilities under 10,000 mmtCO2e will be allowed to attest and verify eligibility for the CA Industry Assistance calculated on an energy-based benchmark.

The Commission expects the utilities to begin distribution by October of 2015. CLFP is working with the Commission's Energy Division to provide eligible EITE facilities with a choice as to whether to receive their allotted assistance as a credit on their bill or in the form of a check from their utility provider.

- ***More Command and Control for Industry in Senate Bill 350:*** Senator Kevin De Leon's legislation, Senate Bill 350, will ratchet up energy restrictions in California if it is approved by the Legislature and signed by Governor Brown. SB 350 recently passed a Senate policy committee, despite concerns from business representatives and Republican legislators that it will drive up energy costs, cost jobs and place too much power in the hands of unelected bureaucrats in the California agencies.

Senate Bill 350 mandates that the state meet three clean-energy goals by 2030:

- Fifty percent reduction in gasoline and diesel fuel used in vehicles.
- Fifty percent of electricity generated from renewable resources (an increase from the current 33 percent mandate by 2020).
- Doubling of the energy efficiency of existing buildings.

The bill does not specify how those mandates will be achieved. It leaves the details and the authority to implement and enforce them to the California Air Resources Board, the California Energy Commission and the California Public Utilities Commission.

Senate President Pro Tem de León states the aim of the bill is to make sure California keeps leading and building the new economy of tomorrow by putting in place standards that will spur innovation and power and provide for a sustainable California future. De León said that the

state's experience with implementation of AB32, the California Global Warming Solutions Act of 2006, shows that increased energy regulation can help the economy.

De León is backed by Tom Steyer, an environmental activist who donated $2.5 million to the campaign that defeated Proposition 23 in 2010. Steyer is pushing the notion that much of the $60 billion that Californians spent on gasoline and diesel fuel in 2014 can be replaced with low-carbon alternatives such as electricity, renewable natural gas and biofuels. As evidence, Steyer often cites the more than 100,000 electric vehicles Californians have purchased over the last few years and touts that 18 pumps in the Central Valley are selling renewable diesel fuel made from waste oil.

But opposition is building among business and industry leaders who are just as sure that the energy mandates contained in SB 350 will hurt the state's economy. The Western States Petroleum Association has taken the lead in pointing out the deficiencies in SB 350 citing the impacts to California from rising petroleum costs triggered by reductions. Also, the California Chamber of Commerce has dubbed the bill a "job killer" saying that SB 350 sets an "arbitrary and unrealistic reduction of petroleum use, increase in the current Renewables Portfolio Standard and increase in building energy efficiency without regard to the impact on individuals, jobs and the state's economy.

In addition to the 50 percent reduction in petroleum use, SB350 seeks to increase the current Renewable Portfolio Standard from 33 percent to 50 percent. The Legislature's effort to increase renewable goals and to mandate ever-higher renewable energy targets continues to jeopardize affordability and reliability of California's energy supply. For instance, with respect to renewables, California has yet to solve the ongoing and costly problems of intermittency and costly over generation which continues to plague California's energy system and threaten the grid.

Currently, California's energy price per kilowatt hour is among the highest in the nation. California's industrial rates are now 80% higher than its neighboring states. Mandating upgrades to meet increased energy efficiency standards while increasing the cost of energy will make California businesses less competitive.

CLFP continues to oppose SB 350.