

October 31, 2013

The Honorable Edmund “Jerry” Brown  
California State Capitol  
Governor’s Office  
Sacramento, CA 95814

**RE: California Cap and Trade Auction Proceeds Loan Repayment & Investment**

Dear Governor Brown,

On behalf of the undersigned, we thank you for making climate change and clean energy a priority in your Administration. Your leadership has helped sustain and advance California’s position as a model for climate action and preparedness. As the state begins to chart out the strategies needed to achieve its long-term climate targets, we write to urge you to invest the proceeds from the cap and trade program toward furthering those critical goals.

The impacts of climate change on California’s natural resources and communities, particularly those already disproportionately impacted by pollution, are becoming increasingly dire. While the need for action is clear, the solutions are at hand. You recognized this in your May 2013 climate change consensus statement by affirming that we must focus on “accelerating development and deployment of carbon-neutral energy technologies to replace fossil fuels; making buildings, transportation, manufacturing systems, and settlement patterns more energy-efficient; and conserving forests and regulating land conversion to maximize carbon sequestration ...[as well as]... [a]dapting to the inevitable effects of climate change.”

To follow through on this commitment, **we respectfully request that your January 2014 budget proposal include the following three items: 1) a commitment that no more cap and trade auction proceeds will be loaned to the General Fund; 2) a plan to spend cap and trade auction proceeds in the 2014-15 fiscal year; and 3) a detailed repayment plan for the \$500 million in auction proceeds borrowed in fiscal year 2013-2014, with repayment beginning as soon as possible and no later than fiscal year 2014-15.**

Now that California’s finances are in order, thanks in large part to the passage of Propositions 30 and 39, it is time to redouble our efforts and attention on achieving the state’s complementary climate protection, public health, and economic prosperity goals. This is what smart investments of cap and trade auction proceeds can do, and we urge no further delay in getting started.

You have the overwhelming support of Californians behind you. Nearly 80 percent of Californians believe we should spend money now to reduce climate change impacts, and 83 percent of Californians believe that cap and trade auction proceeds should be used to help disadvantaged communities.

You also have our support. While the Investment Plan identifies opportunities for auction proceeds to be put to good use now in reducing climate change impacts, we stand ready to assist your Administration in developing a more detailed program for the successful investment of these funds.

Auction proceeds provide a pivotal opportunity to accelerate California's role as a clean energy leader and ensure the benefits accrue to all Californians. We urge swift repayment of the loan and deployment of auction proceeds this fiscal year to start capitalizing on it.

Sincerely,

Celia V. Andrade, Chair  
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cc: Nancy McFadden, Executive Secretary, Governor Jerry Brown  
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