



Wisconsin State Assembly

P.O. BOX 8952 • MADISON, WI 53708

February 9, 2010

Matthew J. Frank
Secretary
Wisconsin Department of Natural Resources
101 South Webster Street
Madison, Wisconsin 53707-7921

Dear Secretary Frank:

Thank you for testifying before the Assembly Special Committee on Clean Energy Jobs on the aspects of Governor Doyle's Global Warming legislation subject to regulation by the Wisconsin Department of Natural Resources (DNR). While your insightful comments broadened our understanding of this complex legislation, you did not address the costs associated with the proposed DNR regulations.

As we indicated in a recent letter to the Committee Co-Chairs, this committee will not be in a position to cast an informed vote on the Governor's Global Warming legislation until its costs and its impact on the economy have been addressed. We respectfully request your assistance in this effort.

Low Carbon Fuel Standard

The bill requires DNR to promulgate an administrative rule adopting a Low Carbon Fuel Standard (LCFS) for transportation fuels sold in Wisconsin if certain modest conditions are met. According to the Governor's Global Warming Task Force Report, the LCFS seeks to reduce life-cycle carbon emissions from transportation fuels sold in Wisconsin by 10% by 2020.

In a report entitled *Economics of a National Low Carbon Fuel Standard*, economists Michael Canes and Edward Murphy estimated that the price of gasoline would increase by \$0.61 per gallon with the adoption of an LCFS predicated on the goal of a 10% reduction in carbon emissions from transportation fuels by 2020. In a report entitled *The Economics of Climate Change Proposals in Wisconsin*, economists from the Boston-based Beacon Hill Institute concluded the proposed LCFS would increase costs to Wisconsin motorists by an additional \$3.27 billion by 2020.

Can you provide committee members with any independent studies or analyses by trained economists that refute or confirm that Wisconsin consumers will pay an extra \$0.61 per gallon for gasoline sold in this state if the bill is enacted?

California Vehicle Emission Standards

The bill requires DNR to issue regulations limiting greenhouse gas emissions from all new passenger cars, light-duty trucks and medium-duty passenger vehicles sold in Wisconsin identical to the California car emission regulations.

According to the Alliance of Automobile Manufacturers, these regulations will increase the average cost of new cars sold in Wisconsin by \$3,000 in 2016. In a report entitled *The Economics of Climate Change Proposals in Wisconsin*, economists from the Boston-based Beacon Hill Institute concluded the annual economic impact to Wisconsin consumers resulting from state adoption of California car emission regulations to be \$353 million. At the Committee's first public hearing, the Wisconsin Automobile and Truck Dealers Association estimated these regulations will increase the price of a vehicle sold in Wisconsin by \$1,000 to \$3,000.

Can you provide committee members with any independent studies or analyses by trained economists that refute or confirm that Wisconsin consumers will be forced to pay as much as \$3,000 more for a new car if the bill is enacted?

The Assembly Special Committee on Clean Energy Jobs has scheduled its next public hearing for Monday, February 15. Your assistance in providing answers to our questions relating to the costs of the LCFS and California car emission regulations by that date would be appreciated.

Thank you in advance for your prompt consideration of our request. In the interim, if you have questions or need additional information, please contact us.

Sincerely,



Mike Huebsch

Phil Montgomery



Scott Gunderson