



A Global Warming Rx:

Make Polluters Pay for Global Warming Pollution and Invest in Clean Technologies

California Can Lead the Way . . .

Global warming is the one of the most profound threats of our generation. And the time has come to take bold, aggressive actions to cut emissions and solve the problem. The good news is that California has the skills, know-how and ingenuity to lead the way in producing green technologies to solve global warming.

By many indications California is already leading the nation in developing global warming solutions. For example, California received more than \$1.1 billion in cleantech investment from venture capital firms in 2006, nearly half of the U.S. total.

However, California and the rest of the developed world need to reduce emissions by at least 80 percent by 2050 in order to prevent the worst impacts of climate change. In California, this equates to cutting global warming pollution from its current level of 14 tons per person annually down to 1.5 tons per person in 2050. Such a dramatic cut on our state's global warming pollution over the next 40 years requires fundamental changes in the types of energy we invest in, the types of buildings we construct, and the transportation infrastructure that we build to move people and goods throughout the state.

To spur a clean energy revolution that can solve global warming, California needs to make large investments to drive new technologies into the marketplace and develop the next wave of clean technologies that will reduce pollution.

. . . If We Deter Big Polluters.

Unfortunately, California is still far too dependent on dirty, fossil fuel resources; the California Energy Commission estimates the state relied on petroleum, natural gas and coal for 83.5 percent of energy needs in 2006. At the same time, California has adopted ambitious climate goals that require the state to reduce global warming emissions by 25 percent by 2020 and an additional 80 percent below 2020 levels by 2050. In order to meet our climate goals, California needs to invest today in solutions that will reduce our dependence on fossil fuels.

Regrettably, businesses that provide dirty energy have a stake in maintaining California's dependence on fossil fuels—the more dirty energy polluters sell, the more they earn. For example, from 2003 to 2006, gasoline sales in California rose from 15 billion gallons to 16.1 billion gallons annually. Simultaneously, the seven largest oil companies operating in California—BP, Chevron, Conoco Phillips, Exxon Mobil, Royal Dutch Shell, Tesoro and Valero—saw annual profits rise by 120 percent between 2003 and 2007, taking home \$131.8 billion in profit in 2007.

We can no longer let big polluters off the hook for the huge costs their pollution imposes on the world as we adapt to a changing climate. The best way to deter further investment in a dirty energy economy is to require big polluters to pay for their global warming pollution. To get California on track to solving global warming, the state should use revenue from polluters to ease California's transition to a clean energy economy and to benefit the public at large. In fact, by diverting even 1 percent of the annual profits from these seven oil companies to clean technologies, state and local governments could invest more than \$1 billion annually to build greener buildings, generate more renewable energy, use cleaner cars and expand local transit systems.

Annual Profit in millions

<i>Company name</i>	<i>2007 profits</i>	<i>2003 profits</i>	<i>\$ Increase '03-'07</i>	<i>% Increase '03-'07</i>
BP	\$21,169	\$12,618	\$8,551	68%
Chevron	\$18,688	\$7,382	\$11,306	153%
Conoco Phillips	\$11,891	\$4,735	\$7,156	151%
Exxon Mobil	\$40,610	\$21,510	\$19,100	89%
Royal Dutch Shell	\$31,926	\$12,313	\$19,613	159%
Tesoro	\$566	\$76	\$490	645%
Valero	\$6,918	\$1,222	\$5,696	466%
Total	\$131,768	\$59,856	\$71,912	120%

Oil company profits:

The seven largest oil companies operating in California—BP, Chevron, Conoco Phillips, Exxon Mobil, Royal Dutch Shell, Tesoro and Valero—took home \$131.8 billion in profit in 2007. This marked a 120 percent increase compared to 2003, in which the seven corporations combined to post profits of \$59.9 billion.

Royal Dutch Shell, with refineries in Martinez and Wilmington, had the greatest overall increase in profit over the five-year span, increasing annual earnings by \$19.6 billion. This was followed by Exxon Mobil, which has a refinery in Torrance, where profit increased \$19.1 billion.

Tesoro, which owns a Martinez refinery, experienced the largest percentage increase in profit, seeing gains of 645 percent between 2003 and 2007. Valero, with refineries in Benicia and Wilmington, followed with a 466 percent increase in profit in five years.

Here's what we need to do:

With profits of many fossil fuel companies at record highs, energy prices surging, and the threat of global warming demanding our attention, now is the time to begin deterring global warming pollution and investing in long-term solutions that will kick our dependence on fossil fuels.

As required by the Global Warming Solutions Act of 2006 (AB 32), the Schwarzenegger administration's Air Resources Board is developing a blueprint of policies to determine how the state will cut emissions more than 25 percent by 2020. **It is important that the administration, and if necessary, the legislature, require the state's largest polluters to pay for their global warming emissions and to use a portion of the proceeds to invest at least \$1 billion annually in solutions like energy efficiency, renewable power and a cleaner transportation system.**