

REVIEW & OUTLOOK

California's Climate Change Revolt

The environmental lobby has tried to turn climate change into a social justice issue even though its anticarbon policies disproportionately harm the poor. Honest Democrats are starting to admit this, as we saw in this week's stunning revolt in the California legislature.

Jerry Brown doesn't have much to show for his second turn in Sacramento, and of late he has focused his legacy attention on reducing carbon emissions. The Governor hailed California as a model of green virtue at the Vatican this summer and had hoped to flaunt sweeping new anticarbon regulations at the U.N.'s climate-change summit in Paris this year.

But now his party has mutinied. Democrats hold near supermajorities in both legislative chambers with 52 of 80 seats in the Assembly. Yet this week 21 Democratic Assembly members representing middle- and low-income communities—including 11 blacks and Latinos—joined Republicans to kill a bill mandating a cut in state greenhouse gas emissions to 80% below 1990 levels by 2050.

Democrats also forced Mr. Brown to scrap a measure that would have given the California Air Resources Board plenary authority to reduce statewide oil consumption in vehicles by half by 2030. Imagine the EPA without the accountability. "One of the implications probably would have been higher gas prices," noted Democratic Assemblyman Jim Cooper. "Who does it impact the most? The middle class and low-income folks."

Many Democrats demanded that the legislature get an up-or-down vote on the board's proposed regulations before they take effect. Yet the Governor and Senate liberals wouldn't abide constraints on the board's powers.

The defeat is all the more striking for the failure of appeals to green moral superiority. Liberal groups targeted Catholic Democrats with ads featuring Pope Francis. Mr. Brown demonized oil companies for selling a "highly destructive" product.

The most morally destructive product in California these days is green government. Take the 33% renewable electricity mandate. Since 2011 solar energy has increased more than 10-fold while wind has nearly doubled. But during this period electricity rates have jumped 2.18 cents per kilowatt hour—four times the national average. Inland residents and energy-intensive businesses have been walloped the most.

California's cap-and-trade program has also hurt manufacturers, power plants and oil refiners, which are required to purchase permits to emit carbon. Between 2011 and 2014, California's manufacturing employment in-

creased by 2% compared to 6% nationwide, according to the federal Bureau of Labor Statistics.

Democrats reject green schemes that raise energy costs for the non-rich.

Cap and trade has also raised fuel costs, though its effect is hard to isolate from other environmental mandates. The Western States Petroleum Association last year projected that cap and trade would add 16 to 76 cents per gallon to the retail price of gas based on data from the Air Resources Board.

In 2006 Californians paid about 23 cents more per gallon than the national average due to higher gas taxes and the state's reformulated fuel regulations. The price premium increased to 41 cents last year and spiked to \$1.14 in May after several in-state refineries experienced problems. The average gas price in California is now \$3.22 and \$3.41 in the Los Angeles metro region (where a couple of refineries are undergoing maintenance) compared to \$2.36 nationwide.

California's low-carbon fuel standard will jack up gas prices even more. This anticarbon policy requires refiners to cut their fuel's "lifecycle" carbon emissions including transport to market by 10% by 2020. The goal is to boost California biofuels. However, there aren't enough commercially available "advanced" biofuels to meet the targets, so fuel blenders will have to buy regulatory credits.

The chief beneficiaries of the Golden State's green government have been the well-to-do, while low- and middle-income Californians have borne most of the regulatory costs. The Bay Area and Los Angeles regions account for 80% of the state's electric car rebates compared to the San Joaquin Valley's 2%.

Liberals in Sacramento have promised to spend cap-and-trade revenues on car-sharing programs, low-emissions public transit and electric-car charging stations in low-income communities. But then they sock it to these drivers with regulations that raise gasoline prices.

Meantime, while job growth in the Bay Area is booming, unemployment remains high in the rest of the state. The unemployment rate is 3.8% in San Francisco and 2.9% in Palo Alto. It's 10.4% in Fresno, 8.8% in San Bernardino and 9.6% in the refining hub of Carson—nearly four percentage points higher than in December 2007.

After this week's defeat, Mr. Brown vowed to use regulation to end-run the legislature. "We don't have a declaration in statute, but we have absolutely the same authority," he declared. President Obama has taught him well. Vengeance is his, and the Governor will make hard-up Californians pay for their sins of emission.