

California AB 32 and FUTC Implementation

Effective January 1, 2015

On January 1, 2015, the California Air Resources Board (CARB) will expand [the state's cap-and-trade program](http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm) (<http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>) in accordance with California Assembly Bill (AB) 32, the *Global Warming Solutions Act of 2006*, to include greenhouse gas emissions from the combustion of fuels, such as gasoline and diesel, sold in California. The inclusion of fuel-related emissions in the Cap and Trade Program is commonly referred to as Fuels Under the Cap (FUTC).

While the costs of AB 32 compliance are only one of a number of factors in fuel costs, such as the rise and fall of crude oil prices, we wanted to make you aware this new regulation could impact motor fuel costs in California.

The following provides information about AB 32, Fuels Under the Cap and their potential impact on California's fuel prices to help you and your retail employees be prepared in the event you receive questions from consumers.

What is AB 32?

Assembly Bill (AB) 32, the Global Warming Solutions Act of 2006, is a California law consisting of a suite of regulations requiring the reduction of greenhouse gas emissions statewide to 1990 levels, by 2020. This includes a Cap and Trade program that contains the provision known as Fuels Under The Cap (FUTC).

What is Fuels Under the Cap?

Starting January 1, 2015, FUTC requires fuel suppliers to buy Cap and Trade allowances for the carbon emissions from the combustion of fuels, such as gasoline and diesel sold in California.

If Retail Consumers Ask About Fuel Price Increases That May Result:

Beginning January 1, 2015, fuel suppliers must comply with the Fuels Under the Cap (FUTC) provision of California Assembly Bill 32, which could impact the cost of motor fuels sold in California.

For more information, go to the [California Drivers Alliance](http://www.californiadriversalliance.org/about/faq/) Web site (<http://www.californiadriversalliance.org/about/faq/>) or call them at 1-844-890-1135 if you have any questions.

While AB 32, and FUTC in particular, could impact the cost of motor fuels, we cannot predict what will happen to gasoline prices. Ultimately, the marketplace forces of supply, demand, and competition determine the price of gasoline.