



NACAA Fall Membership Meeting

State and Local Initiatives to Combat Global Warming

AB 32 -- A Framework for Change

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California Air Resources Board
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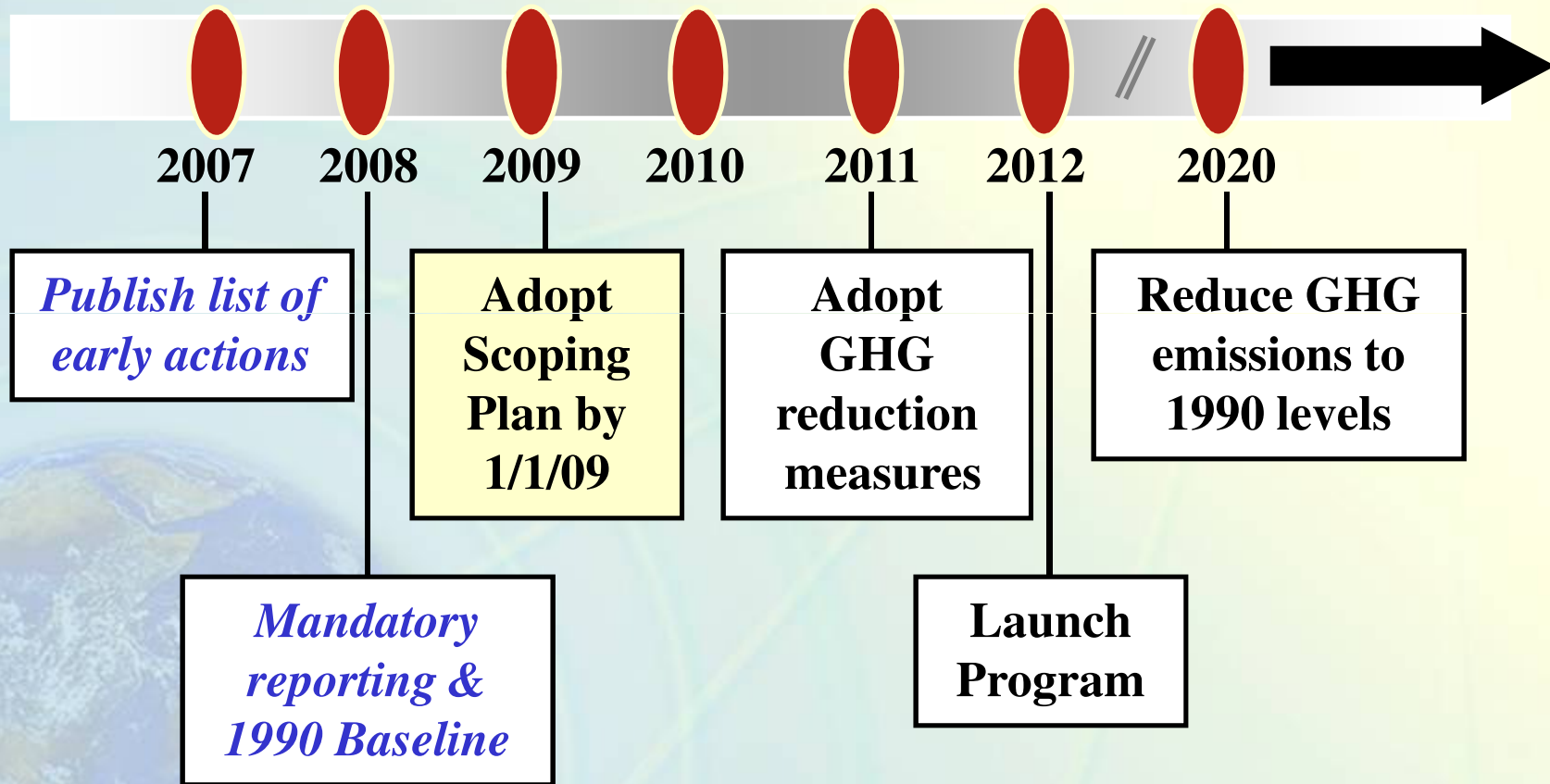
The Time for Action Is Now

- Reduce California's greenhouse gas emissions to 1990 levels by 2020
- Provide a model for regional, national and international programs
- Grow the State's economy and promote investment in green technology
- Protect and improve public health

Federal Activity

- CAA regulation of GHGs is most likely near-term federal action
 - Could mirror and assist CA policies for vehicles, fuels, power plants
- California strongly supports and encourages new legislation
 - Will be working with Congressional leaders and next administration on design
- Federal government must partner with states to preserve, encourage, and support state action

AB 32 Timeline



Scoping Plan Development

- Draft Scoping Plan – June '08
- Receive input
 - Workshops
 - Community meetings
 - Written comments
 - Stakeholder meetings
 - Climate Action Team
- Supplemental Evaluations – Sept '08
 - Workshop and comments
- Proposed Scoping Plan – Oct '08

Plan Recommendations

- Mix of strategies that combine market mechanisms, regulations, voluntary measures, and fees
- Key elements:
 - Energy efficiency programs
 - Renewable energy
 - California cap-and-trade program linked to WCI
 - Targets for transportation-related emissions
 - Existing laws and policies (e.g., Pavley, LCFS)
 - Targeted fees

Cap-and-Trade

- Firm cap on emissions
- California program linked to western region
- Electricity and industrial sectors in 2012
 - Add Transportation and Natural Gas in 2015
- Transition to 100% auction of allowances worthwhile goal
- Offsets limited to less than half of required reductions
- Will seek input from broad range of experts on use of revenue

Sector-Specific Measures

CAPPED SECTORS

- **Transportation** (Pavley, LCFS, regional VMT targets)
- **Electricity/Energy** (Efficiency, 33% renewables, Solar Roofs and water heating)
- **Industry** (Combustion sources)

UNCAPPED SECTORS

- **High Global Warming Potential Gases** (New products and existing banks)
- **Forests** (Preserve sequestration, biomass utilization)
- **Recycling & Waste** (Landfill methane, high recycling/zero waste)
- **Agriculture** (Methane capture at large dairies)
- **Industry** (Fugitive emission sources)

Economic Evaluation

- Create jobs and save households money
- Position CA to more sustainable future
 - Energy efficiency and clean technology
- Additional evaluation during regulatory development

Economic Production	↑	\$33 billion
Overall Gross State Product	↑	\$7 billion
Overall Personal Income	↑	\$16 billion
Per Capita Income	↑	\$200
Jobs	↑	100,000

Public Health Evaluation

- Plan will improve public health statewide
- Estimate we'll avoid 400 premature deaths in 2020
 - \$2.2 billion in air-quality public health benefits
- Additional benefits from local and regional transportation measures
 - Facilitate moderate physical activity
- Additional evaluation during regulatory process

Major Issues

- **Cap-and-Trade:** Firm cap on 85% of GHGs and cost-effective complementary measures.
- **Allocation:** Will seek input from broad range of experts on how allowances should be distributed.

Recommends:

- Minimum of 10% auction in 2012
- Minimum of 25% auction in 2020
- 100% auction is a worthwhile goal
- **Offsets:** At least half of the reductions must come from capped sources. All offsets must meet high quality standards. No geographic limits.
- **Use of Revenue:** Many potential beneficial uses of revenue.

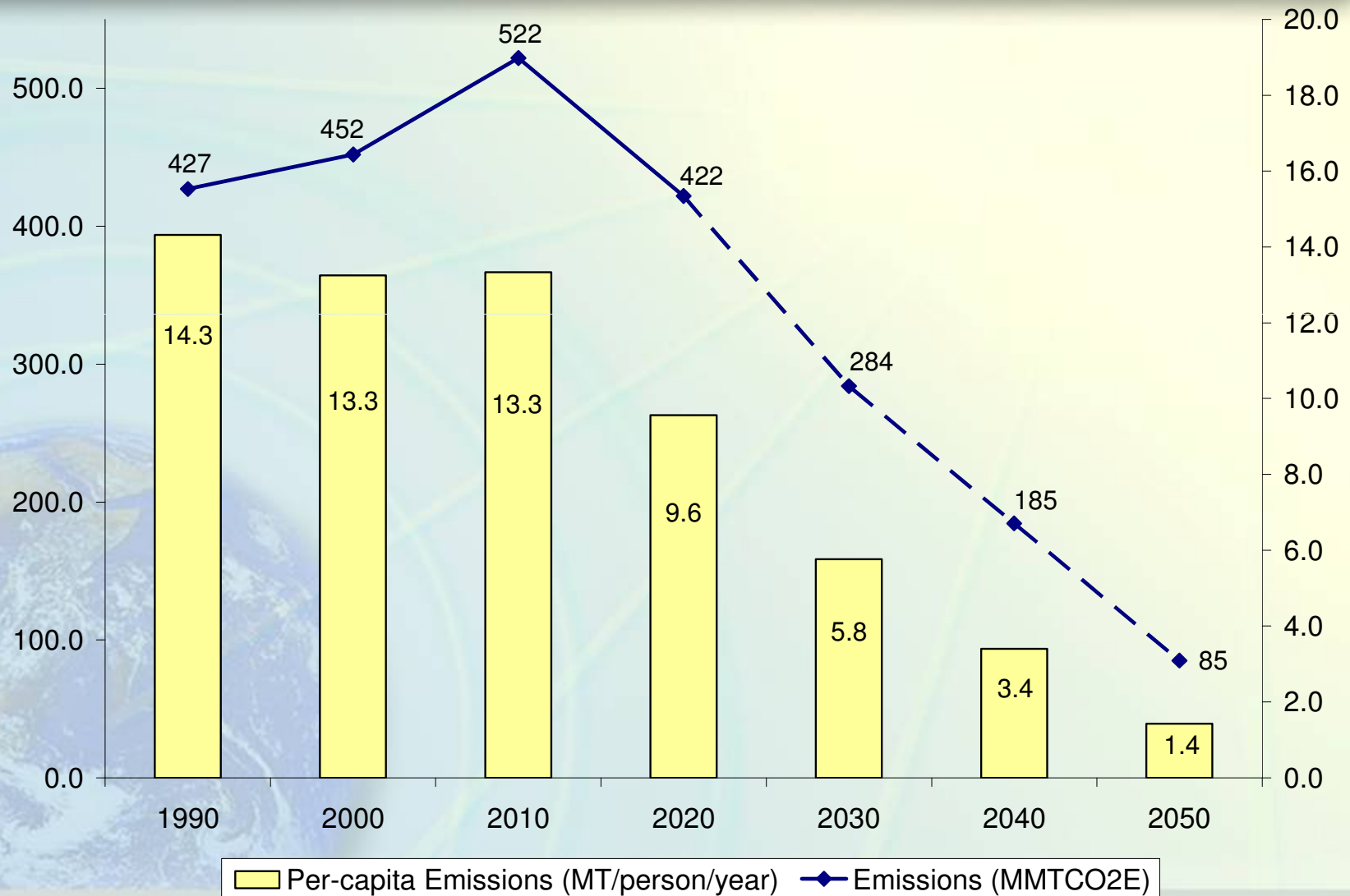
Another Major Issue

Localized Impacts

- How will the Plan improve local air pollution and public health?
- What the Plan recommends:
 - Reductions in future fuel use will improve public health statewide
 - Cannot address specific environmental impacts at Plan level
 - Must evaluate direct, indirect, and cumulative impacts of market-based compliance mechanisms

Moving Toward 2050

A Clean Energy Future




Next Steps

- October
 - Update to Board
 - Begin CEQA comment period
- November
 - Public Hearing to discuss Plan
- December
 - Board vote on Plan

Scoping Plan Implementation

- Two years to adopt AB 32 measures
 - Regulatory development will follow normal public process
 - Extensive stakeholder outreach and involvement
- Implementation and enforcement critical
- ARB must monitor implementation
- Required to re-visit Scoping Plan in 5 years



**We owe our children and we owe our
grandchildren. We simply must do
everything in our power to fight global
warming before it is too late**

-- Governor Arnold Schwarzenegger

On-line References

Download the Proposed Scoping Plan:

www.arb.ca.gov/cc/scopingplan/document/scopingplandocument.htm

ARB's Climate Change Website:

www.arb.ca.gov/cc/cc.htm

California's Climate Change Website:

www.climatechange.ca.gov/