



Global Warming: Options for Cap and Trade in California

Stakeholder Briefing
Byron Sher Auditorium

July 28, 2005

Cap and Trade Options Called for in June 1 GHG Announcement

- ❑ Press release says, “The [CalEPA] secretary will report to the Governor and Legislature on... options for a GHG emissions cap and trade system to reduce GHG emissions in the most cost effective manner possible.”
- ❑ Report on cap and trade options due in January 2006.
- ❑ Cap and Trade working group reports to Climate Action Team

Cap and Trade Reduces Costs

- ❑ Cap and trade reduces cost by creating market for emission reductions
- ❑ US has successful experience with acid rain program
 - Emission reduction targets met
 - SO₂ allowance costs low
 - Administration costs low
- ❑ GHG Cap and trade programs
 - UK emissions trading program
 - EU ETS regulations
 - RGGI (Northeast US)

Options for California GHG Cap and Trade

- Report will examine pros and cons for scope of CA GHG cap and trade program
 - Investor-Owned Utility/All Power emissions
 - Multi-sector
 - Multi-sector plus offsets
- Also evaluate option for no cap and trade

Other Cap and Trade Issues

- Report will examine options for policy and design issues
 - Setting the cap
 - Baselines
 - Targets
 - Allowance allocation
 - Data availability and reporting
 - Allowance tracking

Opportunities for Public Input

- ❑ Cap and trade specific public meeting
- ❑ September 28