

Climate Action Team Quarterly Public Meeting

Scoping Plan Implementation Update
California Air Resources Board
Office of Climate Change
June 9, 2009

- California continues to lead
 - Finalized Scoping Plan & responded to CEQA comments
 - Adopted ten measures to date with seven more scheduled for Board consideration in 2009
 - ARB tracks implementation on our website:
(<http://www.arb.ca.gov/cc/implementation/implementation.htm>)
- Agreement on national GHG standards for cars and light trucks
- Federal legislation
 - Working with our federal colleagues to improve Waxman-Markey

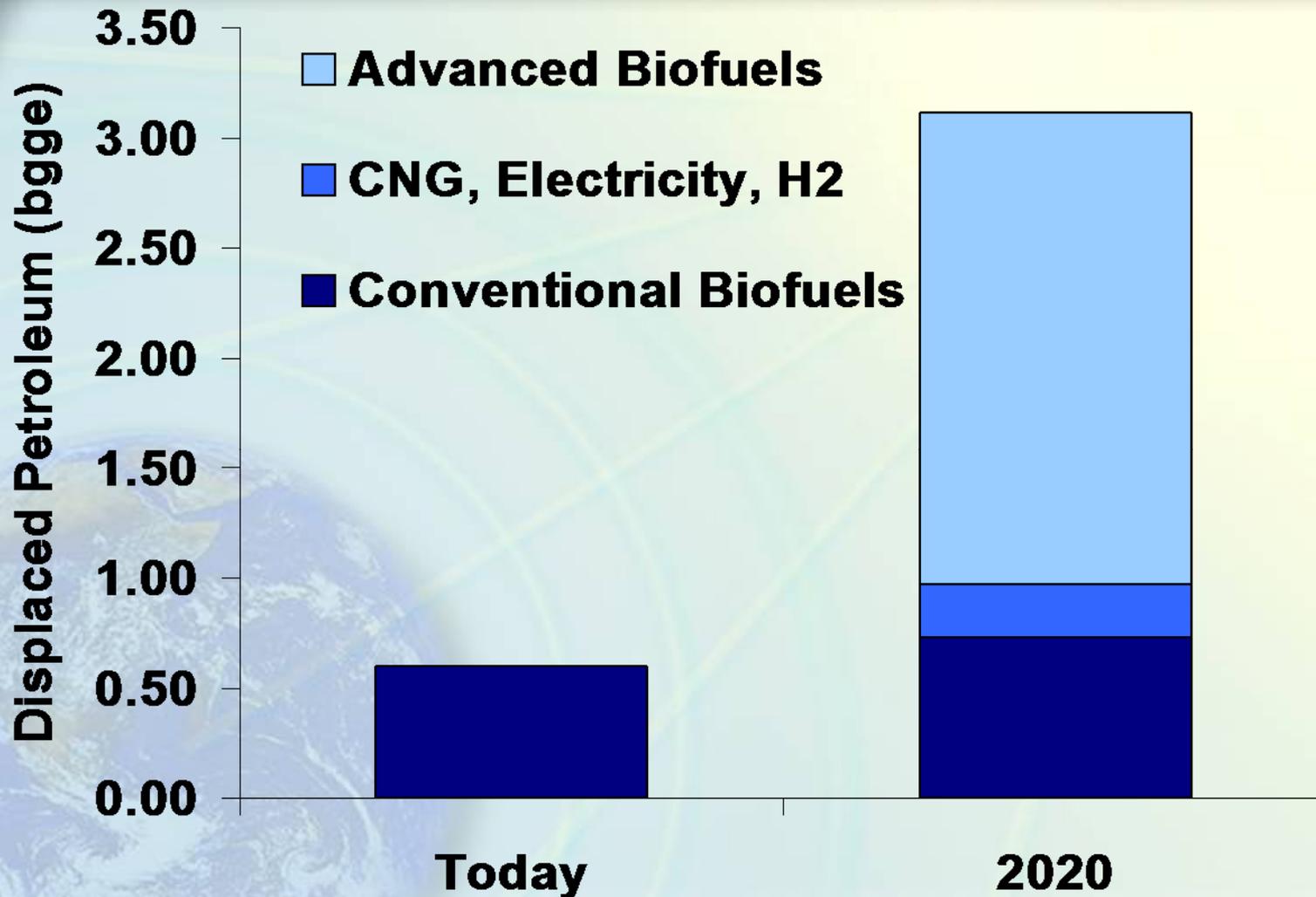


Low Carbon Fuel Standard

Low Carbon Fuel Standard (LCFS) Overview

- Adopted in April 2009
- Provides a 10 percent reduction in the carbon intensity of fuel by 2020
- Will drive market toward next generation of newer and cleaner fuels and vehicles
- Reduces 16 MMT GHG emissions from the transportation sector by 2020
- Achieves about 10 percent of the total emission reductions required to meet the AB 32 target

LCFS Displaces Petroleum

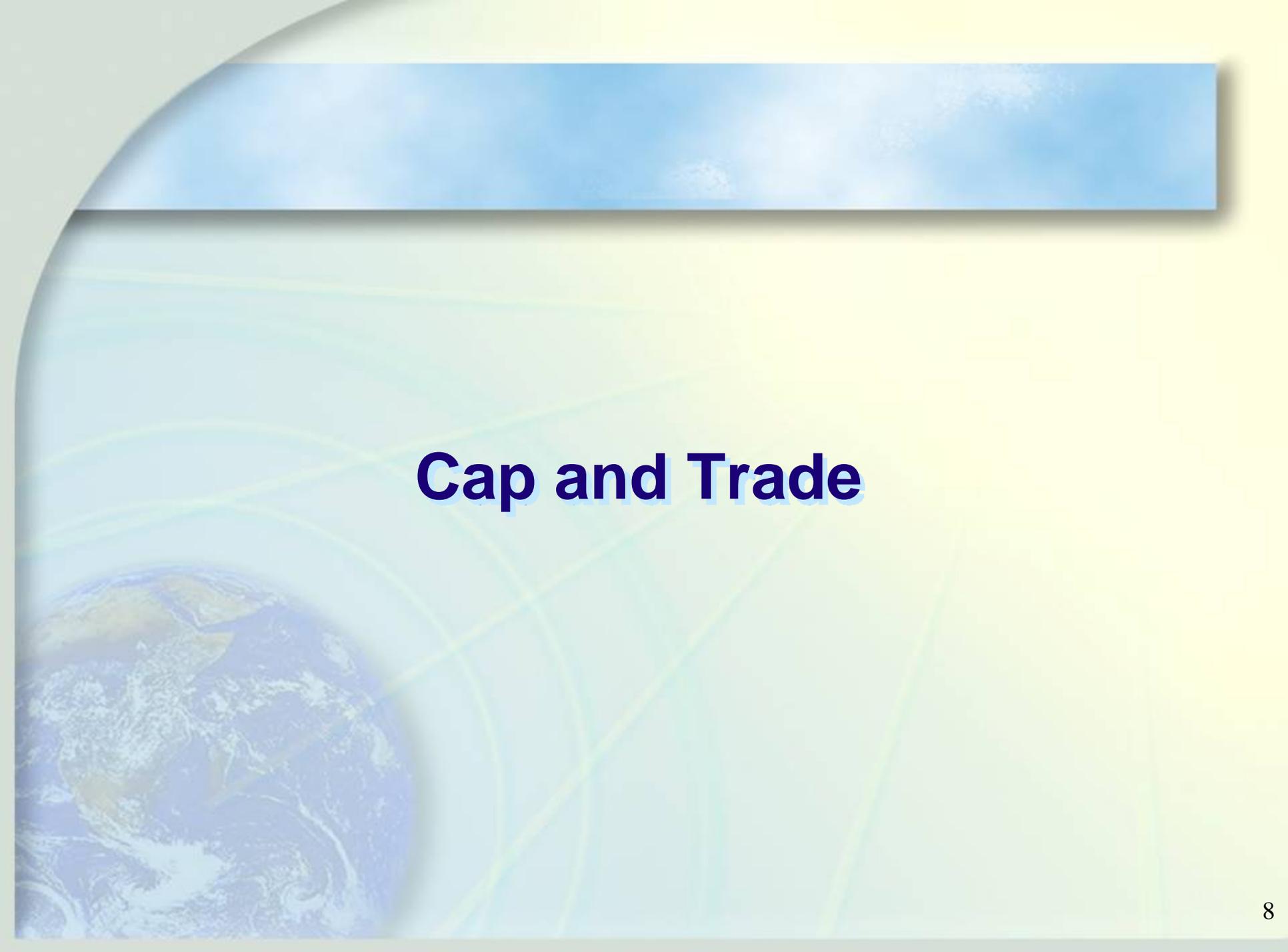


LCFS Mechanics

- Baseline fuel carbon “intensity” is that of 2010 gasoline and diesel fuel
- Carbon intensity represents the GHG emissions per unit of energy
- Fuel producers achieve 10 percent reduction by 2020
- Reduction is gradual and weighted toward later compliance years

LCFS Next Steps

- **Establish credit trading program**
- **Continue work on carbon intensities**
- **Coordinate with regional, national, and international groups**



Cap and Trade

Cap-and-Trade Regulation Overview

- The cap in the cap-and-trade regulation is a *subset* of the statewide target for 2020
 - Will achieve 20% of GHG emissions reductions by 2020
- New and existing standards and policies affecting capped sources will achieve most of the needed reductions
- The cap forces additional reductions with flexibility for sources to seek the most cost-effective reductions
- Sources included in the cap
 - 2012: in-state electricity generation facilities, large industrial facilities (>25,000 MT CO₂e/year), and imported electricity
 - 2015: upstream treatment of fuel combustion

Cap-and-Trade Rulemaking

- Link to other Western Climate Initiative Partner programs
- Complement health-based air quality programs and EJ policies
- Consider effects of the program on the California economy and public health
- Seek input from experts on public health, allowance distribution and use, revenue distribution, and economic analysis
 - New Economic and Allocation Advisory Committee to hold first meeting in late June or early July

Principles Guiding Cap-and-Trade Regulation

- Minimize costs and maximize total benefits
- Minimize leakage and administrative burden
- Complement existing air programs to reduce emissions, exposure and risk
- Consider direct, indirect, and cumulative emissions, including localized impacts
- Do not disproportionately impact low-income communities

Cap-and-Trade Rulemaking Schedule

- Public workshops
- Economic and Allocation Advisory Committee
- WCI stakeholder meetings
- Semi-annual Board updates to seek guidance from the Board

2009	Public meetings on specific issues
December 2009	EAAC provides recommendations on allowance allocation and value to Cal/EPA and ARB
Mid-2010	Preliminary draft regulation released
Late 2010	ARB hearing on cap-and-trade regulation
January 1, 2012	California/WCI cap-and-trade programs launch

The background features a stylized globe of the Earth in the lower-left corner, partially obscured by a light blue and green gradient. Overlaid on this are several thin, curved lines in shades of green and yellow, creating a sense of motion or a network. At the top, there is a horizontal bar with a blue, cloudy texture.

AB 32 Cost of Implementation Fee Regulation

Implementation Fee Overview

- AB 32 recognized need for a stable funding sources of the new program
- Initial years of program have been funded through loans that must be repaid
- Scoping Plan called for an administrative fee regulation to come to the Board in 2009
- Collected revenues shall be used to administer and implement AB 32, including loans
- Scheduled for Board consideration this month
 - Funding scheduled to begin with 2009/2010 fiscal year

Fee Approach

- Broad-based, economy-wide
 - Covers 85 percent of emissions
- “Upstream” entities
- Minimize administration costs
 - ARB
 - Affected Entities
- Consistent with existing programs

Eligible Costs

Limited to state agencies' activities and program costs directly related to AB 32 implementation

- Formally approved staff positions
- Other costs directly related to administering AB 32

Eligibility for funding

- FY 2007/2008 – ARB and Cal/EPA (loan repayment)
- FY 2008/2009 – ARB and Cal/EPA (loan repayment)
- FY 2009/2010 – Approved State Agencies (including ARB and Cal/EPA)

Preliminary California Agency Costs for FY 09-10

Agency	Positions	Funding (\$millions)
Air Resources Board	155	33.1
Integrated Waste Management Board	6	1.3
Energy Commission	5	0.6
Cal/EPA	4	0.7
Department of Food and Agriculture	2	0.3
Department of General Services	2	0.2
TOTAL	174	36.2

Questions?

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