

AGENDA

Meeting of the **Economic and Allocation Advisory Committee**

Date and Time

Wednesday, July 1, 2009
9:00 a.m. to 3:00 p.m. (Pacific Time)

Location

Coastal Hearing Room, 2nd Floor
Cal/EPA Headquarters Building
1001 "I" Street
Sacramento, CA 95814

1) Welcome and Opening Remarks

2) Background presentations on allocation

- Introduction
- California Context
- Status of US federal proposals and allocation approach
- Allocation decisions made by Regional Greenhouse Gas Initiative states
- Allocation decisions made by European Union Emissions Trading Scheme member states
- Discussion
- Public comment

Lunch

3) Develop process and work plan

- **First stage: developing frameworks for addressing economic and allocation issues**

Some questions for the Committee to consider:

Assisting with ARB Analysis of AB 32:

What models is the ARB now using to perform the analysis of AB 32?

What are the strengths and weaknesses of these models?

What other models might be fruitfully engaged to perform this analysis? In what ways can these other models be especially useful?

Allocation and Revenue-Use Issues:

What determines allowance value for various sectors and facilities in given sectors?

What are the alternative potential approaches to allowance allocation?

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- What are the alternatives for use of auction revenues (if any)?
- What are relevant criteria for determining how allowances might be allocated?
- What are the efficiency and fairness implications of alternative allocation methods? How does allowance allocation affect the overall cost of meeting the AB 32 targets?
- How are the impacts affected by policy efforts at the regional level (e.g., the WCI) and federal level?

- **Second stage: evaluating economic impacts and arriving at specific recommendations for allowance allocation**

Some questions for the Committee to consider:

Assisting with ARB Analysis of AB 32:

- What are the likely overall economic impacts of AB 32? How will the benefits and costs be distributed? What are the key uncertainties?

Allocation and Revenue-Use Issues:

- In quantitative terms, what are the efficiency and distributional implications of alternative allowance allocations and alternative uses of allowance revenue?
- What are impacts of these alternative allocations or revenue uses on various consumer and business groups? How do these alternatives fare in terms of equity or justice?
- What are the strengths and weaknesses of each alternative?
- What particular allowance allocation is to be preferred? To what purposes should allowance revenue be applied?

- **Public comment**