California Environmental Protection Agency

Air Resources Board ● Department of Pesticide Regulation ● Department of Toxic Substances Control
Integrated Waste Management Board ● Office of Environmental Health Hazard Assessment
State Water Resources Control Board ● Regional Water Quality Control Boards

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Agency Secretary

Arnold Schwarzenegger
Governor

FREQUENTLY ASKED QUESTIONS
CLIMATE ACTION TEAM DRAFT REPORT
DECEMBER 8, 2005

Why is the Climate Action Team releasing this draft report?

On June 1, 2005, Governor Schwarzenegger signed Executive Order S-3-05. The order directed the Secretary for Cal/EPA to report by January 2006 on the state's progress toward meeting the Governor's greenhouse gas emission reduction targets. This draft report is the first step in the process of producing a final report for the Governor and legislature next month.

What happens between now and January 2006?

The Climate Action Team will hold three public meetings to receive input on the draft report. This input will be incorporated into the final report to the Governor and legislature in January. The first meeting will be held December 13 at the Cal/EPA building in Sacramento. Two additional meetings will be held in the Los Angeles area and in Sacramento in January (Times, dates and locations TBD).

Will the Governor adopt the recommendations as his own?

The draft report is exactly that – a draft. It does not reflect the Governor's position on any specific measures. Rather, the final version will present to the Governor and legislature for consideration a menu of options drawn from extensive stakeholder and public input.

What does the report recommend?

The draft report contains strategies to meet the Governor's greenhouse gas emission reduction targets, including:

- Mandatory reporting of greenhouse gas emissions to build a foundation for a possible "cap and trade" program in the future.
- A public goods charge for transportation to provide funds for greenhouse gas emission reduction programs.
- A coordinated investment strategy for state funding programs, to provide incentives for industry to develop new emission reduction technologies that can be used in California and exported.
- Development of a policy to provide early-action credit to businesses that support the transition to federal and international emission reduction schemes.

According to the report's recommendations, how would the state meet Governor Schwarzenegger's GHG emission reduction targets?

The report recommends a number of emission reduction strategies ranging from energy efficiency programs to new automotive emission reduction measures to reforestation programs – just to name a few. Combined with emission reduction efforts already underway, these new strategies will help the state meet the Governor's targets in 2010 (2000 levels/-62 million tons CO_2) and 2020 (1990 levels/-188 million tons CO_2).

Does the report recommend a cap and trade program?

Not in the near term. An effective cap and trade program requires an accurate inventory of greenhouse gas emissions – something California currently doesn't have. The draft report proposes mandatory reporting of GHG emissions to build a foundation for a possible cap and trade program if policy makers determine such a program is needed.

Does the report recommend a tax increase on businesses or consumers?

No. The Climate Action Team is proposing as one option a public goods charge on fossil fuels, similar to goods charges on other sources of energy in California. For example, Californians currently pay a surcharge on their utility bills. This surcharge has helped to dramatically reduce Californians' energy use, and saves consumers about $1,000 every year in energy costs. In preparing this draft report the Climate Action Team considered and rejected several tax increase proposals, including a so-called "carbon tax."

Why is a coordinated investment strategy needed to develop emission reduction technologies?

California is home to many of the companies that are developing technologies to reduce greenhouse gas emissions. By investing in these companies through pension programs or other investment programs, California can bring these technologies to the marketplace more quickly, and insure the state reaps the economic benefits of their use throughout the world.

Why should the state provide early action credit to businesses that support the transition to federal and international emission reduction schemes?

The goal is to insure that businesses that have been proactive in reducing emissions in the past are not penalized based on potential emission reduction requirements in the future.

Could the measures in this report harm the economy?

Quite the opposite. Measures that reduce greenhouse gas emissions ultimately save businesses and consumers money. For example, California's building and appliance efficiency standards saved businesses and individuals $56 billion dollars between 1975 and 2003. These standards are projected to save businesses and individuals an additional $43 billion in utility costs by 2013. At the same time, they will dramatically reduce greenhouse gas emissions (9 million tons of CO_2 by 2020).

Why doesn't the draft report include an economic analysis of the recommended strategies?

A preliminary macroeconomic analysis is being developed, and will be submitted to the Governor and Legislature in January. Additionally, the Climate Action Team is recommending an analysis of the cost effectiveness of the recommended GHG emission reduction strategies.