

IMPLEMENTATION OF AB 32

AB 32 (Nunez), the California Global Warming Solutions Act of 2006, requires the Air Resources Board (ARB) to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 1990 levels by 2020 and to adopt regulations to achieve maximum technologically feasible and cost-effective GHG emission reductions.

AB 32 places ARB in charge of monitoring and regulating sources of GHG emissions, and enforcing its regulations. The legislation directs ARB to coordinate with other state agencies and a variety of interested parties in implementing the Act and recognizes the Climate Action Team's role in coordinating overall climate policy.

2008 will mark the most significant period to date in the multi-year implementation of AB 32. Notably, AB 32's "scoping plan," the overall blueprint for implementation, including greenhouse gas reducing regulations to be enforced by 2012, must be adopted by ARB in 2008. Policy and budget oversight of the ARB and other key agencies will be critical to ensure that implementation of the law continues on the path to achieving AB 32's goals.

QUESTIONS

Scope of the problem:

1. How many tons of GHG emissions have been estimated for 1990?
2. How many tons GHG are estimated for 2020 under a business-as-usual scenario?
3. How many tons GHG reductions are necessary to achieve 1990 levels by 2020, the overall reduction target of AB 32?
4. What are the major stationary sources of GHG, i.e. sources subject to the mandatory reporting program?

Status of solutions:

5. How many tons GHG reductions by 2020 (2020 tons) are expected from existing regulatory measures? Please identify individual measures and the tons attributable to them.

6. How many 2020 tons are expected from adopted regulatory measures which have not yet been implemented, such as AB 1493 vehicle standards and discreet early action measures? Please identify individual measures and the tons attributable to them.
7. How many 2020 tons are expected from measures which have been clearly identified, with regulation or other mechanism pending adoption? Please identify individual measures and the tons attributable to them.
8. How many 2020 tons are expected from other measures which have been identified with high confidence? Please identify individual measures and the tons attributable to them.
9. How many 2020 tons are expected from any remaining measures which have been identified with less than high confidence? Please identify individual measures and the tons attributable to them.
10. How many tons are left? What process will be used to resolve uncertainties in this category and the measures above as they move toward implementation?
11. Please identify any significant adjustments to the measures and tons identified in the March 2006 Climate Action Team Report. If measures/tons identified by the CAT do not prove out, who will be accountable for making them up?

Implementation steps:

12. What process will ARB use to evaluate recommendations from CAT agencies to identify/verify the reductions achieved, determine if they are cost effective and technologically feasible, and otherwise meet the requirements laid out in AB 32? Will recommendations from CAT agencies be afforded any special standing by the ARB?
13. As one example, the proposed decision on GHG regulatory strategies published by the Public Utilities Commission recommends that ARB move quickly to design a multi-sector cap and trade system. However, the proposed decision doesn't indicate any particular regulation that the system would be designed to comply with and doesn't recognize the conditions associated with market-based compliance mechanisms authorized by AB 32 (Section 38570¹). How will ARB reconcile the PUC's work with ARB's own duties under AB 32 to determine the maximum technologically feasible and cost-effective GHG reduction measures for the utility sector and other sectors?
14. Can ARB adopt a cap and trade system prior to adopting the emission reduction regulations that the system would be used to comply with or prior to meeting the conditions attached to market-based mechanisms in AB 32 (Section 38570¹)?

Funding:

15. How has ARB implemented the 2007-08 Budget Act augmentation? Please identify number of positions filled, contracts let, and assignments for each.
16. When will ARB provide a sustainable, long-term funding plan for AB 32, as directed by the Legislature?
17. Now that ARB has identified the major sources of GHG emissions, when will ARB consider adopting fees on these sources to carry out AB 32, as authorized by AB 32 (Section 38597²)? Has ARB yet identified any fee mechanisms for consideration?

¹ 38570. (a) The state board may include in the regulations adopted pursuant to Section 38562 the use of market-based compliance mechanisms to comply with the regulations.

(b) Prior to the inclusion of any market-based compliance mechanism in the regulations, to the extent feasible and in furtherance of achieving the statewide greenhouse gas emissions limit, the state board shall do all of the following:

(1) Consider the potential for direct, indirect, and cumulative emission impacts from these mechanisms, including localized impacts in communities that are already adversely impacted by air pollution.

(2) Design any market-based compliance mechanism to prevent any increase in the emissions of toxic air contaminants or criteria air pollutants.

(3) Maximize additional environmental and economic benefits for California, as appropriate.

(c) The state board shall adopt regulations governing how market-based compliance mechanisms may be used by regulated entities subject to greenhouse gas emission limits and mandatory emission reporting requirements to achieve compliance with their greenhouse gas emissions limits.

² 38597. The state board may adopt by regulation, after a public workshop, a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to this division, consistent with Section 57001. The revenues collected pursuant to this section, shall be deposited into the Air Pollution Control Fund and are available upon appropriation, by the Legislature, for purposes of carrying out this division.