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AB 32 Powering the Future
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What a delight it is to be here, speaking from a stage where Susan B. Anthony, Franklin D. Roosevelt, Amelia Earhart and Thurgood Marshall all spoke.

I'm betting that none of you were in the audience for those luminaries. And, if you were, you surely can't recall a word they had said.

Which is good, because I can speak quite comfortably knowing that you have absolutely no basis for comparison.

I'm also comfortable because I am not far from home – growing up in upstate New York beneath the ivy covered walls of Cornell, I imbibed sense of intellectual and moral purpose along with the chilly waters of Cayuga Lake. And then, like so many other New Yorkers, I headed west.

I went for same reasons that brought millions of other Easterners to California: sunshine and opportunity.

In my years working for the State of California, I have often quoted another upstate New Yorker, Samuel Clemens, who hiked in from Nevada, over the steep Sierra mountains, and caught his first glimpse of California in the Lake Tahoe Basin. He wrote:

At last, the lake burst upon us – a noble sheet of blue water lifted 6,300 feet above sea level, and walled in by a rim of snow-clad mountain peaks...As it lay there with the shadows of the mountains brilliantly photographed upon its still surface, I thought it must surely be the fairest picture the whole earth affords.

My own first sighting of the Los Angeles Basin, 110 years later, proved a lot less inspiring. Descending into the valley the evening sky was a color no sky ought to be. It was really ugly – and it smelled nothing like the delicious air at Lake Tahoe, which Twain described as “the same the angels breathe.”

My worst nightmare was that by trading snow or sunshine and smog I was about to prove the truth of Truman Capote’s comment after a brief visit:

“It’s a scientific fact,” he said, “that if you stay in California you lose one point of your IQ every year.”

I’ve been a resident of Los Angeles for 39 years. Do the math. Assuming I was a highly gifted young woman.....never mind.

In fact, you actually do risk losing part of your physical if not mental vitality by breathing chronically smoggy air for years on end – especially if you grew up breathing it. That’s why I ended up devoting my career in one way or another to wiping out air pollution.

Some of you may have experienced or recall from film clips the siege of smog that shrouded Southern California cities from the 1950s through the ‘80s – the days when you couldn’t see the length of a city block and had to keep school children indoors at recess.

Those were the Bad Ol’ Days.

- Today, California still tops the nation in number of officially bad air days.
- But the good news is that our residents now breathe the cleanest air since the first pollution monitors were installed more than 40 years ago.

The number of first-stage smog alerts – when kids are kept indoors during recess – has dropped to fewer than 10 a year, from more than 200 a year in the 1970s.

The air got cleaner even as the state’s population more than doubled and the economy flourished.

This progress is a direct result of the fact that cars sold in California today put out less than 1 percent of the pollutants of the late ‘60s models.

Over the decades, the Air Board's progressively strict vehicle emission standards have spurred major advancements in the design of cleaner engines and fuels nationwide – from catalytic converters to unleaded gasoline and zero-emission electric cars.

With this backdrop, it's not at all surprising that California would be the first in the nation to adopt a comprehensive law regulating global warming emissions.

But I'll admit I was somewhat surprised that Governor Schwarzenegger took such a strong interest in the global warming bill as it was moving through the legislature about five years ago.

He struck me as an unlikely champion of clean air. I mean he drives Hummers, lives in a Southern California mansion – albeit with a solar-heated hot tub – and commutes to work in Sacramento by private jet. Worse yet, he's a Republican.

And yet the Governor genuinely embraced the cause. He lobbied for and signed a law that commits California to take on global warming.

The Global Warming Solutions Act of 2006 – better known by its less inspiring legislative moniker, Assembly Bill 32 – or AB 32 – is the nation's first comprehensive law to reduce greenhouse gases economy-wide.

The law puts the Air Resources Board in charge of figuring out exactly how 37 million residents with a fleet of 28 million cars would be weaned off petroleum within 50 years.

And then the Governor asked me to be Board chairman and make sure the job gets done on his watch.

Who could resist?

- Just to give you a scope of the challenge, AB 32 requires the state to taper its greenhouse gas emissions back to the 1990 level by 2020. That's about a 15 percent drop from today's level.
- And, our efforts don't stop at 2020. The Board's plan for implementing AB 32 calls for an 80 percent reduction in greenhouse gas emissions by 2050.

This is the path that scientists say the world needs to take to avert the worst effects of climate change. But I maintain that it's also the road that takes Californians where they need and want to be anyway – on air quality, on energy security and on economic sustainability.

When I talk to people about California's climate law, I dwell on the potentially catastrophic impacts global warming could have on California and elsewhere. Most people already know the general outlines even if they don't know all the details.

Rather, I stress that AB 32 is a vehicle for bolstering of our economic health and our public health. It's a vehicle that takes Californians where they need and want to be anyway – on air quality, on energy security and on economic sustainability.

Success under AB 32 means accelerating California's transition from an economy powered by fossil fuels to one grounded in more efficient, reliable and cleaner energy. And our goal is to help make that transition as seamless and painless and equitable_as possible.

Of course, we need to tame the climate threat and prepare for hotter weather, smoggier air, wilder wildfires and shrinking water supplies.

Most voters know they did not create these threats, and few alive today will face the worst consequences. But they will agree that we have a global energy race that is undercutting our nation's economic strength.

China, for one, is already leapfrogging the United States and the European Union in production of solar energy and battery technologies.

The economic dead-end of business-as-usual is especially acute in California, where the cleantech industry has been one of the few bright spots in the dimmest of economic times since the Great Depression.

Last year, investors poured \$2.1 billion into California's clean technology businesses and efforts in research and development. That was 60 percent of the total cleantech investment in all of North America.

Today, if you look at the top wind, solar and battery companies in the world, few of them are American. That's the kind of threat that gets most Americans to sit up and pay attention.

No matter what Californians may think of global warming, their support is rock solid for policies that accelerate the production of energy-saving technologies – and the jobs that go with them. And their mandate for cleaner air remains as resolute as ever.

The lingering effects of the recession and our continuing state budget crisis haven't changed Californians' majority support for aggressive air pollution controls. A California Public Policy Institute survey released just last month shows:

- A strong majority – 70 percent – still would be willing to see tougher air pollution standards on new cars.
- An overwhelming majority – 75 percent – still favor stricter emission limits on diesel-powered trucks and equipment.
- As for AB 32, two-thirds said they favor the law – just as they did a year ago.
 - Their support for AB 32 held steady against a very well organized and funded backlash. As some of you may know, an initiative to suspend AB 32 has qualified for the ballot in this November's election. A handful of Texas oil companies and California manufacturers are largely funding the campaign, saying AB32 will lead to job losses and higher energy costs.

- And that measure – Proposition 23 – is dividing voters along party lines in the governor’s race, and even more so in the U.S. Senate race.

One problem for the opponents is that it’s hard to argue that AB 32 is hurting economic growth and causing energy costs to rise when most of the program hasn’t even taken effect.

But in reality, the AB 32 measures are designed to get us economically fit in a state with a body-builder governor. We’re using a suite of interconnected incentives, technology-forcing emission standards and market strategies.

Clean Cars

The heart of California’s air program and the base of our strength to fight climate change is California’s technology-forcing vehicle emissions standards, which have pushed automakers to invest more in athletic passenger cars and bring them to market sooner.

The new cars, pickups and SUVs today carry less body fat. They cut more aerodynamic figures to save fuel. And they burn calories far more efficiently

We have every reason to expect that the same technology-forcing strategies will similarly spur ever-better and affordable technologies that leave a safer imprint on our planet, not to mention our lungs.

- Our AB32 standards for new passenger vehicles are expected to reduce emissions by as much as 22 percent in 2012 -- and 30 percent by 2016 – and save consumers an average \$3,000 at the pump over the lifetime of the vehicles.
- New York and a dozen other states adopted the identical California standard.
- In April, the federal EPA adopted these standards on a national scale.
- Then, the following month President Obama announced that the government would partner with California in developing even more aggressive greenhouse gas emissions standards for the next generation of advanced clean cars – those for model years 2017 through 2025.

Looking ahead 15 years, we expect to see hybrids that average 60-plus miles a gallon becoming as common on California roadways as conventional cars.

And the conventional cars will be getting 40-plus miles a gallon with smaller -- but no less powerful -- gas engines and better transmissions.

Transportation is the single largest generator of global warming gases in California – contributing about 38 percent -- followed by power plants and industrial sources.

But cars run on fuel. That's why the ARB adopted the world's first Low Carbon Fuel Standard as one of its first AB32 climate actions last year.

Low Carbon Fuel Standard

- This measure, which took effect in January, will reduce the carbon intensity of passenger vehicle fuels 10 percent by 2020
- It might not sound like much, but 10 percent translates to a 20 percent drop in California's oil consumption.
- That's a lot fewer barrels of oil given that California ranks as world's third largest consumer of gasoline, following China and the U.S. as a whole.
- Oil companies will need to invest in advanced biofuels or compressed natural gas, or even electric charging stations.

SB 375

Completing the transportation trifecta, we will reduce per capita emissions from driving – over and above the controls on vehicles and fuels – by getting cities to develop what we call Sustainable Communities Strategies -- long-range regional plans that will link land use, housing and transportation together for the first time.

- The Air Resources Board is scheduled next month to set targets for reducing the greenhouse gas emissions associated with driving in Los Angeles, San Diego, Sacramento and 15 other metropolitan areas.
- And the cities will spell out their strategies for meeting those reductions in the Sustainable Communities plans.

Developing more compact and transit-friendly communities may seem like a lost cause in a state that is synonymous with sprawl. Californians indeed love their cars and spacious homes. But they also are passionate about the pursuit of healthy, thriving lifestyles.

- Less time in the car means more time with family and friends.
- Less fuel means more money to go to the beach or to a Lakers game.

Communities are not required to adopt a sustainability plan. But most are signing up to avoid the stigma of being left behind.

Their inclusion signals a stable and predictable development environment – making the community more attractive to high-quality investors, developers and employers.

Cap and Trade

Yet sector- and source-specific standards cannot adequately cover the full breadth and depth of carbon sources embedded in our economy. So we've proposed the nation's first plan for a broad-based cap-and-trade system, using market forces to reduce global warming emissions.

- The cap would cover 85 percent of the greenhouse gas emissions in California.
- The cap ratchets down gradually to reach the 2020 target reductions.
- Companies would have the flexibility to reduce emissions in the most cost-effective way they can find – say, by switching to cleaner fuels or more efficient equipment – rather than being told what type of pollution control to install.
- The program would launch in January 2012.
- We are coordinating our climate policies with six other states and four Canadian provinces – a regional partnership known as the Western Climate Initiative.
- And we're reaching out to other states and countries with rigorous programs.

Now I need to emphasize that cap-and-trade is just one of several tools in our AB 32-policy kit. In fact, most of the greenhouse gas emission reductions will come from a portfolio of other actions:

- Tougher energy-efficiency standards for new appliances and buildings.
- Streamlining in the movement of freight between ports and rail yards
- Regulations to capture industrial refrigerants and other highly potent global warming gases.
- And a proposed Renewable Electricity Standard that would require at least one third of a utility's electricity come from solar, wind and other green sources by 2020.

We live in a time of remarkable innovation and investment in alternative clean energy.

But history has shown that you won't get the efficient, low-carbon technologies at the price, the scale and the pace we need to avoid the more dangerous effects of climate change – relying on the market alone.

I am on the road because California can't do it alone.

California has no shortage of know-how to share with the world, beginning with its No. 1 success story – energy efficiency; the average Californian uses about the same amount of electricity as he or she did 30 years ago, thanks the state's forward-thinking energy policies of the 1970s.

And in the realm of global climate change, everything is connected to everything else. California's actions make a difference only to the extent that they link to actions in other states, provinces and nations. Our actions matter only they stimulate innovation in the marketplace and spur more investment in clean technologies.

It will be the scientists, engineers and entrepreneurs taking innovation out the realm of speeches and into the marketplace. It will workers making building greener, local government planning more transit-friendly communities and homeowners who upgrade their home insulation and buy fuel-efficient cars.

Federal government's role

And, let's see, whom am I leaving out? Ah, yes, the federal government.

California is a presence on the world stage, but only the U.S. can lead a global coalition.

The U.S. alone can't reduce its carbon footprint enough to prevent the worst effects of climate change – and the massive shifts and sudden events that endanger whole countries and eco systems.

We cannot break the link between carbon output and economic output without broad and enduring political support, and that means a program of investments in clean development to raise living standards and reduce deforestation on most of the planet.

The history of our defense industry post-World War II is instructive. A potent external threat – the buildup of nuclear warheads in the former Soviet Union and elsewhere – spawned tremendous opportunities for local business growth and job creation.

Federal investment helped create a politically powerful industrial base with congressional supporters in every part of the country. All this fueled 60 years of essentially unbroken political support for advanced defense research and innovation.

And we can look to our success in beating back killer fogs and take heart that we can do the same with greenhouse gases.

The history of fighting air pollution in California and nationwide is a tremendous success story. We need to build on those successes in combating global warming.

In the process of implementing AB 32 we have come to realize that we must work on greenhouse gases together with the traditional air pollutants, such as ground-level ozone and diesel soot. The distinctions get smaller and smaller as you realize that the measures you take to control the one type works for both.

California's climate law is indeed revolutionary and ambitious. But virtually everything we're doing for AB32 would eventually have been done to clean up our air. In other words, AB 32 is simply air pollution control writ large.

That's why we are pleased that in the absence of congressional action, the Obama Administration is cranking up the Clean Air Act to address greenhouse gases.

My hope is that you'll leave Chautauqua feeling somewhat less daunted by the climate change challenge.

The challenge is not so overwhelming when you realize that much of it calls for doing more of what we already know how to do – and to get where we want to be anyway – on clean air, energy security and economic sustainability.

If we are serious about making a dent in our lifetimes, the time to get going is now.

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