

South Coast Air Quality Management District's Climate Change Programs

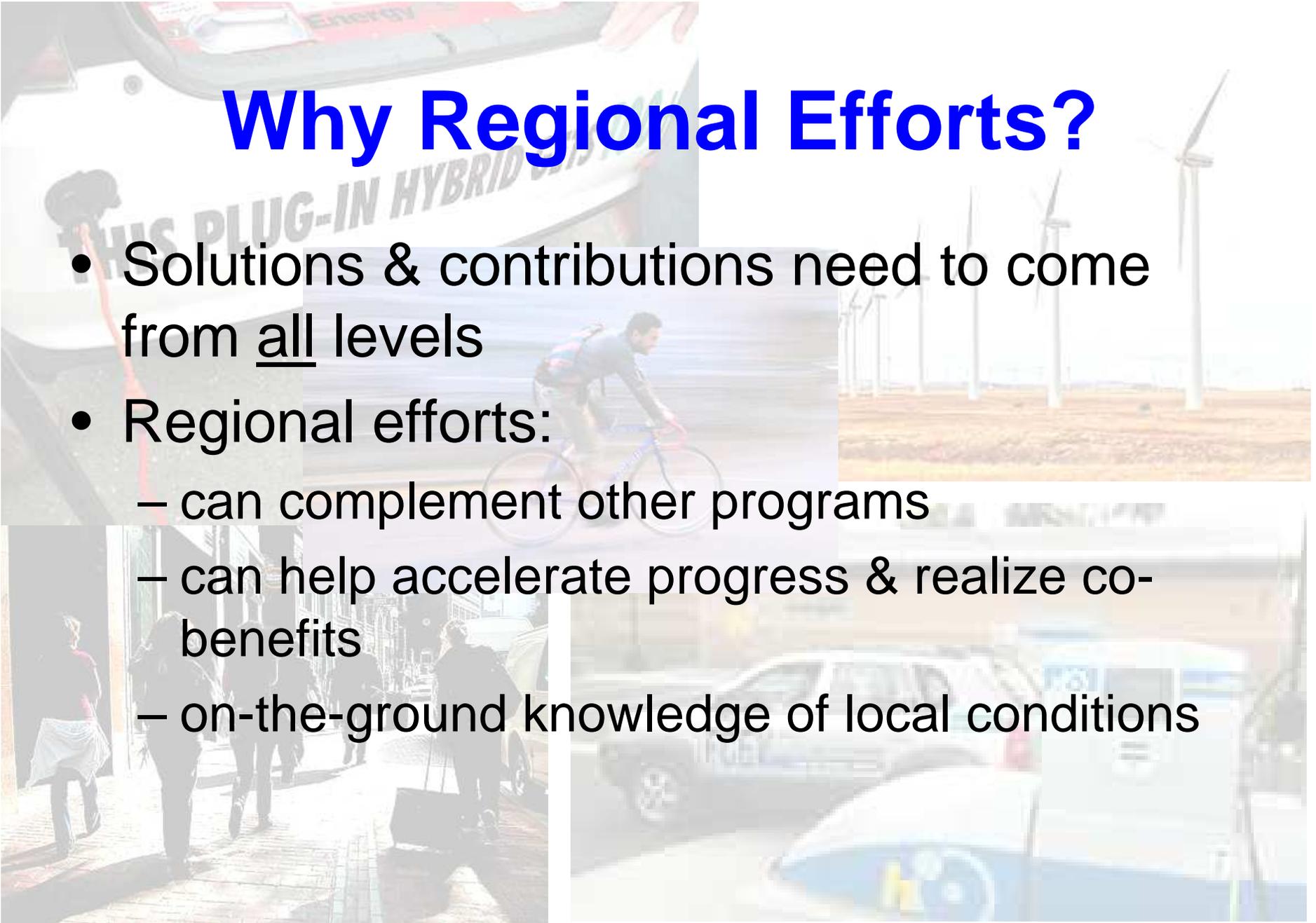
Barry R. Wallerstein

ARB Board Meeting, Diamond Bar
September 25, 2008



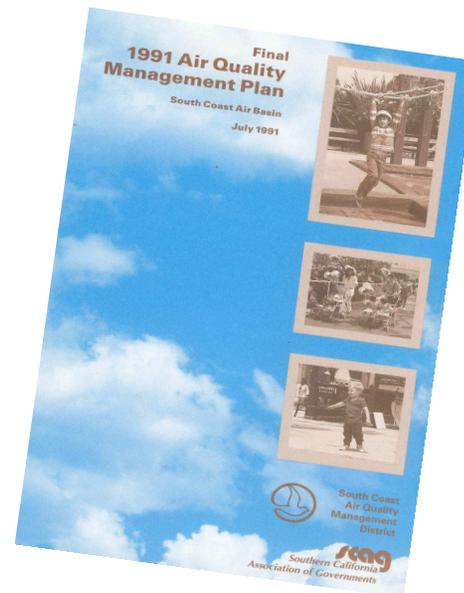
Why Regional Efforts?

- Solutions & contributions need to come from all levels
- Regional efforts:
 - can complement other programs
 - can help accelerate progress & realize co-benefits
 - on-the-ground knowledge of local conditions



History of SCAQMD Actions

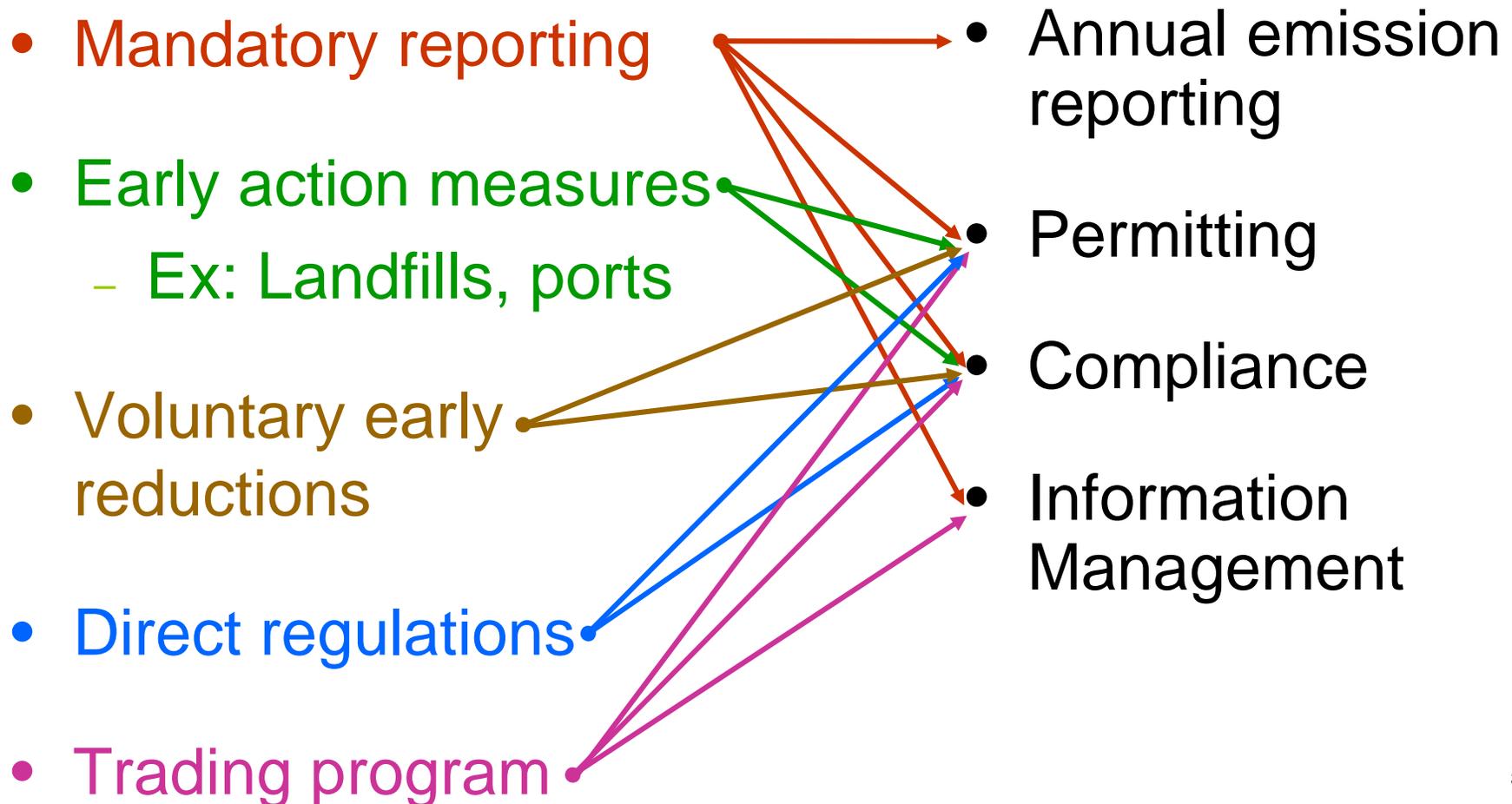
- 1990 Policy on Global Warming and Stratospheric Ozone Depletion
- 1991-1994: Impact assessments and rulemakings (ODCs, etc.)
- CEQA review



Climate Change and Air District Programs

- Climate change will impact almost every aspect of what local air districts do
- Most, but not all, GHG reduction strategies reduce criteria and/or toxic air pollutants
- Need to be smart about integration with existing district programs
 - avoid conflicts, duplication

AB 32 Intersection with AQMD Programs



SCAQMD

Climate Change Activities

- Board Climate Change Committee
- SCAQMD Climate Change Policy
- CEQA Thresholds – interim threshold to fill void
- SoCal Climate Solutions Exchange
- GHG Reduction Program
- Local Government Assistance
- Modified Annual Emissions Reporting

Board Climate Change Committee

- Established November 2007
- 4 meetings in 2008
- Review SCAQMD climate change programs

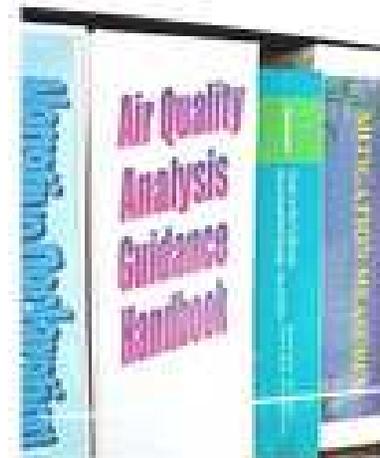


Climate Change Policy Summary

- Reduce criteria, toxic, and GHG pollutants
 - Maximize synergies
 - If conflicts arise, public health prevails
- Assist business, local governments, public
 - Permitting/enforcement integration to avoid duplication or conflicts
 - Technical assistance and outreach
- Reduce AQMD's carbon footprint

Key Actions

1. Participate in State/federal climate change programs
2. Share SCAQMD command-and-control and market-based rule expertise
3. Support legislation
4. Prioritization of co-benefits
5. CEQA GHG



Key Actions - cont

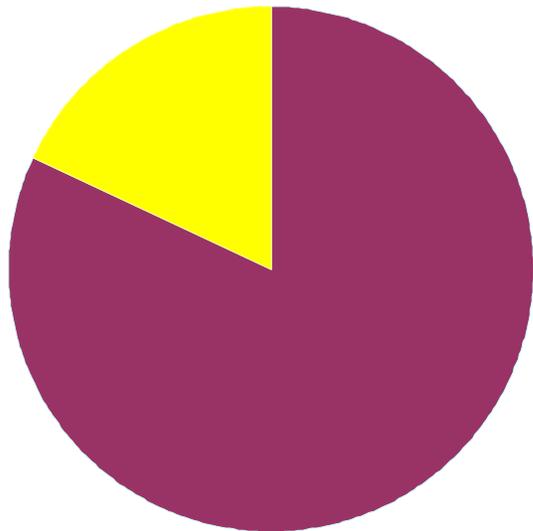
6. Guidance documents
7. Inventory assistance
8. Reducing SCAQMD climate change impacts
9. Education
10. Conferences



Basin's Disproportionate Air Pollution Exposure

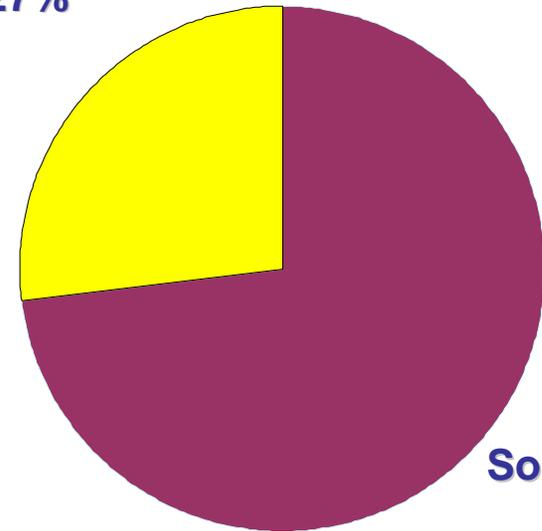
Annual Average PM2.5
(NAAQS = 15 ug/m³)

Rest of California
18%



8 Hour Ozone
(NAAQS = 0.08 ug/m³)

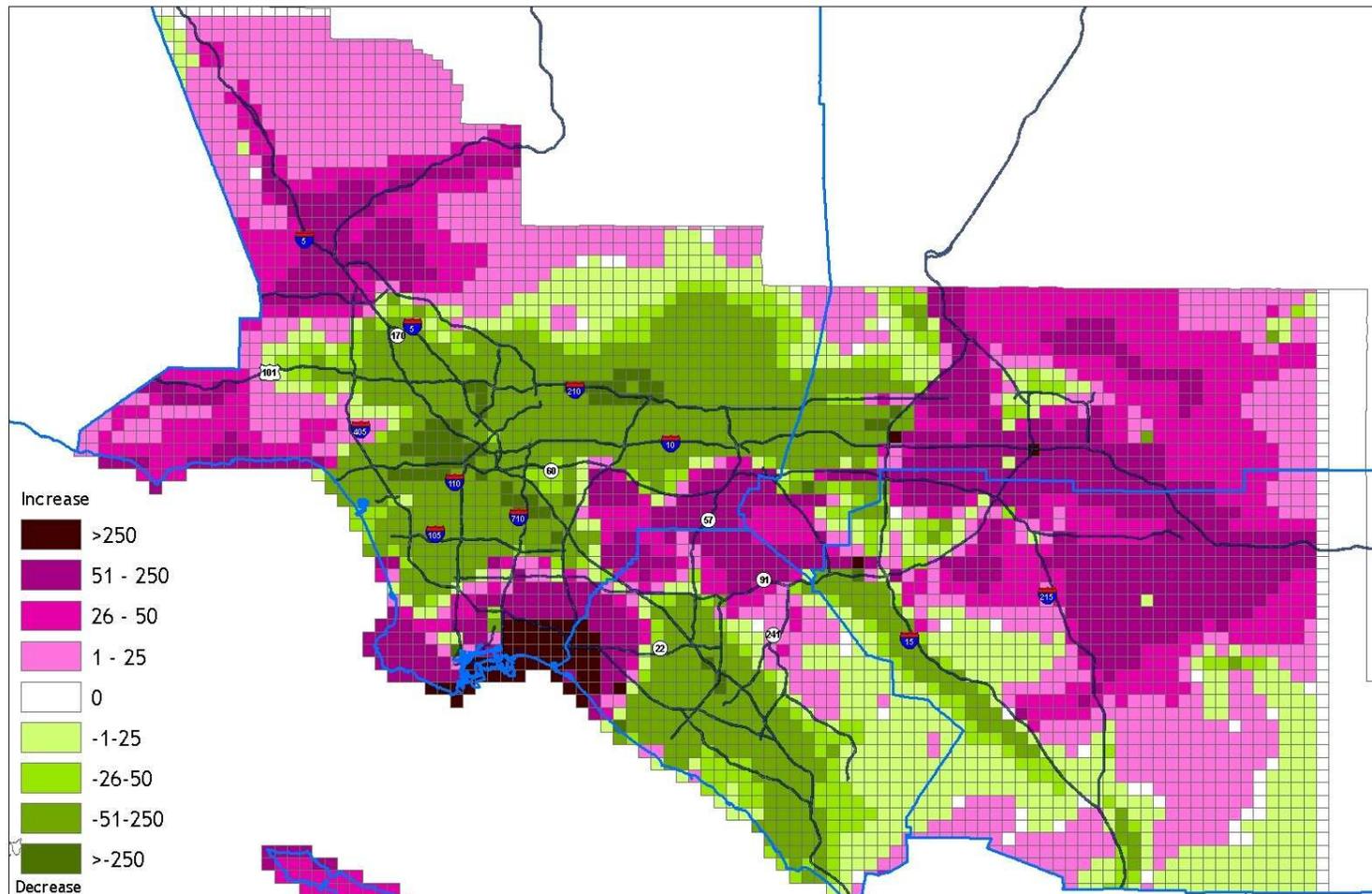
Rest of California
27%



South Coast
73%

Population-Weighted Exposure Above NAAQS Based on 2000-2002 AIRS Data

Modeled Air Toxics Risk Difference Between 2005 & 1998-99



Change in CAMx RTRAC Air Toxics Simulated Risk (per million) from 1998-99 to 2005
Using Back-Cast 1998 Emissions and 1998-99 MM5 Generated Meteorological Data Fields

CEQA GHG Significance Threshold

- Currently no guidance on significance thresholds
- Void resulting in uncertainty & vulnerability
- Working group in process to develop an interim threshold
 - Multiple stakeholders
 - Tiered approach
- SCAQMD supports adoption of state threshold

SoCal Climate Solutions Exchange

- One of Chairman's 2 initiatives for 2008
- Clear need for high quality GHG reductions
- Local investment, jobs, reductions & co-benefits



“F.T.C. Asks if Carbon-Offset Money is Well Spent” (Jan. 9, 2008)

The New York Times

F.T.C. Asks if Carbon-Offset Money Is Well Spent

Dot Earth: Six Sins of Greenwashing - a Primer

on carbon offsets.

As more companies use offset programs to create an environmental halo over their products, the commission said it was growing increasingly concerned that some green marketing assertions were not substantiated. Environmentalists have a word for such misleading advertising: “greenwashing.”

With the rapid growth of green programs like carbon offsets, “there’s a heightened potential for deception,” said Deborah Platt Majoras, chairwoman of the commission.

The F.T.C. has not updated its environmental advertising guidelines, known as the Green Guides, since 1998. Back then, the agency did not create definitions for phrases that are common now — like renewable energy, carbon offsets and sustainability.

For now, it is soliciting comments on how to update its guidelines and is gathering information about how carbon-offset programs work.

The Federal Trade Commission, which regulates advertising claims, raised the question Tuesday in its first hearing in a series on green marketing, this one focusing

“The Trouble With Markets for Carbon” (June 20, 2008)

The New York Times

The Trouble With Markets For Carbon

By JAMES KANTER

BRUSSELS — As the United States moves toward taking action on global warming, practical experience with carbon markets in the European Union raises a critical question: Will such systems ever work?

Backers of these markets, which involve setting limits on greenhouse gases and then allowing companies to buy and sell emission permits, see the approach as one of the cheapest and most effective ways to control the gases in advanced economies. The presidential candidates Barack Obama and John McCain have both endorsed the idea.

Yet in Europe, which created the world's largest greenhouse gas market three years ago, early evidence suggests the whole approach could fail. Carbon dioxide emissions are still rising in many industries, not falling.

“We currently are in danger of losing yet another decade in the fight against global warming,” said Hugo Robinson of Open Europe, a research group in London.

◆ This week, the European Environment Commission announced that it will...

giant, but ultimately doomed, hedge funds.

Two executives who oversaw the funds, Ralph R. Cioffi and Matthew M. Tannin, did not disclose that the funds were plunging in value until it was too late, the authorities say. On Thursday morning, the pair surrendered to federal agents and were charged with nine counts of securities, mail and wire fraud.

Whatever the outcome, the case spotlights one of the most vexing problems confronting Wall Street as the credit crisis plays out: How to value tricky investments linked to subprime mortgages and other risky debt.

As the mortgage market slumped last spring, authorities say, Mr. Cioffi valued one of his funds as having lost 6.5 percent in April. But colleagues at Bear placed far lower values on investments in that fund. They said the fund had lost 18.97 percent.

All across Wall Street, similar battles are playing out inside banks, albeit without the legal drama. Many banks are struggling to value the assets they hold, raising doubt among many investors about those companies' financial health.

“It's a humongous problem for Wall Street,” said Michael Young, a lawyer with Willkie Farr & Gallagher. “These days these valuation obstacles are at the core of the write-downs.”

Mr. Cioffi and Mr. Tannin are the first Wall Street executives to face criminal charges linked to the credit mess. But many other bank executives

Continued on Page 2

SoCal Climate Solutions Exchange

- Voluntary program
- Generate per CARB approved protocols
- SCAQMD staff verifies & tracks reductions
- Potential use for CEQA or other programs, as authorized
- Consistent with AB 32

<p>PROPOSED RULE 2700. GENERAL</p> <p>September 10, 2008 PR2700b</p> <p>a) For the purpose of this regulation, the following definitions shall apply:</p> <p>(1) ADDITIONAL... throughout the gas emission replacement, or any local, and authorized by existing or requirements of quantification of carbon dioxide (see Table 1 of Table 2 of the specified time from the instant that of 1 kg according to this rule.</p> <p>(2) CARBON DI... greenhouse gas emission equipment or a facility</p> <p>(3) CERTIFIED... voluntary green... Table 2 of the generate real, a</p> <p>(4) GLOBAL WA... atmosphere, or from the instant that of 1 kg according to this rule.</p> <p>(5) GREENHOUSE... nitrous oxide (HFCs), or per</p>	<p>September 10, 2008 PR2700b</p>	<p>PROPOSED RULE 2701. SoCAL CLIMATE SOLUTIONS EXCHANGE</p> <p>(a) Purpose The purpose of this rule is to establish a voluntary program to encourage, quantify, and certify voluntary, high quality certified greenhouse gas emission reductions in the District.</p> <p>(b) Applicability (1) Projects in the Distr pursuant to Rule 270... greenhouse gas emissi... equipment or a facility</p> <p>(2) Any person may purch... pursuant to this regulat...</p> <p>(3) There are no restrictio... gas emission reduction</p> <p>(c) Generation of Certified Green... Any person may elect to vol... certified greenhouse gas emissi... (1) The reductions will fol... 2700 paragraph (a)(V).</p> <p>(2) Plan Fees are submitte... A plan is submitted</p> <p>(3) A plan is submitted... generating the certifie... (A) the nature of the amount of reductio... (B) the funding amou... (C) the protocol that... (D) the location of th... (E) the date that the r... (F) the length of time... (G) the person respon...</p>	<p>September 10, 2008 PR2701b</p>	<p>PROPOSED RULE 2702. GREENHOUSE GAS REDUCTION PROGRAM</p> <p>(a) Purpose The purpose of this rule is to create a Greenhouse Gas Reduction Program for greenhouse gas emission reductions in the District. The District will fund projects through contracts in response to requests for proposals or purchase reductions from private parties. All reductions will follow approved protocols, pursuant to Rule 2700 Table 2. Reductions obtained by the program may be purchased by persons for a variety of uses. Projects funded through this program may also reduce criteria or toxic pollutants that can help local and regional air quality.</p> <p>(b) Applicability (1) Any person may submit proposals for projects under this rule. (2) Use of greenhouse gas certified emission reductions are not limited by the District. (3) Uses of certified greenhouse gas reductions may include, but are not limited to, California Environmental Quality Act (CEQA) or other mitigation, retirement to benefit the environment or reduce or eliminate a carbon footprint by an individual, household, facility, corporation, community, city, or other group, or any other use authorized by a local, state, federal or international program.</p> <p>(c) Requests to Use the Greenhouse Gas Reduction Program (1) Any person that elects to participate in the Greenhouse Gas Reduction Program shall: (A) Submit a completed Greenhouse Gas Reduction Program Request to the Executive Officer for certified emission reductions and pay a plan submittal fee pursuant to Rule 306 – Plan Fees subdivision (c); and</p>	<p>September 10, 2008 PR2702b</p>
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Roles of Different Exchanges

<u>ROLE</u>	SoCal Climate Solutions Exchange	CCAR	CCX	ECX
Protocol Development	✓	✓	✓	✓
Verify	✓	no	no	no
Register	✓	✓	✓	✓
Track Trades	✓	✓	✓	✓
Run Market	?	no?	✓	✓

Protocols under Development for CARB Consideration

Lawnmowers

Leaf blowers

Boilers

Truck stop electrification

High GWP refrigerants

Others?

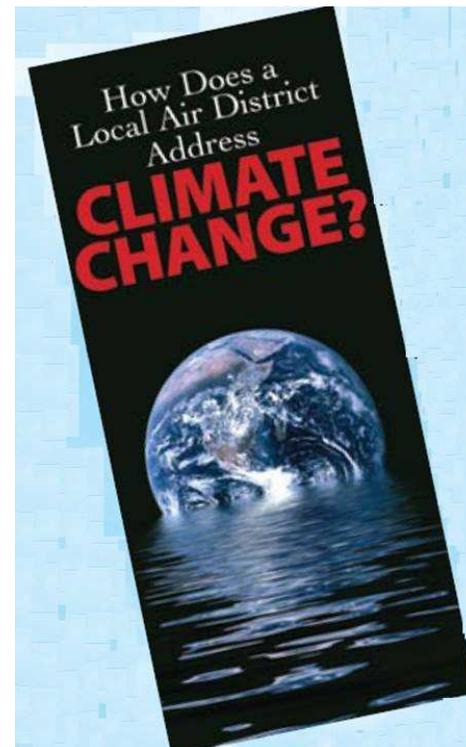


GHG Reduction Program Fund

- Pool funds to invest in GHG reduction projects in District
- Priority for Environmental Justice areas
 - Co-benefits needed
- Periodic program review
 - Public information on web
 - Annual report
 - Program audits

Local Government Assistance

- Inventory (e.g., County of San Bernardino)
- CEQA and Land Use Guidance
- Conferences
- Outreach & Brochures



CAPCOA

CALIFORNIA
AIR
POLLUTION
CONTROL
OFFICERS
ASSOCIATION



CEQA & Climate Change

*Evaluating and Addressing Greenhouse
Gas Emissions from Projects Subject to
the California Environmental Quality Act*

January 2008

CAPCOA

Model Air Quality Element

- Effort underway
- Guidance document for local government assistance
 - Suggested goals, objectives, policies and implementation measures
 - Discussion of synergies and co-benefits



GHG Reporting



- Sources required to report to CARB have been reporting through AER for decades
- $\approx 80\%$ redundancy in data needed for combustion sources
- Voluntary web-based tool in place and in use for SCAQMD facilities
- CARB approval of SCAQMD system needed by early next year

Partnerships

- SCAQMD fully engaged and committed to assisting with climate change efforts
- Great opportunity for synergies
- Want to continue working together to share local experiences to help with technical and policy decisions



Wish List

- Statewide significance threshold for CEQA
- Need to integrate permitting and enforcement
- Support for approval of reporting tool and communication with CARB system