

AB 32 Update

December 6, 2012

Outline

- Cap and Trade Program
- 2013 Update to Scoping Plan
- Looking ahead to 2013

Cap and Trade Program

Cap and Trade Program

First Auction Results

- First auction held on November 14, 2012
- Current 2013 vintage allowances
 - Amount offered = 23,126,110
 - Amount sold = 23,126,110
 - Settlement price = \$10.09
- Advance 2015 vintage allowances
 - Amount offered = 39,450,000
 - Amount sold = 5,576,000
 - Settlement price = \$10.00

Cap and Trade Program Auction Process

- 73 entities approved to participate in auction
- Auction platform performed as designed
- Auction results released November 19
- Financial settlements were due November 30
- Transfer of allowances into entities' accounts by December 7

Cap and Trade Program Implementation Timeline

- New quarterly auction reserve price released:
December 3, 2012
- Next auction announced: by December 21, 2012
- Compliance obligation begins: January 1, 2013
- Next auction: February 19, 2013
- First allowance price containment reserve sale:
March 8, 2013

Cap and Trade Program

Investment of Auction Proceeds

- Legislative mandates (AB 1532, SB 535)
- Allocation through budget process
- DOF develops three-year investment plan in consultation with ARB
- ARB workshops and Board hearing
- Funding to reduce GHG emissions
- Benefits disadvantaged communities
- CPUC decision on use of utility proceeds

2013 Update to Scoping Plan

2013 Update to Scoping Plan

Initial Scoping Plan

- Required in AB 32
- Outlines State's strategy to achieve 2020 GHG goal
- First approved by Board in 2008
- Updated every five years

2013 Update to Scoping Plan Objectives

- Highlight progress towards 2020 goal
- Begin transition to post-2020 goals
- Provide high-level view of long-term strategy
- Define climate priorities for next five years

2013 Update to Scoping Plan 2020 Element

- Status of measures and projected 2020 emissions
- Co-benefits (air quality, jobs, green technology, renewables)
- Local and regional initiatives
- Update on latest climate science

2013 Update to Scoping Plan Post - 2020 Element

- Governor's 2050 goal
- Establish ~2032 mid-point for alignment with State Implementation Plans and Regional Transportation Plans
- Continuation of regulatory programs
- Develop process and recommendations for path forward – policies, research, infrastructure

2013 Update to Scoping Plan

Integration of Statewide Policies

- Governor's Environmental Goals and Policies Report
- Vision 2050
- State Implementation Plan
- Sustainable Communities Strategies
- Sustainable Freight Strategy
- Integrated Energy Policy Report
- Adaptation Strategies

2013 Update to Scoping Plan

Key Topics

- Five critical “focus areas” to be addressed:
 - Transportation, fuels, and infrastructure
 - Energy generation, transmission, and efficiency
 - Waste
 - Water
 - Agriculture

2013 Update to Scoping Plan Regional Overlay

- Transportation, infrastructure, and land use
- Northern, central, and southern California
- Public forums with regional co-hosts
- Opportunities for leadership

2013 Update to Scoping Plan Schedule

- Initial public workshops – Early 2013
- Regional forums – Early 2013
- Preliminary draft report – Summer 2013
- Board meeting – Fall 2013

Looking Ahead to 2013

Looking Ahead to 2013

AB 32 Activities

- Cap and Trade
- Fuels
- Sustainable Freight
- Incentives