

Update on Federal Climate Activities

June 26, 2014

Background of Federal GHG Regulation

Supreme Court determines greenhouse gases (GHGs) are “air pollutants” under the Clean Air Act

U.S. commitment at Copenhagen to reduce GHG emissions 17% below 2005 levels by 2020

Federal Activity to Regulate Mobile Sources of GHG

Federal GHG standards first adopted in 2010 for model year (MY) 2012-2016 car and light duty vehicles

Additional car and light duty vehicle standards adopted in 2012 for MYs 2017-2025

Federal GHG standards also adopted in 2012 for heavy duty vehicles for MYs 2014-2018 (Phase I)

Federal Activity to Regulate Stationary Sources of GHG

EPA issues the “Tailoring Rule” to regulate stationary sources of GHGs – rule is challenged by industry

U.S. Supreme Court upholds EPA’s authority to regulate GHGs at stationary sources

The President's Climate Action Plan

- Climate Action Plan announced June 2013
- Blueprint to Slow Climate Change
- Focuses on CO₂ and Short Lived Climate Pollutants



View of Earth from the
International Space Station

Photo Courtesy of NASA

Climate Action Plan

Transportation

Develop post-2018 GHG and fuel economy standards for heavy duty vehicles (Phase II)

- Collaborate with ARB
- Phase II standards to be issued by March 2016
- ARB rulemaking to follow in 2016



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Energy Efficiency

Develop new standards for appliances and federal buildings through 2030

Implement grants and loan guarantees to encourage investment in energy efficiency

Expand the Better Buildings Challenge

- Improve energy efficiency 20% by 2020 in commercial and industrial buildings and multi-family housing

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Hydrofluorocarbons

Use Significant New Alternatives Policy (SNAP) Program to encourage private sector investments

Provide federal leadership by purchasing cleaner alternatives to HFCs

Lead negotiations under the Montreal Protocol to phase down HFCs

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Methane

Federal Strategy to Reduce Methane Emissions released
March 2014

- Landfills
- Agricultural operations
- Oil and gas operations
- Coal mines

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Forests

Protect and restore forests to sequester carbon



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Energy

Accelerate renewable energy permitting on public lands

Upgrade and modernize the grid to facilitate clean energy and improve reliability

Promulgate rules to address new and existing power plants

New Power Plants – 111(b)

EPA released rule for new electric generating units (EGUs) in September 2013

CO₂ limits based solely on fuel type and size

California's comments:

- EGUs are increasingly being used to integrate variable renewable resources
- Set appropriate standards that reflect how the EGU is being used

Existing Power Plants – 111(d)

June 2, 2014 - EPA released rule for existing EGUs

- Expected to reduce CO₂ emissions 30% from 2005 levels by 2030
- Limits carbon intensity of a state's electrical grid as a whole
- Credit given for demand-side energy efficiency programs and renewable energy programs

111(d) Building Blocks

Four building blocks to set emissions target:

- Make existing coal-fired EGUs more efficient
- Use lower-emitting EGUs more
- Use more zero and low-emitting power sources
- Increase demand-side energy efficiency 1.5% annually

States have flexibility to comply using any combination of measures

Proposed 111(d) Target

EPA proposed California's emission baseline is
698 lb CO₂/MW-hr in 2012

California's proposed target is:

- **537 lb CO₂/MW-hr by 2030**

Preliminary analysis by ARB staff suggest that California will meet the targets and will likely over-comply

Schedule

EPA must finalize 111(b) rules prior to or concurrently with finalizing 111(d) rule – anticipated in June 2015

States must submit compliance plans by June 2016

States are allowed until June 2018 for multi-state plans

California has opportunity to collaborate with Washington and Oregon, as well as other western states

Next Steps

Solicit input from California stakeholders on proposed EPA rules

Continue to evaluate EPA's proposal and prepare comments

Work with other states to evaluate opportunities for regional collaborations