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Public Meeting

Recognition of Early Action in a Cap-and-Trade System

March 10, 2009

California Air Resources Board

Purpose of Meeting

- Provide a forum to discuss issues relating to recognizing voluntary early actions in a California cap-and-trade program
- Stakeholders are asked to provide written comments on this topic to ARB by March 31st (to ccworkshops@arb.ca.gov)

Agenda

- Opening Remarks and Explanation of Meeting Structure (15 minutes)
- Staff Presentation (15 minutes)
- Round-Table Discussion (45 minutes)
- Breakout Sessions (30 minutes each)
- Reconvene Roundtable (30 minutes)
- Other Issues (15 minutes)
- Adjourn

California Cap-and-Trade Rulemaking Timeline

- Focus in 2009: work through implications of different issues
- Focus in 2010: finalize program design and develop regulatory language
- End of 2010: Board action on cap-and-trade regulation
- Extensive public process throughout

AB 32 Direction to ARB on Early Action

- Design regulations to encourage early action to reduce GHG emissions
- Ensure entities with pre-2012 greenhouse gas reductions receive appropriate credit
- Adopt methodologies for the quantification of voluntary greenhouse gas emission reductions



General Questions for Discussion

Selecting the Options for Early Actions

- Beyond auctioning and benchmarking, what options should California consider for recognizing and appropriately crediting voluntary early actions in cap-and-trade?
- What criteria should ARB use to choose among options that are consistent with the overall goals of the cap-and-trade program (e.g., no double counting, reductions are permanent, extent of co-benefits associated with the reductions, compatibility with other State policies, etc.)?

Selecting the Options for Early Actions (cont'd.)

- How far back should we go to establish eligibility for early action credits (e.g., 2007-2011)?
- Should credits be based on total reductions achieved prior to 2012 without regard to when in the eligibility window these occurred (e.g., one source might have started in 2007, and another source may not have started until 2011)?
- Should early reduction credits be treated the same as allowances, and how should they be accounted for in the cap?



Questions for Breakout Sessions

Voluntary Early Actions at Capped Sources

- What options for rewarding voluntary early actions at capped sources should be considered?
- If allowances are set aside for this purpose, should the number of allowances set aside be limited?
- How should credits provided for early actions affect the level of the cap at the start of the program?

Voluntary Early Actions at Capped Sources (cont'd.)

- Should the 2012 cap increase to include early action credits from capped sources, and what conditions or criteria should apply in making that determination?
- Should firms that voluntarily reported emissions to the California Climate Action Registry receive credit for actions they took to reduce emissions? If so, what years of registry reporting should be considered?

Voluntary Early Actions Outside of Capped Sources

- What options for rewarding voluntary early actions outside of capped sources should be considered?
- What criteria should be used to select projects that would be eligible for credits?

Voluntary Early Actions Outside of Capped Sources (cont'd.)

- Should project-based voluntary reductions that follow Board-approved protocols qualify for credits in a cap-and-trade program?
- If early action projects continue to generate emission reductions after 2012, should they qualify for early reduction credits, set asides, or offsets?

Team Leads for Cap & Trade Rulemaking

Sam Wade, Mary Jane Coombs	Cap setting and allowance distribution
Ray Olsson	Market operations and oversight
Brieanne Aguila	Offsets and cap-and-trade project manager
Claudia Orlando	Electricity
Karen Khamou	Transportation
Manpreet Mattu	Reporting Energy efficiency
Bruce Tuter, Mihoyo Fuji	Industrial sectors
Mihoyo Fuji, Claudia Orlando	Natural gas for residential and commercial
Mihoyo Fuji	Marginal abatement costs and competitiveness issues
Barbara Bamberger, Mihoyo Fuji, Jeannie Blakeslee, Judy Nottoli, Jerry Hart	Impact analyses (environmental, economic, localized, small business, public health)

For More Information...

- ARB's Cap-and-Trade Web Site
 - <http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>
- To stay informed, sign up for the Cap-and-Trade listserv:
 - http://www.arb.ca.gov/listserv/listserv_ind.php?listname=captrade-ej
- Western Climate Initiative
 - <http://www.westernclimateinitiative.org>