

Climate Change Proposed Scoping Plan

**Environmental Justice
Advisory Committee Meeting**

October 21, 2008

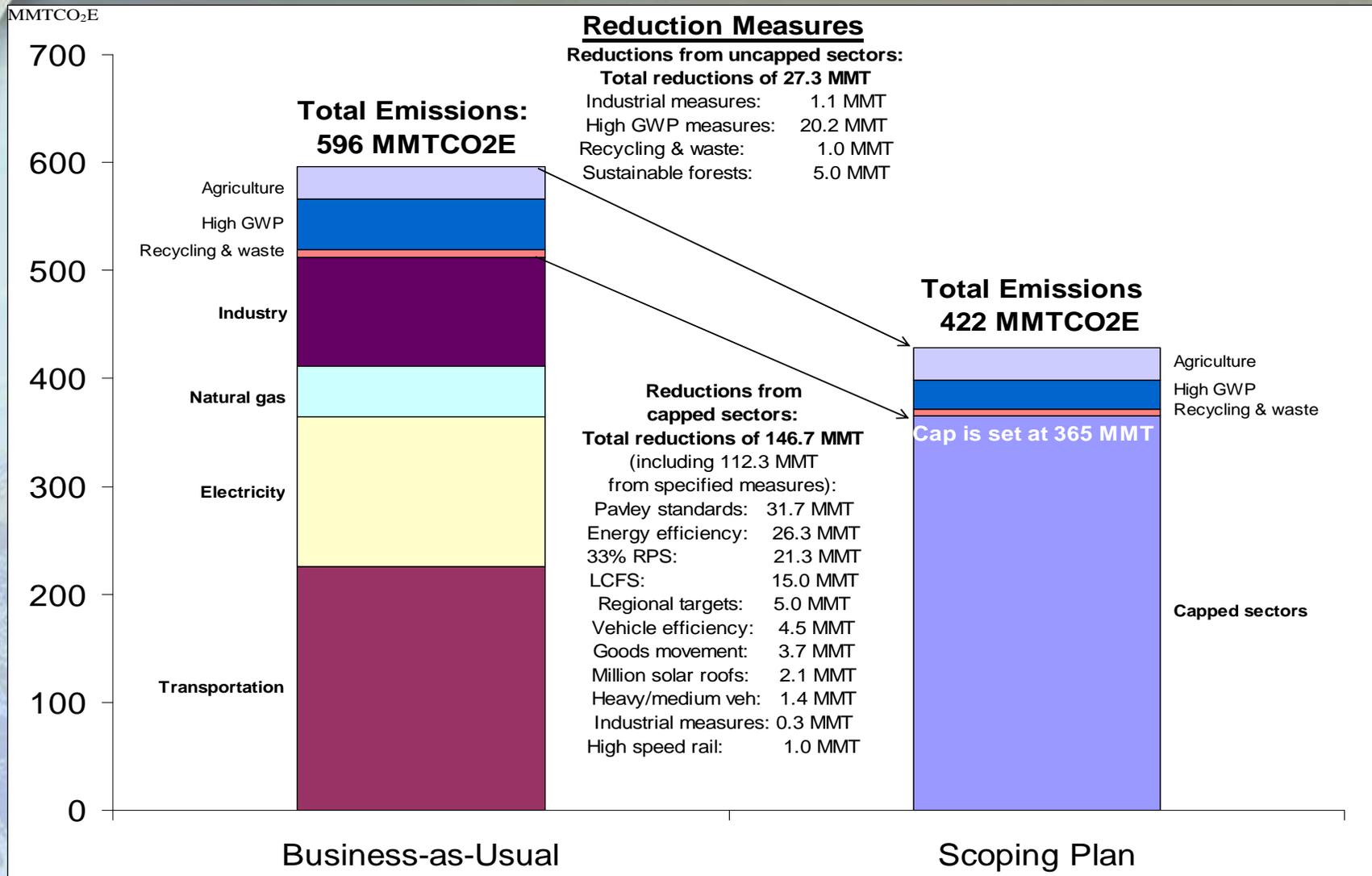
Scoping Plan Development

- Draft Scoping Plan – June '08
- Received input
 - Workshops
 - Community meetings
 - Written comments
 - Stakeholder meetings
 - Climate Action Team
- Supplemental Evaluations – Sept '08
 - Workshop and comments
- Proposed Scoping Plan – Oct '08

Recommendation

- Mix of strategies that combine market mechanisms, regulations, voluntary measures, and fees
- Key elements:
 - Energy efficiency programs
 - Renewable energy
 - California cap and trade program linked to WCI
 - Targets for transportation-related emissions
 - Existing laws and policies (e.g. Pavley, LCFS)
 - Targeted fees

California 2020 Greenhouse Gas Emissions and Recommended Reduction Measures



Cap and Trade

- Firm cap on emissions
- California program linked to western region
- Electricity and industrial sectors in 2012
 - Add Transportation and Natural Gas in 2015
- Transition to 100% auction of allowances worthwhile goal
- Offsets limited to less than half of required reductions
- Will seek input from broad range of experts on use of revenue

Sector-Based Measures

Capped Sectors

- **Transportation**
 - Pavley I and II, Low carbon fuel standard, Regional transportation-related targets, Light, medium and heavy-duty vehicle efficiency, High speed rail
- **Electricity/Energy**
 - Energy efficiency, 33 percent renewables, Million solar roofs
- **Industry**
 - Refinery measures, energy efficiency audit

Sector-Based Measures

Uncapped Sectors

- **Industry**
 - Oil and gas transmission and extraction
- **High Global Warming Potential Gases**
 - New products and existing banks
- **Forests**
 - Preserve sequestration and encourage biomass
- **Recycling and Waste**
 - Landfill methane, high recycling/zero waste
- **Agriculture**
 - Voluntary methane capture at large dairies

Example of Hybrid Approach

Oil and Gas/Refineries

- Low-carbon fuel standard
- Removal of methane exemption
- Limits on flaring
- Oil and gas transmission (fugitives)
- Oil and gas extraction (fugitives)
- Energy efficiency audit
- Cap-and-trade program

Analyses

- Updated economic analysis
- Updated public health and environmental benefits analysis
- Societal benefits
- California Environmental Quality Act evaluation

EJAC Comments/Recommendations

- Three-pronged approach – regulations; incentives; price on carbon via carbon fee
- Qualified support for all but three measures
- Concern about public health and non-economic evaluations
- Should identify more than minimum reductions
- Require all reductions to be in-state
- Provide a path that doesn't rely on trading
- Add additional measures

Next Steps

- **October 23, 2008**
 - Update to Board
 - Open CEQA comment period
- **November 20-21, 2008**
 - Public Hearing to discuss Plan
- **December 11-12, 2008**
 - Board vote on Scoping Plan
- **January 2009**
 - Workshop on program design/localized impacts

Scoping Plan Implementation

- Two years to adopt AB 32 measures
 - Regulatory development will follow normal public process
 - Extensive stakeholder outreach and involvement
 - Additional economic and non-economic analyses
- Implementation and enforcement critical
- Required to re-visit Scoping Plan in 5 years