

## ETAAC Federal Policy Sector Group

Proposed topic: "How could California policy optimize the requirements of AB 32 within the context of a Federal Climate Bill?"

Using the ACES (HR 2454) bill as a model we would consider the following:

1. What portion of the California 174 MMT reduction by 2020 required by AB 32 would be met through ACES?
  - Look at different policy options for meeting the number
  - Minimize costs; how to avoid dual compliance
  - What preemptions are in ACE? Are there timing considerations?
  - Price signal and global impact on inducing investment changes
  - How to avoid redundancy; identify unintended offsetting effects.
  
2. How could money from ACES help California business?
  - regulated entities, small business
  - role of stimulus money
  - trade-impacted industries
  - workforce training
  
3. How could money from ACES help California consumers?
  - expected amount and uses
  - does ACES provide sufficient flexibility
  - differentiate low-income and general ratepayer assistance
  - role of stimulus money
  
4. Are there ideas in ACES regarding auctions, allowances, distribution of auction revenues or market mechanisms that should be considered in the design of California's AB 32 market mechanisms?
  
5. Are there changes to ACES that we would want to propose back to Congress?
  - identify issues generic to all of California
  - what mechanisms would we use for feedback?
  
6. Principles of quality offsets. Contrast the California approach to insuring quality of offsets to requirements in ACES. Make recommendations to protect the integrity of offsets.

A [summary](#) of the major provision of ACES can be found at the Energy & Commerce web site<sup>1</sup> and at [NRDC](#)<sup>2</sup>.

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<sup>1</sup> [http://energycommerce.house.gov/index.php?option=com\\_content&view=article&id=1633&catid=155&Itemid=55](http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1633&catid=155&Itemid=55)

<sup>2</sup> <http://www.nrdc.org/globalWarming/09061501.asp>