

The background of the slide features a stylized image of the Earth, showing continents and oceans, overlaid with a grid of latitude and longitude lines. The image is semi-transparent and occupies the entire background.

AB 32: The California Global Warming Solutions Act of 2006

Informational Board Workshop on Policy Tools for the AB 32 Scoping Plan

May 28, 2008

California Air Resources Board

Workshop Overview

- **Market Mechanisms for Greenhouse Gas Reductions**
 - Lee Friedman, Larry Goulder, and Derik Broekhoff
- **Comments from AB 32 Advisory Committee Chairs**
 - Angela Johnson Meszaros and Bob Epstein
- **Market Mechanism Design and Operation**
 - Brian McLean and Frank Convery
- **Cumulative Impact Assessment Tools**
 - Manuel Pastor
- **Public Comment**

Scoping Plan Timeline

<i>Nov 30, 2007</i>	<i>Scoping Plan Kick-Off Workshop</i>
<i>Dec 14, 2007</i>	<i>Sector Summary Workshop</i>
<i>Jan 16, 2008</i>	<i>Mechanisms Workshop</i>
<i>May 19, 2008</i>	<i>Policy Scenarios Workshop</i>
June 26, 2008	Draft Scoping Plan released
Summer 2008	Workshops on draft Scoping Plan <ul style="list-style-type: none">July 8: Diamond BarJuly 14: FresnoJuly 17: SacramentoAugust: TBD
October 2008	Staff Final Scoping Plan released
November 20-21, 2008	Board Hearing on Scoping Plan

Draft Scoping Plan

- Strong regulatory foundation
 - Early Action Measures
 - “Core” measures
- Staff recommendations on key elements of overall approach
- Preliminary evaluations

Scoping Plan Approach

- Identify measures to meet the 2020 target
 - Put on path toward 2050
- Core measures
 - Implement under all approaches
- Evaluation of range of options to achieve remaining reductions
- ARB will continue to work with the Climate Action Team subgroups to further develop options

Program Development

- Looking at many policy tools including:
 - Traditional regulations
 - Cap and trade
 - Fees and incentives
 - Voluntary actions
 - Offsets
- Scoping Plan will likely include a mix of tools

Comparison of Policy Tools

- Traditional regulations
 - Well understood
 - History of successful use by ARB
 - Would require numerous regulatory proceedings
- Cap and trade
 - Cap offers certainty on emission reductions
 - Trading offers flexibility and may reduce control costs
 - Concerns raised regarding effect of trading on local emissions
 - Significant work needed to create effective market
- Carbon fee
 - Uncertainty about level of emission reductions
 - Would require greater analysis to determine the appropriate fee level

Today's workshop

- Four sessions:
 - Market mechanism basics
 - Comments from the Advisory Committees
 - Experience with market mechanisms
 - Cumulative impact assessment tool
- Opportunity for public comment at the end of the workshop