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### Meeting the Targets and Assessment of Need to Adjust Compliance Schedule Outline

The purpose of this outline is to inform Panelists of staff's initial thinking and analysis related to the topic below. Staff proposes to use this and similar outlines to develop the white papers/chapters of the review report due to the Board in December 2011. Please review this outline and identify where data are insufficient and what data are necessary to enable regulation review. This outline is meant to be a high-level overview of the topic; more detail will follow in subsequent white paper/chapter.

- VI. Meeting the Targets and Assessment of Need to Adjust Compliance Schedule
  - A. Introduction
    - 1. The questions we are attempting to answer
    - 2. The regulation text
    - 3. Summary of the conclusions
  - B. Review of regulation
    - 1. Current compliance schedule and carbon intensity reduction targets
    - 2. Assumptions used in compliance scenarios developed in 2009
    - 3. Assessment of current validity of assumptions used in 2009
    - 4. Need for creating revised scenarios for credit generation
  - C. 2011 Illustrative compliance scenarios
    - 1. New information and assumptions
      - a. EIA projections
      - b. CEC updates
      - c. Internal research on cellulosic ethanol
      - d. Any other new projections?
    - 2. Credits generated in Q1 and Q2 2011
    - 3. Scenario descriptions
    - 4. Results of the scenarios
  - D. Discussion on meeting the targets
    - 1. Based on the above results, can sufficient credits be generated to meet the targets through 2015 and beyond?
    - 2. Identify strategies to meet the targets
    - 3. Identify barriers to meeting the targets
  - E. Potential alternative compliance mechanisms
    - 1. Need for such mechanisms
    - 2. Alternate compliance schedule
    - 3. Alternative compliance mechanism
      - a. Opening program to other credits
        - i. Allow other carbon reduction credits to be purchased
        - ii. Source of credits
        - iii. Pros and cons of mechanism

## DRAFT

- b. CARB sale of credits
    - i. Pros and cons of mechanism
    - ii. Use of funds
  - c. Other options
- F. Summary and conclusions