

State of California  
AIR RESOURCES BOARD

**Third Notice of Public  
Availability of Modified Text**

PUBLIC HEARING TO CONSIDER ADOPTION OF AMENDMENTS TO THE  
CALIFORNIA CAP ON GREENHOUSE GAS EMISSIONS AND MARKET-BASED  
COMPLIANCE MECHANISMS TO ALLOW FOR THE USE OF COMPLIANCE  
INSTRUMENTS ISSUED BY LINKED JURISDICTIONS

Public Hearing Dates: June 28, 2012 and April 19, 2013  
First Public Availability of Additional Documents Dates: June 11, 2012 - June 27, 2012  
Second Notice of Public Availability Dates: January 8, 2013 - January 23, 2013  
Third Notice of Public Availability Release Date: March 22, 2013  
Deadline for Public Comment: April 6, 2013

At its October 2011 public hearing, the Air Resources Board (ARB or Board) adopted sections 95800 to 96023, title 17, California Code of Regulations (CCR). These sections comprise the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, including Compliance Offset Protocols (Regulation).

The Regulation provides a fixed limit on GHG emissions from the sources responsible for about 85 percent of the state's total GHG emissions. The Regulation reduces GHG emissions by applying a declining aggregate cap on GHG emissions, and creates a flexible compliance system through the use of tradable instruments (allowances and offset credits). The Regulation became effective January 1, 2012.

On May 9, 2012, staff released a Notice of a Public Hearing to Consider Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms at the June 28, 2012 Board Hearing, accompanied by the May 9, 2012 Initial Statement of Reasons (ISOR) for a regulatory amendment to link California's Cap-and-Trade program with a similar program in Québec. On June 11, 2012, staff released the first Notice of Public Availability of Additional Documents and Information. On January 8, 2013, staff released the Second Notice of Public Availability of Modified Text.

California and Québec have been working together to ensure that both systems' operations are compatible and will work together and without disruption to California covered entities. To that end, linkage between California and Québec will need to be effective as of January 1, 2014. California and Québec will be conducting several pre-linkage activities during the intervening time between adoption of this regulation and the effective date. These activities include a practice joint auction between California and Québec, testing of the current auction platform to allow for a joint auction, and an independent evaluation of processes, procedures and systems of California's and Québec's programs to ensure implementation readiness.

Additional modifications to the regulatory text are being proposed in this March 22, 2013 notice to address the effective date of the linkage regulations. The text of the modified regulatory language is shown in Attachment 1. The originally proposed regulatory language is shown in ~~strikethrough~~ to indicate deletions and underline to indicate additions. Deletions and additions to the proposed language that were noticed with the January 2013 Notice are shown in ~~double-strikethrough~~ and double underline format, respectively. New deletions and additions to the proposed language that are made public with this March 2013 Notice are shown in **bold single underline** and **~~bold strikeout~~** format, respectively.

In the Final Statement of Reasons, staff will respond to all comments received on the record during the comment periods and at the hearing. The Administrative Procedure Act only requires that staff respond to comments on changes that are noticed. Therefore, staff will only address comments that are responsive to this notice or the changes detailed in Attachment 1.

Documents for this rulemaking action are available online at the Cap-and-Trade Program website referenced here:

<http://www.arb.ca.gov/regact/2012/capandtrade12/capandtrade12.htm>

The Board is scheduled to consider the proposed regulations on April 19, 2013.

### **Summary of Proposed Modifications**

All references to sections: 95802, 95814, 95830, 95831, 95832, 95833, 95834, 95856, 95870, 95910, 95911, 95912, 95913, 95920, 95921, 95942, 95943, 96010, and 96022 are to title 17, CCR. For a complete account of all modifications in the proposed regulations, please refer to the double underline and double strikeout sections in Attachment 1.

#### **A. Modifications to Section 95943 Linked external GHG ETS**

Section 95943(a) was modified to add an explicit date on which compliance instruments issued by Québec could be used by California covered and opt-in covered entities.

### **Contacts**

Inquiries concerning the substance of the proposed regulation may be directed to Dr. Steve Cliff, Chief, Climate Change Program Evaluation Branch, at (916) 322-7194 or Ms. Rajinder Sahota, Manager, Climate Change Program Monitoring Section at (916) 323-8503.

## **Public Comments**

Written comments will only be accepted on the modifications identified in this notice and may be submitted by postal mail or as follows:

Postal mail: Clerk of the Board, Air Resources Board  
1001 I Street, Sacramento, California 95814

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Please note that under the California Public Records Act (Gov. Code § 6250 et seq.), your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

If you need this document in an alternate format or another language, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 no later than five (5) business days from the release date of this notice. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Si necesita este documento en un formato alternativo u otro idioma, por favor llame a la oficina del Secretario del Consejo de Recursos Atmosféricos al (916) 322-5594 o envíe un fax al (916) 322-3928 no menos de cinco (5) días laborales a partir de la fecha del lanzamiento de este aviso. Para el Servicio Telefónico de California para Personas con Problemas Auditivos, ó de teléfonos TDD pueden marcar al 711.

## **Attachments**

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see ARB's website at [www.arb.ca.gov](http://www.arb.ca.gov).*