



Global Warming Solutions Act of 2006 (AB 32) Analysis

- ✓ AB 32 creates the first-ever statewide cap on global warming pollution.
- ✓ California is currently the 12th largest source of global warming pollution in the world.
- ✓ It is estimated that the law will reduce annual greenhouse gas (GHG) emissions in California by 25 percent – 174 million metric tons – by 2020.
- ✓ UC Berkeley economists estimate that such reductions will add 83,000 jobs and \$4 billion in income to California's economy.

The following is a breakdown of the key provisions in AB 32:

GHG emissions reporting

- California Air Resources Board (CARB) establishes a reporting program for GHG emissions beginning with the largest sources of emissions.
- The reporting program includes all electricity consumed in the state, including transmission losses, electricity imported from outside the state, and publicly owned electric utilities.

GHG emissions limit

- CARB determines 1990 GHG emissions and sets that as the statewide limit to be achieved by 2020.
- CARB is authorized to continue reductions beyond 2020.

GHG emissions reductions

- CARB publishes a list of "early-action" GHG reduction measures by June 2007 and adopts regulations for those measures by January 2010.
- By January 2009, CARB prepares a scoping plan (in consultation with state agencies, including the Public Utilities Commission) that outlines the direct reduction measures, market-based mechanisms, and incentives needed to meet the 2020 cap. The scoping plan takes into account:
 - GHG emission reduction programs in other states and countries
 - Potential costs and benefits to the state's economy
 - The relative contribution of each GHG emission source to total statewide emissions (with a recommendation for a threshold below which reductions shouldn't apply)
 - Opportunities for voluntary reduction measures such as carbon sequestration and best management practices
 - Input from public workshops to be held in minority, low-income communities
- By January 2011, CARB adopts regulations to meet 2020 limit. The regulations will:
 - Encourage early reductions from polluters

- Minimize leakage (increases in GHG emissions outside the state as a result of reductions instate)
 - Ensure low-income communities are not disproportionately impacted
 - Consider societal benefits such as reductions in other air pollutants
 - Ensure reductions are “real, permanent, quantifiable, verifiable, and enforceable”
- The regulations will begin being enforced by January 2012.

Market-based compliance mechanisms

- CARB may use a ‘cap-and-trade’ system to meet the 2020 cap.
- However, CARB must consider the impact to communities already impacted by air pollution and must prevent increases in toxic air contaminants and criteria pollutants.
- The reductions must be “real, permanent, quantifiable, verifiable, and enforceable.”
- The bill defines a market-based compliance mechanism as either a system of “declining annual aggregate emissions limitations” or GHG emission “exchanges, banking, credits, and other transactions” established by CARB that result in the same GHG emission reduction as direct compliance with another regulation in the program.

Enforcement

- CARB enforces all rules and regulations.

Emergency provision

- The Governor can adjust the deadline for individual regulations, or the whole state, for up to one year “in the event of extraordinary circumstances, catastrophic events, or the threat of significant economic harm.” The Governor can make additional adjustments to the deadline as each adjustment expires.

Other details

- If the regulations that resulted from AB 1493 (Pavley clean car law) are struck down, CARB will create new GHG regulations for mobile sources.
- CARB may adopt a fee program for regulated polluters.
- CARB consults with the PUC to set the limits and regulations on GHG emissions for electricity and natural gas providers regulated by the PUC. The PUC’s regulatory authority is not impacted by this program.
- Cost-effective is defined as “the cost per unit of reduced emissions of greenhouse gases adjusted for its global warming potential.”
- The definition for greenhouse gases includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

Timeline: (the following dates are deadlines; actual actions may be accomplished sooner)

- Jun 2007: CARB releases a list of early-action GHG emission reduction measures
- Jul 2007: Environmental Justice advisory committee created
- Jan 2008: CARB determines 1990 GHG emissions; sets 2020 cap
CARB adopts GHG emissions reporting and verification program
- Jan 2009: CARB prepares scoping plan for how and where necessary reductions will be made to meet 2020 cap

- Jan 2010: CARB adopts and begins enforcing regulations for early-action reduction measures from June 2007 list
- Jan 2011: CARB adopts full set of limits and reduction measures to meet 2020 cap (cap-and-trade program can be set up at this time)
- Jan 2012: CARB begins enforcing limits and reduction measures to meet 2020 cap
- Jan 2014: CARB updates scoping plan
- Dec 2020: California reaches GHG emissions equivalent to 1990

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