

CONCURRENCE IN SENATE AMENDMENTS
 AB 32 (Nunez)
 As Amended August 30, 2006
 Majority vote

ASSEMBLY:	50-27	(April 11, 2005)	SENATE:	23-14	(August 30, 2006)
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Original Committee Reference: NAT. RES.

SUMMARY : Enacts the Global Warming Act of 2006 (Act), which creates a statewide greenhouse gas (GHG) emission limit that would reduce emissions by 25% by 2020.

The Senate amendments delete the Assembly version of this bill, and instead enact the Act, which does all of the following:

- 1) Requires, on or before January 1, 2008, the state Air Resources Board (ARB) to adopt regulations requiring GHG emission sources to monitor and report their emissions to the ARB, and specifies detailed criteria for the adoption and compliance with those regulations.
- 2) Requires, on or before January 1, 2008, ARB to adopt a statewide emissions limit on GHG emissions, specifies both a process and criteria for the adoption of the limit, and provides that the limit shall remain in effect after 2020 until otherwise amended or repealed.
- 3) Requires ARB to adopt the maximum feasible and cost-effective reductions in GHG emissions for sources and categories of sources subject to the Act, in accordance with the following schedule:
 - a) On or before July 1, 2007, ARB shall adopt a list of those discrete early action emission reduction measures that can be achieved prior to the adoption of market-based compliance mechanisms and other measures and limits under the bill's provisions;
 - b) On or before January 1, 2010, ARB shall adopt and enforce those measures on the list described above in order to achieve the maximum technologically feasible and

cost-effective reductions of greenhouse gases:

- c) On or before January 1, 2009, ARB shall prepare and adopt a rulemaking scoping plan for the rules and regulations it is required to adopt pursuant to the bill's provisions, and shall comply with specified criteria in developing and adopting the plan. ARB is required to update the plan every five years;
- d) States that, on or before January 1, 2011, ARB shall adopt GHG emission limits and measures to achieve the maximum feasible and cost-effective reductions in GHG emissions in furtherance of the GHG emission limit;
- e) In adopting the regulations described in d) above, ARB may adopt a so-called "cap and trade" system (i.e. "a system of market-based declining annual aggregate emission limits" as described in the bill), provided it complies with specified conditions prior to authorizing the use of those mechanisms;
- f) In adopting the regulations described in d) above, ARB may adopt market-based compliance mechanisms and specifies conditions and criteria for the adoption and use of those mechanisms;
- g) In adopting regulations, requires ARB to take into account environmental justice, equitable distribution of emission reductions, best available scientific and economic information, and other factors; and,
- h) Provides that ARB shall consult with various other state agencies that have jurisdiction over utilities and other sources of GHG emissions in order to minimize any overlap among those agencies.

- 4) Authorizes ARB to impose administrative, civil, and/or

criminal penalties consistent with its authority under air quality statutes for violations of any rule, regulation, order, or standard adopted by the board pursuant to the bill's provisions.

- 5) Authorizes the Governor to adjust applicable deadlines for individual regulations, or for the state in aggregate, to the earliest feasible date in the event of extraordinary

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circumstances, catastrophic events, or significant economic harm, limits that adjustment to one year in duration, specifies procedures for notifying the public and provides that this provision does not affect the Governor's authority under the Emergency Services Act.

- 6) Requires ARB to establish an environmental justice advisory committee and an economic and technology advisory committee for the purposes of advising the board on implementation of the bill's provisions, and specifies appointment processes and procedures for those committees.
- 7) Provides that if the regulations adopted pursuant to AB 1493 (Pavley), Chapter 200, Statutes of 2002, to reduce GHG emissions from vehicular sources do not remain in effect, the board shall adopt alternative regulations that achieve the equivalent or greater reductions.
- 8) Requires all state agencies to consider and implement GHG emission reduction strategies, and provides that nothing in the bill affects the authority of any other state agency to reduce GHG emissions, the authority of air districts, the authority of the California Public Utilities Commission, or utilities' obligation to provide electric service.
- 9) Authorizes ARB to adopt a schedule of fees to pay for the costs of implementing the program established pursuant to the bill's provisions.
- 10) Provides that the provisions of the bill are severable.
- 11) Makes detailed findings and declarations relative to the economic and environmental effects of global warming and climate change.
- 12) Establishes definitions of terms used under the bill.

EXISTING LAW :

- 1) Establishes the California Climate Action Registry (Registry) as a nonprofit public benefit corporation to voluntarily record and register GHG emissions reductions made by

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California entities after 1990.

- 2) Requires the Registry to provide referrals to approved providers for advice on designing programs to establish emissions baselines and to monitor and track GHG emissions, establishing emissions reduction goals, and designing and implementing organization-specific plans that improve energy efficiency or utilize renewable energy, or both, and that are capable of achieving emission reduction targets.
- 3) Requires the Registry to perform various functions, including among other things, adopting standards for verifying emissions reductions, adopting a list of approved auditors that verify emission reductions, establishing emissions reduction targets, designing and implementing efficiency improvement plans, maintaining a record of all emission baselines and reductions, and recognizing, publicizing, and promoting entities that participate in the Registry.
- 4) Requires the Registry to adopt procedures and protocols for the various offsets that a participant can use to mitigate emissions.
- 5) Requires the Registry to adopt procedures and protocols for the monitoring, estimating, calculating, reporting, and

certifying of carbon stores and carbon dioxide emissions resulting from the conservation and conservation-based management of native forest reservoirs in California, so that participants can include those conservation activities in registered emissions results.

AS PASSED BY THE ASSEMBLY , this bill expanded the responsibilities of the Registry by specifying the Registry work in coordination with the California Environmental Protection Agency and the State Energy Resources Conservation and Development Commission to adopt procedures and protocols on greenhouse gas emissions for oil and natural gas exploration, extraction, processing, refining, transmission, and distribution and cement production and municipal solid waste and industrial waste hauling and disposal.

FISCAL EFFECT : Unknown

COMMENTS : According to the author, global climate change poses a serious threat to California's economic well being, public

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health, and environment if aggressive actions to reduce GHG emissions are not taken soon.

This bill would create a statewide GHG emissions limit that would reduce emission 25% by 2020. It establishes a mandatory reporting system to track and monitor greenhouse gas emission levels and institutes a limit on GHG emissions, requiring emission reductions in California to 1990 levels by the year 2020.

The bill also directs ARB to develop a regulatory framework of emission reduction measures, which may include multi-sector market-based compliance options. The bill also provides a clear path by authorizing ARB to design the rules under which a cap-and-trade program could emerge to help meet the 2020 limit by 2011.

The bill also allows the Governor to suspend the provisions of the bill for up to one year under extraordinary circumstances or threat of significant economic harm and continues the Governor's Climate Action Team created by the Governor's Executive Order in 2005.

The bill reflects an historic agreement between the Legislature and the Governor on GHG reduction.

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