

JOINT EJAC AND CARB BOARD MEETING

# Creating A Better Path Together

California Air Resources Board

Joint EJAC Meeting

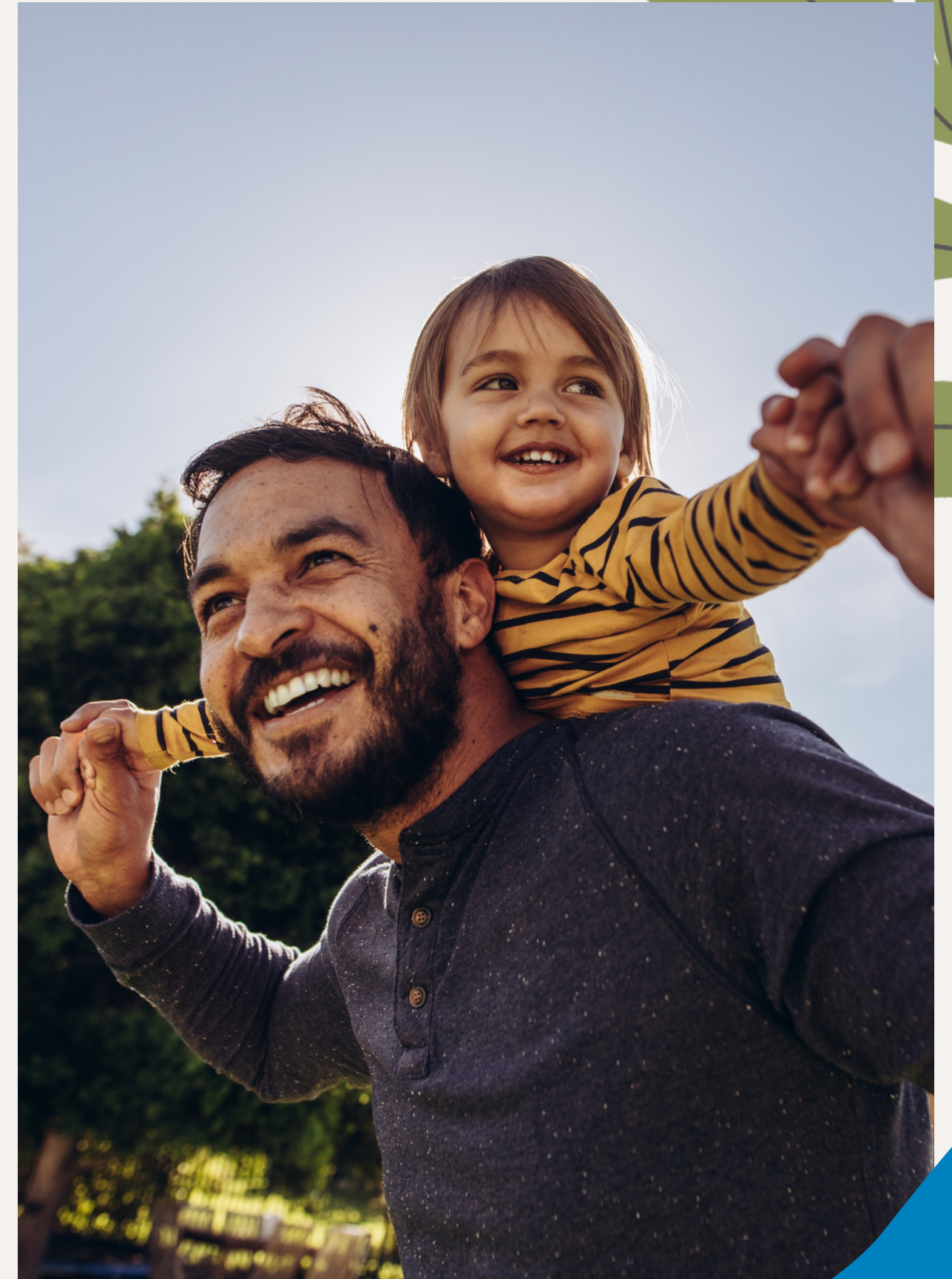
Sept 1, 2022

## A BETTER WAY: PEOPLES PLAN: ROAD TO REAL ZERO

**The climate and health emergency must be met by bold action that focuses our efforts on direct emissions reductions.**

While some may point to the fact that California 'met' its 2020 GHG target as progress, air pollution and climate change continue to inflict disproportionate harm on Black people, Indigenous people and people of color.

**“The EJAC recognize that CARB is the last line of defense will CARB stand up for Communities?”**







## PATH TO REAL ZERO

**The scenarios presented by CARB and representing in the Gov Climate Package fail the most burdened communities.**

EJAC's preliminary recommendations provide tangible and concrete strategies for the state to achieve a total state greenhouse gas emissions reduction of **83.3%** (not including the industrial sector) through immediate direct emissions reductions at the sources of pollution.

“ We are facing a climate and health emergency. This moment requires bold action and a commitment to centering on environmental justice solutions. ”

# THERE IS A BETTER WAY

CARB's overall conduct represents a business-as-usual approach that extends the life of fossil fuel extraction in ways that are inconsistent with the goals of AB 32 and AB 197.



# **Just transition and Phase out of Fossil Fuels**

Refinery Phase out



## CARB MODELING

Draft Scoping Plan modeling assumes an 83% decline in refinery emissions due to declining in-state oil demand:

- “The Proposed Scenario results in California petroleum refining emissions of 5.1 MMTCO<sub>2</sub>e in 2045, a reduction of approximately 83 percent relative to 2020 levels that is in line with the decline of in-state finished fuel demand.” (83–84)
- Footnote 150: This reduction in demand does not assume any need for ongoing operations to support exports to neighboring states.

**The state has no mechanism to ensure that these reductions are real, and no plan to address the major implications for communities, workers, local governments, and state agencies.**

## GOVERNOR'S GUIDANCE

The Governor's July 22nd letter gave direction on aviation fuels and LCFS. This is just one piece of the massive decline in demand that CARB is projecting as a result of the Advanced Clean Cars rule.

As the Advanced Clean Cars rule drives down in-state demand for oil, the planning process must address the issue of oil exports to ensure that emissions reductions are real.

**It is the Board's responsibility to ensure that the massive projected decline in emissions is coordinated, responsible, and as certain as possible for workers and communities.**



# QUESTIONS FOR THE BOARD



Make EJAC permanent. CARB must usher in a new era of collaboration with EJAC, frontline communities and across agencies



Can CARB commit to a comprehensive assessment and planning process for transitioning refineries responsibly and complimentary to Governor's direction



Can CARB commit to redo the Natural and Working Lands modeling and work with CNRA to ensure we have a robust interagency collaboration



Can CARB commit to due diligence on safety, health, and equity considerations before CCUS projects are permitted?



Revisit the LCFS and CCS Protocol to clarify the application of rigorous eligibility and application review criteria specific to different types of fossil fuel infrastructure.



Set strong regulatory regime to limit the harm of from CCUS do not allow increased in air pollution and other water discharges



Can CARB commit to reducing the percentage of reductions covered by Cap-and-Trade in this Scoping Plan and to initiating a full regulatory process before the next



# QUESTIONS FOR THE BOARD



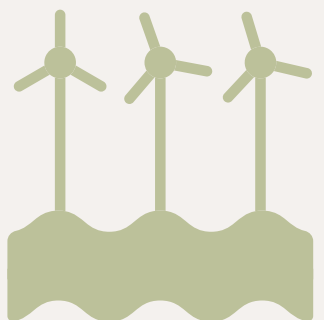
Can CARB commit to implementing the Real Zero alternative?



Can CARB Develop a protocol for updating the plan as new information is gathered and approaches identified, as statute proposes the need to have more frequent climate policy planning.



Can CARB keep its commitment to multi-agency group led by CalEPA to plan a refinery transition. This was supported by the board on June 24, 2022 and consistent with Governor Newsom's guidance in his July 22 letter



Can CARB commit to developing with other relevant agencies stronger measures for deployment of wind and solar and increasing storage capacity



Can CARB regulate emissions from dairies starting in 2024, cut off cash subsidies to factory farm gas and dairy digesters, and pause certifications until significant concerns in the LCFS, especially an incomplete GHG lifecycle analysis and localized air and water pollution, have been addressed during the rulemaking process?

# NATURAL AND WORKING LANDS

Convene an Advisory Committee (including EJAC and other environmental justice representation) to partner with CNRA, CDFA, (DoC), and other key natural resource agencies to develop NWL targets, pathways, priority actions, and programs

Will carb commit to updating the NWL component of the plan as new information is gathered and approaches identified, as statute proposes



# FACTORY FARM GAS AND DAIRY DIGESTERS



- Include regulation of dairies, starting in 2024, in the scoping plan and initiation of regulations in 2023
- Exclude polluting fuels like biogas, biofuels, and factory farm gas from the LCFS and any other definition of clean, renewable, and/or zero-carbon energy. In the alternative, direct the upcoming LCFS rulemaking to address the issues listed below and pause certification of LCFS pathway applications that include these polluting fuels until the completion of the rulemaking. Issues to address through rulemaking:
  - a. Lack of additionality associated with LCFS credits
  - b. Lack of full lifecycle analysis of GHG emissions
  - c. Disproportionate impact on lower income, disadvantaged, and BIPOC communities
- Cut off cash subsidies for dairy gas and dairy digesters



# CALIFORNIA'S CAP AND TRADE PROGRAM

A QUESTIONABLE PATH TO ENVIRONMENTAL JUSTICE



2010

## First Regulations adopted

Environmental justice groups sue CARB, and the court finds that CARB did not adequately consider alternatives.



2018

## AB 398

CARB finalized a rulemaking to implement AB 398 (E. Garcia, 2017), which extended the program to 2030



2012

## Updated Regulation

CARB updates the regulation to allow for linkage to Quebec. Further technical changes were adopted in 2013, 2014, and 2018; CARB linked with Ontario's program in 2016.



2020

The Legislature considers adding language to the budget trailer bill requiring CARB to do a rulemaking to address allowance oversupply, as well as other ongoing concerns about the program.

In response, Cal EPA Secretary Blumenfeld wrote a letter to the Legislature, committing to work with CARB leadership to ensure a comprehensive review of the program as a part of the 2022 Scoping Plan process.





California's cap and trade program has had a fraught and politically contentious history since AB 32 was signed into law in 2006.



**Righting past wrongs**

CARB MUST DECREASE THE PERCENTAGE OF REDUCTIONS EXPECTED BY CAP AND TRADE IN THE SCOPING PLAN AND TO ADDRESS OUTSTANDING CONCERNS IN RULEMAKING BEFORE THE NEXT COMPLIANCE PERIOD.

# CLOSER LOOK AT KEY CHANGES FROM 2018

## **AB 398: extended the program to 2030**

- Established a price ceiling for allowances, and two price containment points, as well as set up automatic transfers of unsold allowances into the APCR.
- Directed CARB to evaluate and address oversupply concerns, and establish allowance banking rules that discourage speculation, avoid financial windfalls and consider the impact on complying entities and volatility in the market.
- Established offset limits, and directed at least half to be credits generated from projects that provide direct environmental benefits in California. Established the Compliance Offsets Protocol Task Force to consider how to increase offset projects in the state.
- Established the Independent Emissions Market Advisory Committee to meet and report on the environmental and economic performance of the cap and trade regulation and other relevant climate policies.
- Directed CARB to set industry assistance factors to those used in the 2015–2017 compliance period, which translates to many industries at low leakage risk getting 100% free allowance allocations
- Defined cap-and-trade as the primary control mechanism over refinery emissions, prohibiting air districts from adopting emissions reductions rules.
- Other technical and reporting changes.



# PPROPOSED AMENDMENTS

**In response to critiques of the 2018 changes, CARB directed staff, through the Executive Officer, in the resolution to do the following:**

- Quantify and report to the Board, no later than December 31, 2021, the volume of unused allowances from 2013 through 2020, including those in private accounts, and the potential of those unused allowances to hinder the ability of the program to help achieve the 2030 target.
- Monitor the cost containment provisions of the program, including the placement of the reserve tiers and price ceiling, and to propose technical adjustments through future rulemakings if necessary to strengthen the cost containment features of the program.
- Deliver an annual report to the Board on the program, including information on allowance prices and compliance rates.
- Assess the impacts of the climate change program on disadvantaged communities.

## A COMPREHENSIVE REVIEW...

**CA EPA Secretary Blumenfeld committed to work with CARB leadership to ensure a comprehensive review of the program as a part of the 2022 Scoping Plan process. The review includes:**

- The extent to which the state's climate strategy should rely on the cap-and-trade program reductions relative to other approaches.
- An evaluation of potential changes to the cap-and-trade program that may be necessary to address the long-term economic and emissions projections.
- An identification of areas where new legislation could further the successful implementation of California's climate strategy.



# Carbon Capture and Sequestration



- No CCUS deployment that will extend the life of fossil fuel infrastructure
- No increases in air pollution
- Ensure that CARB will update CCUS protocols in consultation with Environmental Justice stakeholders and independent experts



