

REQUEST FOR EFFECTIVE ON FILING EFFECTIVE DATE

Pursuant to Government Code section 11343.4(c), the Air Resources Board (ARB or Board) requests that the Office of Administrative Law (OAL) prescribe an "earlier effective date" for the Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms that was considered and approved by the Board at a April 25, 2014 public hearing. ARB believes the following demonstrates "good cause" for OAL to allow the regulations to be effective on July 1, 2014.

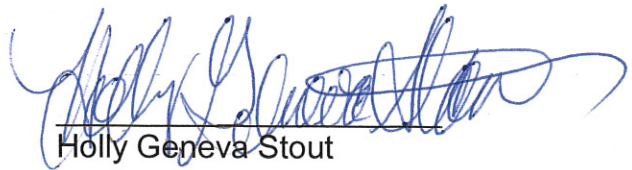
DEMONSTRATION OF GOOD CAUSE

In this rulemaking, the Board adopted amendments to the Cap-and-Trade Regulation to clarify the allocation of compliance instruments that will be provided to eligible legacy contract and "but-for" covered entities, provide certainty to covered entities as to their level of transition assistance under the program before the November 1, 2014 surrender obligation deadline, and bolster ARB's market monitoring requirements. Given the time needed by ARB to ensure an effective implementation of the information submittal and determination process described in the amendments for legacy contract and "but-for" covered entities, the amendments must be in effect by July 1, 2014 to ensure that these entities receive their allocation in time for the November 1, 2014 surrender deadline.

Similarly, the amendments must be in place by July 1, 2014 to ensure that covered entities receiving additional transition assistance are able to make informed, timely decisions regarding their compliance obligations, including whether or not to participate in auctions prior to the November 1, 2014 deadline, and to provide market certainty for all participants in the Cap-and-Trade Program. In addition, ARB must be able to immediately implement the amended market monitoring requirements to ensure effective oversight of the market and market participants. Delaying the effective date past July 1, 2014 will constrain ARB's ability to effectively oversee participation in the market leading up to the first surrender obligation deadline of November 1, 2014, and would cause uncertainty among covered entities and other market participants regarding their compliance with the November 1, 2014 surrender obligation deadline. Such a delay, and the resulting uncertainty caused, would adversely impact the functioning of this critically important regulatory program.

For these reasons, ARB hereby requests that OAL approve these amendments to be effective on July 1, 2014.

Date: May 13, 2014


Holly Geneva Stout
Senior Staff Counsel