AB 32: The California Global Warming Solutions Act of 2006

Informational Board Workshop on Policy Tools for the AB 32 Scoping Plan

May 28, 2008
California Air Resources Board
Workshop Overview

• Market Mechanisms for Greenhouse Gas Reductions
  – Lee Friedman, Larry Goulder, and Derik Broekhoff

• Comments from AB 32 Advisory Committee Chairs
  – Angela Johnson Meszaros and Bob Epstein

• Market Mechanism Design and Operation
  – Brian McLean and Frank Convery

• Cumulative Impact Assessment Tools
  – Manuel Pastor

• Public Comment
Scoping Plan Timeline

- **Nov 30, 2007**: Scoping Plan Kick-Off Workshop
- **Dec 14, 2007**: Sector Summary Workshop
- **Jan 16, 2008**: Mechanisms Workshop
- **May 19, 2008**: Policy Scenarios Workshop
- **June 26, 2008**: Draft Scoping Plan released
- **Summer 2008**: Workshops on draft Scoping Plan
  - July 8: Diamond Bar
  - July 14: Fresno
  - July 17: Sacramento
  - August: TBD
- **October 2008**: Staff Final Scoping Plan released
- **November 20-21, 2008**: Board Hearing on Scoping Plan
• Strong regulatory foundation
  – Early Action Measures
  – “Core” measures
• Staff recommendations on key elements of overall approach
• Preliminary evaluations
Scoping Plan Approach

- Identify measures to meet the 2020 target
  - Put on path toward 2050
- Core measures
  - Implement under all approaches
- Evaluation of range of options to achieve remaining reductions
- ARB will continue to work with the Climate Action Team subgroups to further develop options
Program Development

- Looking at many policy tools including:
  - Traditional regulations
  - Cap and trade
  - Fees and incentives
  - Voluntary actions
  - Offsets
- Scoping Plan will likely include a mix of tools
Comparison of Policy Tools

• Traditional regulations
  – Well understood
  – History of successful use by ARB
  – Would require numerous regulatory proceedings

• Cap and trade
  – Cap offers certainty on emission reductions
  – Trading offers flexibility and may reduce control costs
  – Concerns raised regarding effect of trading on local emissions
  – Significant work needed to create effective market

• Carbon fee
  – Uncertainty about level of emission reductions
  – Would require greater analysis to determine the appropriate fee level
Today’s workshop

• Four sessions:
  – Market mechanism basics
  – Comments from the Advisory Committees
  – Experience with market mechanisms
  – Cumulative impact assessment tool

• Opportunity for public comment at the end of the workshop

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