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
Draft 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