

California's Perspective on Cap and Trade

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Relationship Between AB 32 and Cap-and-Trade Program

- AB 32 requires ARB adopt a statewide limit for 2020 emissions equal to 1990 emission levels
 - Board approved a target of 427 MMT CO₂e in December 2007
- The cap for 2020 in the cap-and-trade program is a subset of the statewide target
 - Scoping Plan estimate for 2020 cap is 365 MMT CO₂e

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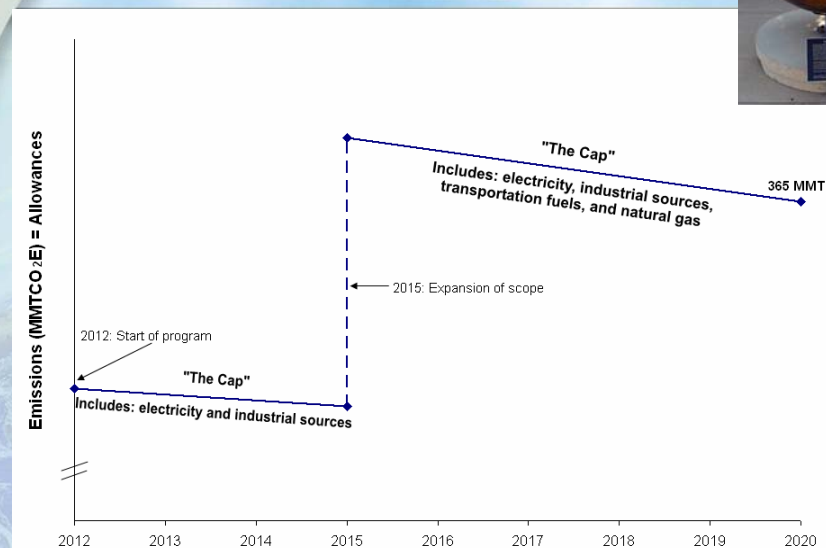
Capped Sources



- 2012-2014
 - In-State Electricity Generation Facilities (>25,000 MT CO₂e/year) and Imported Electricity
 - Large Industrial Facilities (>25,000 MT CO₂e/year)
- 2015-2020
 - Adds 'upstream' treatment of fuel combustion where fuel enters into commerce covering
 - Small industrial fuel use (for facilities \leq 25,000 MT CO₂e/year)
 - Residential and commercial fuel use
 - Transportation fuel use

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The Cap



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How is the Goal Met Under Cap-and-Trade?



- New and existing standards and policies affecting capped sources achieve most of the needed reductions
 - Renewables Portfolio Standard
 - Energy Efficiency
 - Low Carbon Fuel Standard and Pavley
 - Turnover of aging equipment
- Some offset credits from uncapped projects
- Cap forces additional reductions, with market providing flexibility for sources to seek the most cost-effective reductions

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Benefits of a Regional or Federal Approach to Cap-and-Trade

- Greater impact than a do-it-alone state approach to a global problem
- Harmonization across state boundaries reduces potential for emissions “leakage” and supports jobs retention
- Broader carbon market increases opportunities for lower-cost reductions
- Increased leverage for national and international climate action

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California Interaction with Federal Counterparts

- Move forward on California program will help inform a federal program design
- Need for continuing State role in federal program implementation
- Promote federal actions, funding opportunities, and incentives for activities that support California climate change goals

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For Additional Information

- ARB Climate Change Web Site:
www.arb.ca.gov/cc/cc.htm
(To stay informed, sign up for list serve)
- California Climate Change Portal:
www.climatechange.ca.gov
- ARB Office of Climate Change contact:
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