



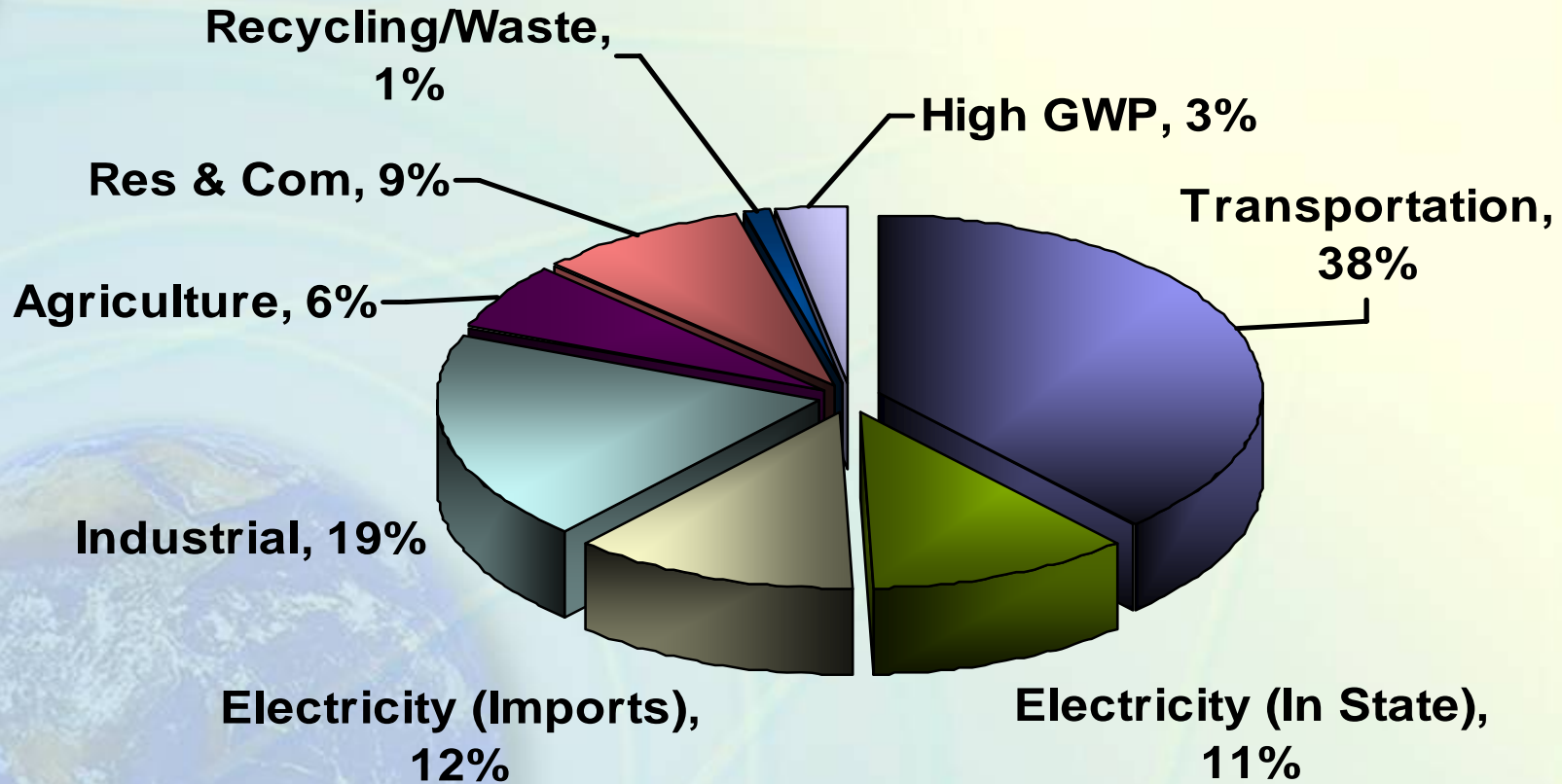
# **Climate Change Proposed Scoping Plan: A Framework for Change**

December 11, 2008

Richard Varenchik

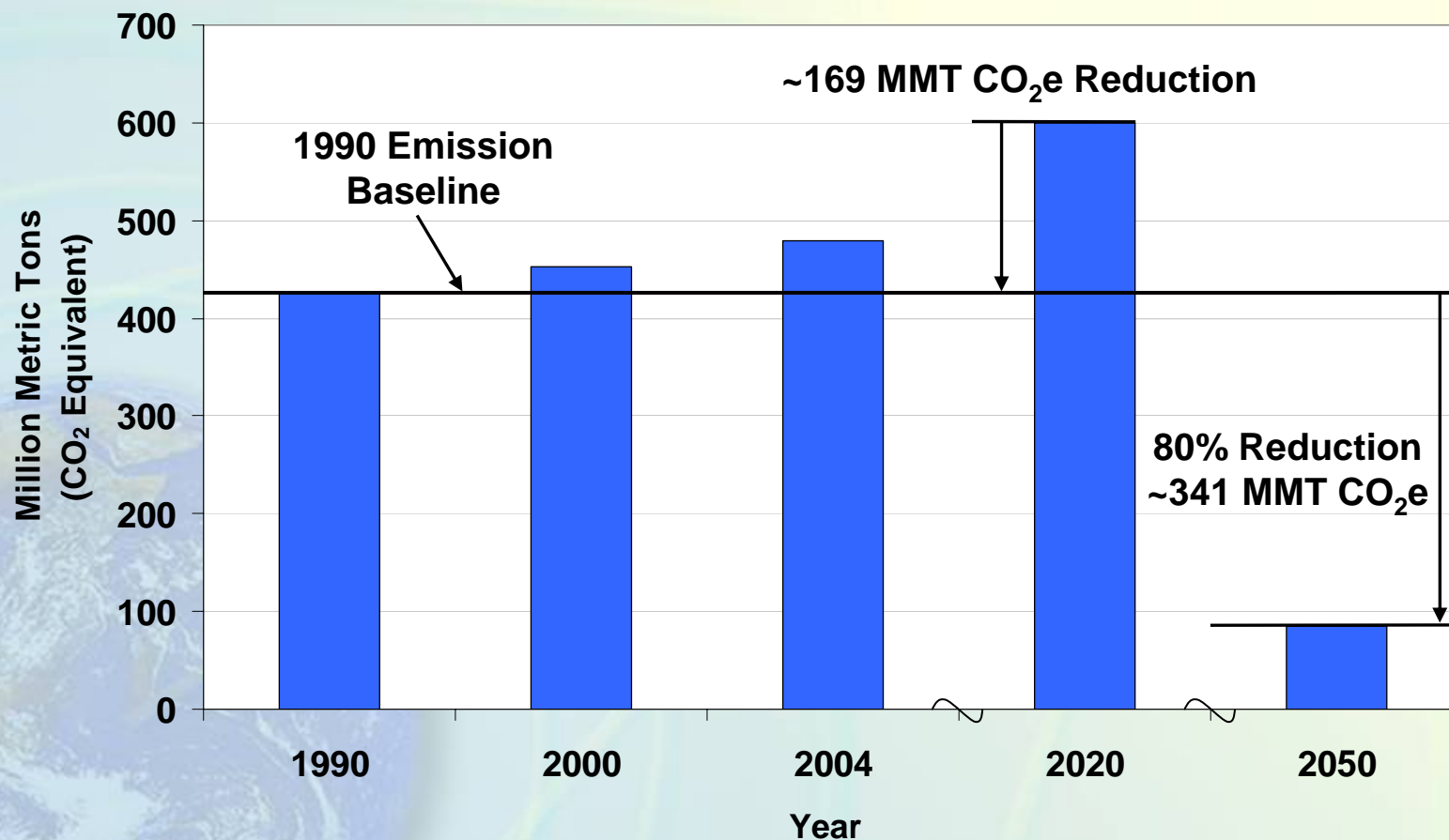
California Air Resources Board

# 2002-2004 GHG Emissions (469 MMTCO<sub>2</sub>E)



# Magnitude of the Challenge

ARB Emissions Inventory



# Proposed Scoping Plan

- Comprehensive plan for GHG reductions
- Mix of strategies combining market mechanisms, other regulations, voluntary measures, energy efficiency, and fees
  - Incorporates early action measures

# Coordination with Other Efforts

## Regional and Federal

- Western Climate Initiative cap & trade program & complementary measures
- Federal activity
  - Federal Clean Air Act authority
  - Further legislation including cap-and-trade program expected under next administration
  - Pavley approval?

# Coordination with Other Efforts

## International

- International activity
  - Governor's Global Climate Summit established international declaration to collaborate on policies and strategies
  - Focus on the United Nations Convention on Climate Change
  - California delegation participated in 12/08 Poznan, Poland meeting



# The Next Chapters



# Scoping Plan Elements

- Broad-based cap & trade program
  - Electricity, industry, transportation, natural gas
- Complementary measures
  - Energy efficiency
  - Vehicle emission standards
  - High global warming potential measures
  - Renewables
  - Land-use planning
- Adopted Scoping Plan is the beginning...



# Common Goals, Many Viewpoints

- Broad support for goals of the Plan
- Diverse views about achieving those goals
  - Public workshops, community meetings, stakeholder meetings, conferences and events
  - Thousands of comments
  - Input from CAT, EJAC and ETAAC

# **Key Scoping Plan Requirements**

- Include maximum technologically feasible and cost-effective emission reductions
- Evaluate costs and benefits to the economy, environment and public health
- Account for impacts on small businesses

# **Key Requirements for Regulations to Implement Plan**

- Minimize costs and maximize total benefits
- Do not disproportionately impact low-income communities
- Complement existing programs to reduce smog and air toxics
- Minimize leakage and administrative burden
- Additional requirements for market-based compliance mechanisms
  - Consider direct, indirect and cumulative emissions including localized impacts

# Measures

## Land Use, Recycling and Forestry

- Land use:
  - Target is mid-range of (Berkeley) studies – 5MMT
  - Market measures would provide additional reductions
- Commercial recycling (With Waste Board):
  - Range of approaches, including potential regulations to reduce waste into landfills
- Forestry:
  - At a minimum, maintain carbon sequestration with sound accounting
  - Voluntary reductions with Forestry Protocol

# Scoping Plan Proposal for Cap & Trade

- GHG emissions from sources in these sectors capped
  - Industrial facilities (2012)
  - Electricity (including imports) (2012)
  - Commercial/residential fuel combustion (2015)
  - Transportation fuels (2015)
- Direct regulations/standards also will reduce most capped emissions
  - Clean cars and fuels, RPS, energy efficiency, refineries
- Limited use of offsets
  - Less than ½ of emission reductions allowed
- Cap set in 2012
- Cap declines to meet 2020 target; future decline to 2050



# Allocation Method

- How should allowances be distributed?
- What the Plan recommends:
  - Minimum of 10% auction in 2012
  - Minimum of 25% auction in 2020
  - 100% auction is recommended by many groups
  - Will seek input from public, stakeholders and a broad range of experts
- Cap & Trade Goes To The Board in Late 2010



# Energy Efficiency

- Plan includes aggressive energy efficiency goals
- Meeting the goals in the Scoping Plan will require
  - Expanded utility-based energy efficiency programs
  - More stringent building and appliance standards
  - Green buildings and waste reduction
  - Innovative strategies that go beyond traditional approaches
- Plan relies on expanded efforts by the CEC and CPUC

# Analyses show Benefits

- Economic Analysis – overall positive
- Public Health Analysis - positive

# **Results – Additional Analysis**

## **Economic Evaluation**

- ARB analysis – net positive impact
- Additional work to refine results
- Public and peer review comments
- Updating analysis
- No significant change in results

# Results – Additional Analysis

## Near Term Economic Impacts

- Near-term costs
  - Measures phased-in
  - Most costs will be financed, spread over time

### Energy prices

- Energy rates will be higher, but
- Energy use will be less, and bills lower for many
- Utilities offering incentive funding and other help
- Generally small upfront investments

# Small Business

- Small Business Liaison:
- Kyra Naumoff 916 324-0664
- [knaumoff@arb.ca.gov](mailto:knaumoff@arb.ca.gov)
- Developing small business tool kit

Climate Change Web Page – Sectors -  
Land Use & Local – Local Actions –  
Strategies for Small Business



# Public Health Benefits

- Estimates of public health benefits updated
  - 770 avoided premature deaths statewide in 2020
  - Value of benefits estimated at \$4.3 billion yearly
- Avoided premature deaths in 2020:

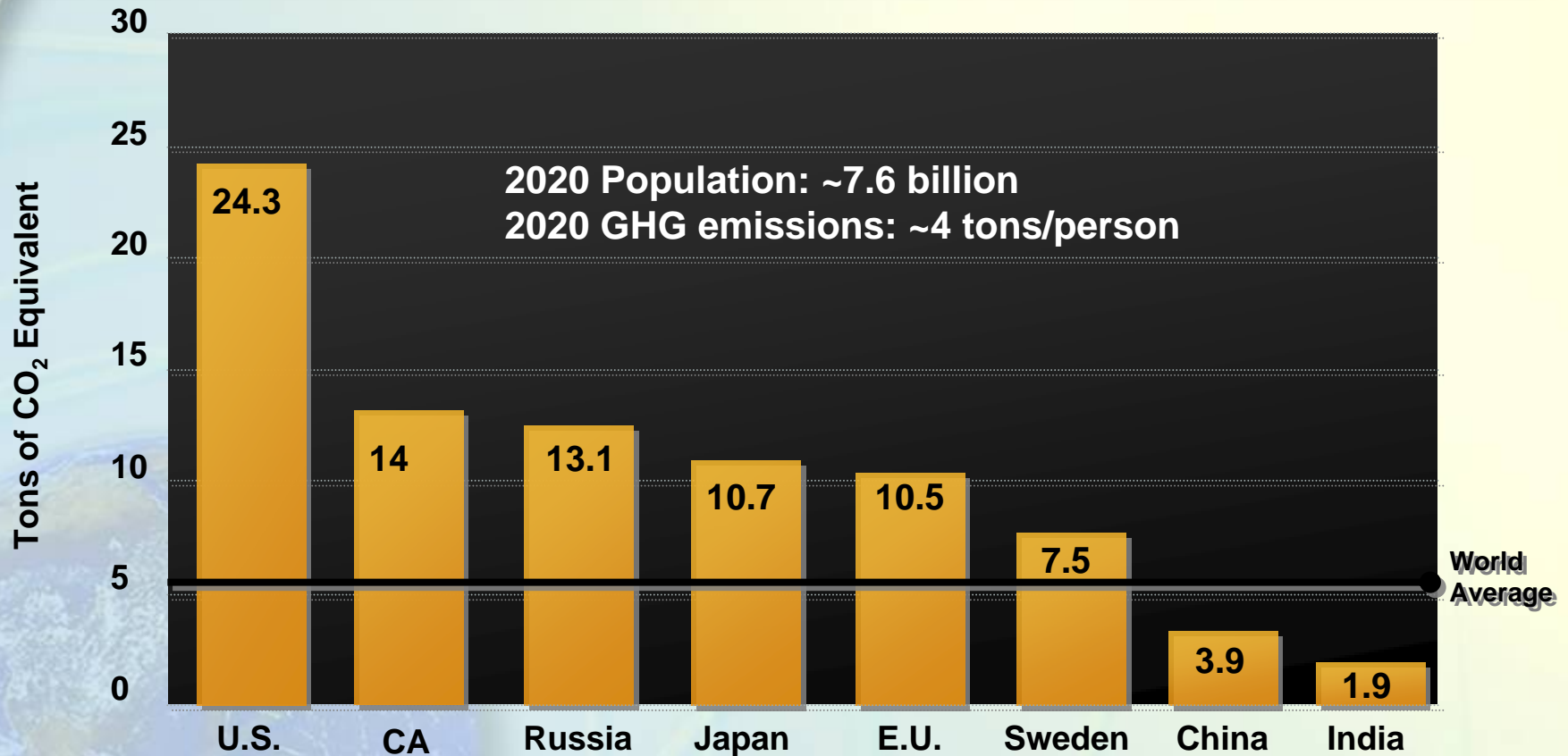
Existing Air Quality Program and 2007 SIP	Scoping Plan
12,000	770



# Future Work Related to Public Health

- Currently using available information to analyze regulations
- Continuing to improve tools to:
  - Identify communities most impacted by air pollution
  - Assess potential local and cumulative impacts of regulations, including cap & trade program

# GHG Emissions Per Person



**Reduce CA to 9.6 Tons Per Person by 2020**

# Implementation of the Plan

- Through 2010: develop regulations to implement the Plan, including the cap-and-trade program
- ARB will establish a formal structure to elicit public input in the regulatory process
  - Regulatory development will follow normal public process
  - Extensive stakeholder outreach and involvement
  - Close and ongoing coordination with CEC and CPUC
- Expect more details and many meetings starting in early 2009
- Regulations & other Protocols into effect 1/1/2012

# Scoping Plan Schedule

- Dec. 11, 2009 Board Adoption Meeting
- 2009 Begin Working on Measures
- Jan. 1, 2011 Deadline for all Measures
- Jan. 1, 2012 Reduction Measures Operative
- 2020 hit 1990 level reduction goal
- Then, Keep Moving Toward 2050 & 80% reduction goal

# Summary

- Moving ahead is imperative – the consequences of inaction are severe
- Implementing the Plan will be beneficial for our economy and environment
- Our efforts will inspire others to move ahead and help the nation and the world take timely and effective action



## For Additional Information:

- ARB Climate Change Web Site:  
[www.arb.ca.gov/cc/cc.htm](http://www.arb.ca.gov/cc/cc.htm)

*Or Google California Air Resources Board  
(To stay informed, sign up for list serve)*

- California Climate Change Portal:  
[www.climatechange.ca.gov](http://www.climatechange.ca.gov)

- ARB Office of Climate Change  
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