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CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 32

**Introduced by Assembly Member Pavley Members Nunez and
Pavley**

(Principal coauthor: Assembly Member Nation)

**(Coauthors: Assembly Members Chan, Hancock, Berg, Chan,
Cohn, Goldberg, Hancock, Jones, Klehs, Koretz, and Laird
Laird, Leno, Lieber, Ridley-Thomas, Saldana, and Yee)**

**(Coauthor: Senator Simitian Coauthors: Senators Bowen, Escutia,
Kehoe, Kuehl, and Simitian)**

December 6, 2004

An act to amend ~~Sections 42801 and 42823~~ *Section 39003* of, and to add Chapter ~~6.5~~ *7* (commencing with Section 42875) to Part 4 of Division 26 of, the Health and Safety Code, *and to amend Section 25730 of the Public Resources Code*, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 32, as amended, *Pavley Nunez. Greenhouse gas emissions. Air pollution: California Global Warming Solutions Act of 2006: greenhouse gases.*

Under existing law, the State Air Resources Board, the State Energy Resources Conservation and Development Commission (Energy Commission), and the California Climate Action Registry all have responsibilities with respect to the control of emissions of greenhouse gases, as defined, and the Secretary for Environmental Protection is

required to coordinate emission reductions of greenhouse gases and climate change activity in state government.

This bill would enact the California Global Warming Solutions Act of 2006, to require the state board to adopt regulations on or before January 1, 2008, establishing a program to monitor and report on existing emissions and changes in emissions of greenhouse gases from sources identified by the state board, and to monitor compliance with emission limits on greenhouse gases, as specified. The bill would provide that the state board is the state agency charged with monitoring, tracking, and regulating the sources and reducing emissions of gases known to cause global warming. The bill would require the state board to adopt regulations, on or before January 1, 2008, to reduce statewide greenhouse gas emissions to 1990 emission levels by 2020, as specified. The bill would require the Governor to establish an interagency task force to coordinate investments of state moneys and state programs that reduce emissions of greenhouse gases, promote economic growth, make information publicly available to assist sources of greenhouse gases to meet the emissions requirements of the bill, ensure that existing state programs support the emissions requirements of the bill, and monitor conditions and coordinate planning and the state's response to changing climate conditions as they impact state water supplies, air quality, and environmental and public health conditions.

Under existing law the Energy Commission, in consultation with certain state agencies, departments, and boards with jurisdiction over matters affecting climate change, is required, by January 1, 2002, to update the inventory of greenhouse gas emissions from all sources located in the state, as identified in a specified report, to update its inventory every 5 years, and to report on the updated inventory to the Governor and the Legislature. Existing law requires the Energy Commission to conduct at least one public workshop prior to finalizing each updated inventory and to post its report and inventory on the Internet. Existing law additionally requires the Energy Commission to convene an interagency task force consisting of state agencies with jurisdiction over matters affecting climate change to ensure policy coordination for those activities, and to establish a climate change advisory committee, as provided, to make recommendations to the Energy Commission on the most equitable and efficient ways to implement international and national climate change requirements, as provided.

This bill would delete the above-described requirements and instead require that the Energy Commission update its inventory of emissions of greenhouse gases to supplement the information collected by the state board and enable the state board to maintain a reasonably comprehensive inventory of the state's emissions of greenhouse gases.

~~Existing law requires the Secretary of the Resources Agency to establish the California Climate Action Registry (hereafter registry) as a public benefit nonprofit corporation, and makes legislative findings and declarations relating to the registry. Existing law requires the registry to perform various functions, including, among other things, the adoption of procedures and protocols for the reporting and certification of greenhouse gas emissions reductions resulting from a project or an action of a participant in the registry.~~

~~This bill would revise the functions and duties of the registry by requiring the registry, in coordination with the California Environmental Protection Agency and the State Energy Resources Conservation and Development Commission, to adopt specified procedures and protocols for monitoring, estimating, calculating, reporting, and certifying greenhouse gas emissions resulting from specified industrial sectors, as provided. This bill would require the registry to coordinate with state agencies to promote the development of harmonized reporting standards, as specified, and would require the registry, to the extent possible, to coordinate with other states and regions to ensure that businesses and organizations operating both in this state and out of state follow uniform protocols when reporting to multiple registries, states, or regions.~~

~~The bill would enact the California Climate Act of 2006 to require the Secretary of the California Environmental Protection Agency to institute a cap on greenhouse gas emissions from the electrical power, industrial, and commercial sectors of the economy, institute a schedule of emissions reductions for specified entities, develop an enforcement mechanism for reducing greenhouse gas emissions to the target level, and establish a program to track and report greenhouse gas emissions and to monitor and enforce compliance with the greenhouse gas emissions cap. The bill would require the secretary, on or before January 1, 2008, to submit a detailed plan to achieve the greenhouse gas emissions cap to the Governor and the Legislature, and to submit a report, on or before January 1, 2009, and annually thereafter, on the progress made toward meeting the greenhouse gas emissions cap. The bill would set standards for the schedule of~~

1 (3) “Direct,” “indirect,” and “cumulative” shall have the
2 same meanings as those terms are defined in Sections 1508.7 and
3 1508.8 of Title 40 of the Code of Federal Regulations.

4 (4) “Greenhouse gases” means “greenhouse gases” as
5 defined in Section 42801.1.

6 (5) “Load-serving entity” means any entity, including an
7 electrical corporation, as defined in Section 218 of the Public
8 Utilities Code, local publicly owned electric utility, as defined in
9 Section 9604 of the Public Utilities Code, electric service
10 provider, as defined in Section 218.3 of the Public Utilities Code,
11 private energy producer, as defined in Section 2802 of the Public
12 Utilities Code, a facility that uses cogeneration, as defined in
13 Section 218.5 of the Public Utilities Code, for the generation of
14 electricity, and a community aggregator operating pursuant to
15 Section 366.2 of the Public Utilities Code, that provides
16 electricity to retail end-use customers. “Load-serving entity”
17 does not include the California Energy Resources Scheduling
18 division within the Department of Water Resources, when acting
19 pursuant to Division 27 (commencing with Section 80000) of the
20 Water Code.

21 42875.1. It is the policy of the state that all state agencies
22 consider and implement measures to reduce greenhouse gas
23 emissions. This policy shall be incorporated into all state
24 agencies’ decisionmaking activities.

25 42876. (a) On or before January 1, 2008, the state board
26 shall identify all significant sources of emissions of greenhouse
27 gases and adopt regulations establishing a program to
28 accomplish the following:

29 (1) Monitor and report existing emissions and changes in
30 emissions over time, from sources identified by the state board.

31 (2) Monitor compliance with the emissions limits on
32 greenhouse gases established by the state board pursuant to
33 Section 42877.

34 (b) The state board shall require reporting of the greenhouse
35 gas emissions associated with fossil fuels used in California by
36 entities that are the gateways for those fossil fuels, including oil
37 refineries, oil storage facilities, and natural gas pipelines.

38 (c) The state board shall require reporting of emissions of
39 greenhouse gases by all load-serving entities, for all electricity
40 consumed in the state, accounting for transmission line losses,

1 *whether the electricity is generated within the state or generated*
2 *outside the state and imported into the state.*

3 *(d) The state board shall require reporting of emissions of*
4 *greenhouse gases from any additional entities that are significant*
5 *emitters of greenhouse gases, as appropriate to enable the state*
6 *board to monitor compliance with the emissions limits for*
7 *greenhouse gases established pursuant to Section 42877.*

8 *(e) The state board shall, to the extent feasible, incorporate*
9 *the standards and protocols developed by the California Climate*
10 *Action Registry, established pursuant to Chapter 6 (commencing*
11 *with Section 42800), as the basis for the monitoring and*
12 *reporting of emissions of greenhouse gases. Entities that*
13 *voluntarily participated in the California Climate Action Registry*
14 *prior to December 31, 2006, and have a fully developed*
15 *reporting program, shall not be required to significantly alter*
16 *their reporting or verification program except as necessary to*
17 *ensure that reporting is complete and transparent for the*
18 *purposes of state regulation and tracking of emissions of*
19 *greenhouse gases.*

20 *42877. (a) On or before January 1, 2008, the state board*
21 *shall adopt regulations that will reduce statewide greenhouse*
22 *gas emissions to 1990 emission levels by 2020, taking into*
23 *account projected reductions in greenhouse gas emissions from*
24 *state agency programs not subject to this chapter. The emission*
25 *limits shall be expressed in total tons of allowable emissions of*
26 *greenhouse gases, expressed in carbon dioxide equivalents, and*
27 *shall include all emissions of greenhouse gases from the*
28 *generation of electricity delivered by load-serving entities and*
29 *consumed in California, whether generated in-state or imported.*
30 *The state board shall consult with air pollution control districts*
31 *and air quality management districts in the development of*
32 *measures for the reduction of emissions of greenhouse gases that*
33 *will affect emissions of criteria pollutants from stationary*
34 *sources.*

35 *(b) In order to achieve the statewide limit for 2020 greenhouse*
36 *gas emissions established in subdivision (a), the state board shall*
37 *establish a series of enforceable limits to become effective*
38 *beginning on January 1, 2012, that gradually reduce emissions*
39 *levels to the 2020 limit.*

1 (c) *The regulations adopted by the state board shall do all of*
2 *the following:*

3 (1) *Distribute the costs and benefits of the program, including*
4 *emission allowances, in a manner that is equitable, maximizes*
5 *the total benefit to the economy, does not disproportionately*
6 *burden low- and moderate-income households, provides*
7 *compliance flexibility where appropriate, and ensures that*
8 *entities that have voluntarily reduced their emissions receive*
9 *appropriate consideration for emissions reductions made prior to*
10 *the implementation of this program.*

11 (2) *Ensure that the measures implemented to achieve*
12 *reductions in emissions of greenhouse gases do not result in a*
13 *direct, indirect, or cumulative increase in emissions of toxic air*
14 *contaminants, identified pursuant to Article 3 (commencing with*
15 *Section 39660) of Chapter 3.55 of Part 2, or cause or contribute*
16 *to a violation of a federal or California health-based ambient air*
17 *quality standard, in any community.*

18 (3) *Evaluate emissions reduction opportunities based upon*
19 *their cost-effectiveness and additional societal benefits, including*
20 *reductions in other air pollutants, energy security, and protection*
21 *of the environment and public health.*

22 (4) *Minimize the administrative burden of implementing and*
23 *complying with the program.*

24 (5) *Minimize displacement of emissions outside of the scope of*
25 *the program established by this chapter.*

26 (6) *Where feasible, coordinate with other states and countries*
27 *to reduce emissions of greenhouse gases in a manner that does*
28 *not conflict with California law and regulations.*

29 (d) *The emission limits for greenhouse gases established by*
30 *the state board shall be enforced pursuant to Article 1*
31 *(commencing with Section 42300) of Chapter 4.*

32 (e) *On or before January 1, 2009, and annually thereafter, the*
33 *state board, in consultation with the task force established*
34 *pursuant to Section 42878, shall report to the Legislature on the*
35 *current level of emissions of greenhouse gases and progress*
36 *made toward compliance with the emissions limits on greenhouse*
37 *gases established by the state board pursuant to subdivision (b).*
38 *The report shall include an inventory of current emissions of*
39 *greenhouse gases based upon information reported to the state*
40 *board pursuant to this section and information provided by the*

1 *State Energy Resources Conservation and Development*
2 *Commission pursuant to Section 25730 of the Public Resources*
3 *Code. The report shall include historical and forecasted levels of*
4 *emissions of greenhouse gases that compares emissions from*
5 *similar inventories prepared for other states, for the United*
6 *States, and for other countries, a description of ongoing efforts to*
7 *reduce emissions of greenhouse gases, and a summary of*
8 *additional measures that may be taken in the future.*

9 (f) *On or before January 1, 2015, the state board shall*
10 *evaluate technological capability and economic factors, and*
11 *adopt regulations that establish a statewide limit on emissions of*
12 *greenhouse gases, to become effective on January 1, 2030, and a*
13 *regularly scheduled series of limits that will gradually reduce*
14 *emissions of greenhouse gases from the 2020 emissions limit, to*
15 *meet the 2030 emissions limit.*

16 42878. (a) *The Governor shall establish an interagency task*
17 *force, which shall consist of the following:*

18 (1) *The Secretary for Environmental Protection or his or her*
19 *designee.*

20 (2) *The chairperson of the state board or his or her designee.*

21 (3) *The Secretary of the Resources Agency or his or her*
22 *designee.*

23 (4) *The Chair of the State Energy Resources Conservation and*
24 *Development Commission or his or her designee.*

25 (5) *The President of the Public Utilities Commission or his or*
26 *her designee.*

27 (6) *Representatives of other state agencies or departments that*
28 *the Governor determines have an important role in reducing*
29 *emissions of greenhouse gases.*

30 (b) *The interagency task force shall, to the extent feasible, do*
31 *all the following:*

32 (1) *Coordinate investments of state moneys and state*
33 *programs that reduce emissions of greenhouse gases.*

34 (2) *Promote economic growth by encouraging industries that*
35 *develop and deploy in the state, and export from the state,*
36 *technologies and processes that reduce greenhouse gas*
37 *emissions.*

38 (3) *Make information publicly available about state programs*
39 *that may provide assistance for sources of greenhouse gases to*
40 *meet the requirements of this chapter.*

1 (4) Ensure that existing state programs support the emissions
2 limits on greenhouse gases established by the state board
3 pursuant to Section 42877.

4 (5) Monitor conditions and coordinate planning and the
5 state's response to changing climate conditions as they impact
6 state water supplies, air quality, and environmental and public
7 health conditions.

8 42879. (a) Nothing in this chapter shall relieve any entity of
9 compliance with state air and water quality requirements, or
10 other requirements for protecting public health or the
11 environment.

12 (b) Nothing in this chapter shall limit the existing authority of
13 any local or regional authority.

14 SEC. 3. Section 25730 of the Public Resources Code is
15 amended to read:

16 25730. The commission, in consultation with the State Air
17 Resources Board, the Department of Forestry and Fire
18 Protection, the Department of Transportation, the State Water
19 Resources Control Board, the California Integrated Waste
20 Management Board, and other state agencies with jurisdiction
21 over matters affecting climate change, shall do ~~all~~ both of the
22 following:

23 ~~(a) On or before January 1, 2002, update the inventory of~~
24 ~~greenhouse gas emissions from all sources located in the state, as~~
25 ~~identified in the commission's 1998 report entitled, "Appendix~~
26 ~~A: Historical and Forecasted Greenhouse Gas Emissions~~
27 ~~Inventories for California." Information on natural sources of~~
28 ~~greenhouse gas emissions shall be included to the extent that~~
29 ~~information is available. The inventory shall include information~~
30 ~~that compares emissions from similar inventories prepared for~~
31 ~~the United States and other states or countries, and shall include~~
32 ~~information on relevant current and previous energy and air~~
33 ~~quality policies, activities, and greenhouse gas emissions~~
34 ~~reductions and trends since 1990, to the extent that information is~~
35 ~~available.~~

36 ~~(b)~~

37 (a) Acquire and develop data and information on global
38 climate change, and provide state, regional, and local agencies,
39 utilities, business, industry, and other energy and economic
40 sectors with information on the costs, technical feasibility, and

1 demonstrated effectiveness of methods for reducing or mitigating
2 the production of greenhouse gases from in-state sources,
3 including net reductions through the management of natural
4 forest reservoirs. The commission, in consultation with the State
5 Air Resources Board, shall provide a variety of forums for the
6 exchange of that information among interested parties, and shall
7 provide other state agencies with information on cost-effective
8 and technologically feasible methods that can be used to reduce
9 or mitigate the emissions of greenhouse gases.

10 ~~(e) Update its inventory every five years using current~~
11 ~~scientific methods, and report on the updated inventory to the~~
12 ~~Governor and the Legislature.~~

13 ~~(d) Conduct at least one public workshop prior to finalizing~~
14 ~~each updated inventory. The commission shall post its report and~~
15 ~~inventory on the commission's web page on the Internet.~~

16 ~~(e) Convene an interagency task force consisting of state~~
17 ~~agencies with jurisdiction over matters affecting climate change~~
18 ~~to ensure policy coordination at the state level for those activities.~~

19 ~~(f) Establish a climate change advisory committee, to the~~
20 ~~extent that the commission determines that it can do so within~~
21 ~~existing resources. This advisory committee shall make~~
22 ~~recommendations to the commission on the most equitable and~~
23 ~~efficient ways to implement international and national climate~~
24 ~~change requirements based on cost, technical feasibility, and~~
25 ~~relevant information on current energy and air quality policies~~
26 ~~and activities and on greenhouse gas emissions reductions and~~
27 ~~trends since 1990. The commission shall designate one of its~~
28 ~~commissioners as chair, and shall include on the advisory~~
29 ~~committee members who represent business, including major~~
30 ~~industrial and energy sectors, utilities, forestry, agriculture, local~~
31 ~~government, and environmental groups. The meetings of the~~
32 ~~advisory committee shall be open to the public, and shall provide~~
33 ~~an opportunity for the public to be heard on matters considered~~
34 ~~by the advisory committee.~~

35 *(b) Update its inventory of emissions of greenhouse gases in*
36 *order to supplement the information collected by the State Air*
37 *Resources Board pursuant to Section 42877 of the Health and*
38 *Safety Code, and to enable the State Air Resources Board to*
39 *maintain a reasonably comprehensive inventory of the state's*
40 *emissions of greenhouse gases.*

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**All matter omitted in this version of the bill
appears in the bill as amended in Senate,
August 15, 2005 (JR11)**

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