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CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 32**

**Introduced by Assembly Members Nunez and Pavley**

**(Principal coauthor: Assembly Member Nation)**

**(Coauthors: Assembly Members *Bass, Berg, Chan, ~~Cohn~~, Chu, Cohn, Dymally, Evans, Frommer, Goldberg, Hancock, Jones, Karnette, Klehs, Koretz, Laird, Leno, Lieber, Levine, Lieber, Lieu, Montanez, Mullin, Nava, ~~Ridley-Thomas~~, Oropeza, Ridley-Thomas, Ruskin, Saldana, Wolk, and Yee*)**

**(Coauthors: Senators Bowen, Escutia, Kehoe, Kuehl, and ~~Simitian~~  
*Lowenthal, Romero, Simitian, and Speier*)**

December 6, 2004

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An act to amend Section 39003 of, and to add Chapter 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, Nunez. Air pollution: *greenhouse gases*: California Global Warming Solutions Act of 2006: ~~greenhouse gases~~.

(1) 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~~ *require the reporting and verification of statewide greenhouse gas emissions, as defined. The bill would require the state board to develop an emissions baseline and monitor and enforce compliance, 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~~ *that* cause global warming. The bill would require the state board to adopt ~~regulations,~~ on or before January 1, 2008, ~~to reduce a statewide greenhouse gas emissions to 1990 emission levels by~~ *limit to become effective in 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 *emissions limits established by the state board,* 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, *and the state's economy, and create and maintain an Internet Web site, as specified.*

*Because the bill would require the state board to establish emissions limits and other requirements, the violation of which would be a crime, this bill would create a state-mandated local program.*

(2) 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.

*(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: ~~no~~yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 39003 of the Health and Safety Code is
- 2 amended to read:
- 3 39003. The State Air Resources Board is the state agency
- 4 charged with coordinating efforts to attain and maintain ambient
- 5 air quality standards, to conduct research into the causes of and
- 6 solution to air pollution, to monitor, ~~track,~~ and regulate the
- 7 sources and reduce emissions of gases ~~known to~~ *that* cause
- 8 global warming, and to systematically attack the serious problem
- 9 caused by motor vehicles, which is the major source of air
- 10 pollution in many areas of the state.
- 11 SEC. 2. Chapter 7 (commencing with Section 42875) is
- 12 added to Part 4 of Division 26 of the Health and Safety Code, to
- 13 read:

1 CHAPTER 7. CALIFORNIA GLOBAL WARMING SOLUTIONS ACT  
2 OF 2006

3  
4 42875. (a) This chapter shall be known, and may be cited, as  
5 the California Global Warming Solutions Act of 2006.

6 42875.5. *The Legislature finds and declares all of the*  
7 *following:*

8 (a) *Global warming poses a serious threat to California’s*  
9 *economic well-being, public health, and environment. The*  
10 *potential adverse consequences include the degradation of air*  
11 *quality, the loss of mountain snowpack leading to serious water*  
12 *supply problems and risk of catastrophic flooding, rising sea*  
13 *levels displacing thousands of coastal businesses and residences,*  
14 *and severe damage to California’s marine ecosystems and the*  
15 *natural environment.*

16 (b) *Global warming will directly affect some of California’s*  
17 *largest industries, including agriculture, wine, tourism, skiing,*  
18 *recreational and commercial fishing, and forestry.*

19 (c) *Global warming will increase the strain on electricity*  
20 *supplies necessary to meet demand for summer air conditioning*  
21 *in the hottest parts of the state.*

22 (d) *California has a strong record of leadership on*  
23 *environmental issues, including enacting some of the nation’s*  
24 *first air quality protections, energy efficiency requirements,*  
25 *renewable energy standards, and landmark greenhouse gas*  
26 *emission standards for passenger vehicles.*

27 (e) *California’s leadership and actions to reduce global*  
28 *warming will have a significant impact by encouraging other*  
29 *states, the federal government, and other countries to act, all of*  
30 *which will be necessary to fully address this issue. In addition, by*  
31 *exercising early leadership, California will position its economy,*  
32 *technology centers, and businesses to benefit from national and*  
33 *international efforts to reduce greenhouse gas emissions now*  
34 *and in the future.*

35 42876. *For the purposes of this chapter, the following terms*  
36 *have the following meanings:*

37 (a) *“Allowance” means an authorization to emit, during a*  
38 *specified year, up to one ton of carbon dioxide equivalence.*

39 (b) *“Carbon dioxide equivalence” means the amount of*  
40 *carbon dioxide by weight that would produce the same global*

1 *warming impact as a given weight of another greenhouse gas,*  
2 *based on the most recent information available from the*  
3 *Intergovernmental Panel on Climate Change.*

4 (c) *“Cost-effectiveness” means the cost per unit of reduced*  
5 *emissions of greenhouse gases from a particular source or*  
6 *category of sources resulting from an emissions reduction*  
7 *strategy compared to the cost of reduced emissions resulting*  
8 *from other emissions reduction strategies for the same source or*  
9 *categories of sources.*

10 (d) *“Displacement” means a reduction in greenhouse gas*  
11 *emissions within the state that is offset by an increase in*  
12 *greenhouse gas emissions outside the state.*

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

28 (f) *“Emissions reduction strategies” means programs,*  
29 *measures, standards and flexible compliance mechanisms*  
30 *pursuant to this chapter applicable to sources or categories of*  
31 *sources.*

32 (g) *“Flexible compliance mechanisms” means mechanisms*  
33 *including, but not limited to, banking, borrowing, and market*  
34 *mechanisms that provide compliance flexibility to entities that*  
35 *are required to ensure that their greenhouse gas emissions do*  
36 *not exceed their emissions allowances.*

37 (h) *“Greenhouse gases” or “greenhouse gas” means*  
38 *“greenhouse gases” as defined in Section 42801.1.*

1 (i) “Interim emissions limit” means a maximum annual  
2 allowable level of greenhouse gas emissions established by the  
3 state board for sources or categories of sources.

4 (j) “Significant sources” means sources or categories of  
5 sources whose emissions are at a level that the state board  
6 determines that their participation in the program established  
7 pursuant to Section 42877 will further the objective of enabling  
8 the state board to effectively monitor compliance with the  
9 statewide emissions limit.

10 (k) “Statewide emissions” means the total annual emissions of  
11 greenhouse gases from all sources in the state, including all  
12 emissions of greenhouse gases from the generation of electricity  
13 delivered by electricity providers and consumed in California,  
14 accounting for transmission and distribution line losses, whether  
15 the electricity is generated in-state or imported. Statewide  
16 emissions shall be expressed in tons of carbon dioxide  
17 equivalence.

18 (l) “Statewide emissions limit” means a maximum annual  
19 allowable level of statewide emissions.

20 42876.5. All state agencies shall consider and implement  
21 strategies to reduce greenhouse gas emissions. It is the intent of  
22 the Legislature that the state board cooperate with other state  
23 agencies to achieve the statewide emissions limits created  
24 pursuant to Section 42878 and account for projected reductions  
25 in greenhouse gas emissions from state agency programs not  
26 subject to this chapter.

27 42877. (a) On or before January 1, 2008, the state board  
28 shall adopt regulations establishing a program to require the  
29 reporting and verification of statewide greenhouse gas  
30 emissions. The state board shall develop an emissions baseline  
31 and monitor and enforce compliance.

32 (1) The regulations shall require the monitoring and annual  
33 reporting of greenhouse gas emissions from significant sources  
34 identified by the state board, beginning with the sources or  
35 categories of sources that contribute the most to statewide  
36 emissions. The reporting program shall also account for all  
37 electricity consumed in the state, including transmission and  
38 distribution line losses from electricity generated within the state  
39 or imported from outside the state.

1 (2) *The state board may add other significant sources to the*  
2 *program no later than January 1, 2010.*

3 (b) *The regulations shall, where appropriate and feasible,*  
4 *incorporate the standards and protocols developed by the*  
5 *California Climate Action Registry, established pursuant to*  
6 *Chapter 6 (commencing with Section 42800). Entities that*  
7 *voluntarily participated in the California Climate Action Registry*  
8 *prior to December 31, 2006, and have a fully developed*  
9 *reporting program, shall not be required to significantly alter*  
10 *their reporting or verification program except as necessary to*  
11 *ensure that reporting is complete and verifiable for the purposes*  
12 *of state regulation and tracking of greenhouse gas emissions.*

13 42877.5. *If the federal government enacts a law limiting*  
14 *greenhouse gas emissions that the state board determines is of*  
15 *equivalent or greater effectiveness in achieving the statewide*  
16 *emissions limits and timeframes established pursuant to this*  
17 *chapter, the state board may modify or elect not to adopt*  
18 *emissions reduction strategies pursuant to this chapter for any*  
19 *greenhouse gas or source included in the federal policy.*

20 42878. (a) (1) *It is the intent of the Legislature that the state*  
21 *board design emissions reduction strategies to meet the statewide*  
22 *emissions limits established pursuant to this section in a manner*  
23 *that minimizes costs and maximizes benefits for California's*  
24 *economy, improves and modernizes California's energy*  
25 *infrastructure, maximizes additional environmental and*  
26 *economic co-benefits for California, and complements state*  
27 *efforts to improve air quality.*

28 (2) (A) *The state board shall consult broadly with*  
29 *stakeholders in developing regulations to meet the purposes of*  
30 *this chapter and to meet the statewide emissions limits in a*  
31 *beneficial and cost-effective manner.*

32 (B) *By March 1, 2007, the state board shall convene a*  
33 *stakeholder process to inform the development of regulations and*  
34 *programs to reduce greenhouse gases in California. The state*  
35 *board shall solicit information and input from regulated entities*  
36 *on the most efficient, low-cost, and beneficial ways they can*  
37 *reduce their greenhouse gas emissions, identify regulatory and*  
38 *legal barriers to implementing emissions reduction strategies,*  
39 *evaluate state investment strategies in research and development*  
40 *and applied technologies, and work with regulated entities to*

1 *develop draft plans that may be used in conjunction with*  
2 *regulatory process to reduce greenhouse gas emissions. The*  
3 *purpose of these plans shall be to reduce regulatory costs and*  
4 *obligations, where feasible, in achieving greenhouse gas*  
5 *reductions called for in this chapter.*

6 *(3) It is the intent of the Legislature that the state board*  
7 *coordinate and consult with other state agencies that regulate*  
8 *significant emitters of greenhouse gases. It is the further intent of*  
9 *the Legislature that the Public Utilities Commission and the state*  
10 *board cooperate in the development of emissions reduction*  
11 *strategies, including limits on greenhouse gas emissions applied*  
12 *to electricity and natural gas providers regulated by the Public*  
13 *Utilities Commission in order to ensure that electricity and*  
14 *natural gas providers are not required to meet duplicative or*  
15 *inconsistent requirements, and to ensure that all electricity*  
16 *providers meet consistent requirements.*

17 *(b) On or before January 1, 2008, the state board shall*  
18 *determine what the statewide greenhouse gas emissions levels*  
19 *were in 1990, and adopt a statewide emissions limit that is*  
20 *equivalent to that level to become effective in 2020. The state*  
21 *board shall evaluate the best available scientific and economic*  
22 *information on greenhouse gas emissions to determine the 1990*  
23 *level. The state board shall not require individual entities to*  
24 *provide information on their 1990 emissions levels.*

25 *(c) The state board shall establish an advisory committee*  
26 *consisting of three representatives from communities in the state*  
27 *with the most significant exposure to air contaminants or*  
28 *localized air contaminants, or both, including, but not limited to,*  
29 *communities with minority populations or low-income*  
30 *populations, or both. The Governor, the President pro Tempore*  
31 *of the Senate, and the Speaker of the Assembly shall each appoint*  
32 *one of the members of the committee. This committee shall make*  
33 *recommendations to the state board during the public process to*  
34 *develop and adopt emissions reduction strategies.*

35 *(d) Beginning in January 1, 2009, the state board shall adopt*  
36 *greenhouse gas emissions reduction strategies by regulation. In*  
37 *adopting emissions reduction strategies, the state board shall do*  
38 *all of the following:*

39 *(1) Design emissions reduction strategies, including*  
40 *distribution of emissions allowances where appropriate, in a*

1 manner that is equitable, seeks to minimize costs and maximize  
2 the total benefits to California, and encourages early action to  
3 reduce greenhouse gas emissions.

4 (2) Ensure that emissions reduction strategies do not  
5 disproportionately burden low- and moderate-income  
6 households.

7 (3) Provide flexible compliance mechanisms including, but not  
8 limited to, banking, borrowing, and market mechanisms which  
9 provide compliance flexibility to entities that are required to  
10 ensure that their greenhouse gas emissions do not exceed their  
11 emissions allowances.

12 (A) Prior to considering market mechanisms to reduce  
13 greenhouse gas emissions, the state board shall work with the  
14 advisory committee established pursuant to subdivision (c), as  
15 well as with other stakeholders, to identify circumstances under  
16 which the operation of market-based programs to reduce  
17 greenhouse gas emissions may worsen localized air pollution  
18 problems, particularly in communities that are already  
19 disproportionately impacted by pollution from power plants,  
20 refineries, commercial trucking routes, ports, and other major  
21 large industrial facilities. The state board shall consider the  
22 potential for direct, indirect and cumulative impacts on air  
23 quality from these programs.

24 (B) Prior to considering flexible compliance mechanisms  
25 pursuant to this chapter, the state board shall evaluate and  
26 report to the Legislature the types, need, and costs and benefits  
27 of these mechanisms with the purpose of identifying which  
28 mechanisms would be most beneficial in achieving reductions in  
29 greenhouse gases. The report shall recommend which  
30 mechanisms should be considered in regulations to reduce  
31 greenhouse gases, and should prioritize and recommend  
32 conditions for mechanisms to protect air quality, the  
33 environment, and public health, and reduce the costs of  
34 implementation. The state board shall work with the stakeholder  
35 community and other appropriate parties and state agencies in  
36 this study.

37 (4) Ensure that entities that have voluntarily reduced their  
38 greenhouse gas emissions prior to the implementation of this  
39 section receive appropriate consideration for early voluntary  
40 reductions.

1 (5) Ensure that the implementation of this section  
2 complements and does not interfere with efforts to achieve and  
3 maintain federal and state health based ambient air quality  
4 standards and to address toxic air contaminant emissions.

5 (6) Evaluate the long-term cost-effectiveness of emissions  
6 reduction strategies.

7 (7) Evaluate the societal benefits of emissions reduction  
8 strategies, including reductions in other air pollutants,  
9 diversification of energy sources, and other benefits to the  
10 economy, environment, and public health.

11 (8) Minimize the administrative burden of implementing and  
12 complying with the emissions reduction strategies.

13 (9) Design emissions reduction strategies in a manner that  
14 minimizes displacement of greenhouse gas emissions.

15 (10) Where feasible, coordinate with other states, the federal  
16 government, and other countries in the design and  
17 implementation of emissions reduction strategies in order to  
18 minimize displacement of greenhouse gas emissions, maximize  
19 the effectiveness of California's program, and facilitate the  
20 development of effective regional, national, and global programs  
21 for reducing emissions of greenhouse gasses.

22 (e) On or before January 1, 2010, the state board shall  
23 establish a series of enforceable interim emissions limits  
24 applicable to sources or categories of sources, or both, to  
25 become effective beginning on January 1, 2012, that  
26 progressively reduce emissions levels to contribute to meeting  
27 the 2020 limit. In determining which sources and categories of  
28 sources will be subject to the interim emissions limits, the state  
29 board shall consider factors including, but not limited to, the  
30 following for each source or category of sources:

31 (1) The significance of its contribution to statewide emissions.

32 (2) The effectiveness of existing emissions reduction strategies  
33 in reducing greenhouse gas emissions.

34 (3) The ease of implementation and cost-effectiveness of  
35 further greenhouse gas emission reductions from these sources.

36 (f) On or before January 1, 2015, the state board shall adopt  
37 regulations that establish a statewide emissions limit, to become  
38 effective on January 1, 2030, including a scheduled series of  
39 limits that will progressively reduce emissions of greenhouse  
40 gases from the 2020 emissions limit, until 2030. The state board

1 shall evaluate the best available economic and scientific  
2 information and existing and projected technological capabilities  
3 for the purpose of adopting these regulations.

4 42878.5. Any violation of any rule, regulation, order,  
5 emission limitation or other emissions reduction strategy adopted  
6 by the state board pursuant to Sections 42877 and 42878 shall be  
7 subject to the penalty provisions of Article 3 (commencing with  
8 Section 42400) of Chapter 4 of Part 4. The state board shall be  
9 responsible for enforcing these penalty provisions.

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

14 (b) Nothing in this chapter shall limit or expand the existing  
15 authority of any district. It is the intent of the Legislature that the  
16 state board consult with the districts in the development of  
17 measures for the reduction of emissions of greenhouse gases that  
18 will affect emissions of criteria pollutants from stationary  
19 sources.

20 (c) This chapter shall not be interpreted to preclude, prohibit,  
21 or restrict the construction of any new facility or the expansion of  
22 an existing facility subject to regulation under this chapter if all  
23 applicable permitting requirements are met and the facility  
24 obtains any required allowances under any allowance based  
25 system implemented pursuant to this chapter.

26 42881. On or before January 1, 2009, and annually  
27 thereafter, the state board, in consultation with the task force  
28 established pursuant to Section 42883, shall report to the  
29 Legislature on the current level of emissions of greenhouse gases  
30 and progress made toward compliance with the statewide  
31 emissions limits on greenhouse gases established by the state  
32 board. The report shall include an inventory of current emissions  
33 of greenhouse gases.

34 42883. (a) The Governor shall establish an interagency task  
35 force, to be convened by the Secretary for Environmental  
36 Protection which shall consist of the following:

37 (1) The Secretary of the Resources Agency or his or her  
38 designee.

39 (2) The Secretary of the Business, Transportation and Housing  
40 Agency or his or her designee.

1     (3) *The Secretary of the State and Consumer Services Agency*  
2 *or his or her designee.*

3     (4) *The President of the Public Utilities Commission or his or*  
4 *her designee.*

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

6     (6) *The Chairperson of the State Energy Resources*  
7 *Conservation and Development Commission or his or her*  
8 *designee.*

9     (7) *Representatives of other state agencies or departments that*  
10 *the Governor determines have an important role in reducing*  
11 *emissions of greenhouse gases.*

12     (b) *The interagency task force shall establish an advisory*  
13 *committee consisting of stakeholders including representatives*  
14 *from industry groups, environmental and environmental justice*  
15 *groups, experts, and others, to inform its activities.*

16     (c) *The interagency task force, to the extent feasible, shall do*  
17 *all of the following:*

18     (1) *Coordinate state investments and programs that reduce*  
19 *emissions of greenhouse gases.*

20     (2) *Promote economic growth by encouraging California*  
21 *industries to develop and deploy technologies and processes that*  
22 *reduce greenhouse gas emissions for use both in California and*  
23 *for export.*

24     (3) *Make education and outreach information publicly*  
25 *available about state programs that provide assistance for*  
26 *sources of greenhouse gases to meet the requirements of this*  
27 *chapter.*

28     (4) *Ensure that existing state programs support the emissions*  
29 *limits on greenhouse gases established by the state board*  
30 *pursuant to this chapter.*

31     (5) *Monitor conditions and coordinate planning and the*  
32 *state's response to changing climate conditions as they impact*  
33 *state water supplies, air quality, environmental and public health*  
34 *conditions, and the state's economy.*

35     (6) *Create and maintain an Internet Web site clearinghouse*  
36 *for information on the state's policies and emissions reduction*  
37 *strategies to reduce greenhouse gas emissions, the activities of*  
38 *the interagency task force, and any other information on the*  
39 *state's efforts to meet the purposes of this chapter.*

1     ~~—(b) For purposes of this chapter, the following terms have~~  
2 ~~the following meanings:~~

3     ~~(1) “Carbon dioxide equivalents” means the amount of carbon~~  
4 ~~dioxide by weight that would produce the same global warming~~  
5 ~~impact as a given weight of another greenhouse gas, to be~~  
6 ~~determined based on the most recent information available from~~  
7 ~~the Intergovernmental Panel on Climate Change.~~

8     ~~(2) “Cost-effectiveness” means the net costs, or the costs less~~  
9 ~~the benefits, per unit of reduced emissions of greenhouse gases.~~

10     ~~(3) “Direct,” “indirect,” and “cumulative” shall have the same~~  
11 ~~meanings as those terms are defined in Sections 1508.7 and~~  
12 ~~1508.8 of Title 40 of the Code of Federal Regulations.~~

13     ~~(4) “Greenhouse gases” means “greenhouse gases” as defined~~  
14 ~~in Section 42801.1.~~

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

30     ~~42875.1. It is the policy of the state that all state agencies~~  
31 ~~consider and implement measures to reduce greenhouse gas~~  
32 ~~emissions. This policy shall be incorporated into all state~~  
33 ~~agencies’ decisionmaking activities.~~

34     ~~42876. (a) On or before January 1, 2008, the state board shall~~  
35 ~~identify all significant sources of emissions of greenhouse gases~~  
36 ~~and adopt regulations establishing a program to accomplish the~~  
37 ~~following:~~

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

1 ~~(2) Monitor compliance with the emissions limits on~~  
2 ~~greenhouse gases established by the state board pursuant to~~  
3 ~~Section 42877.~~

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

8 ~~(c) The state board shall require reporting of emissions of~~  
9 ~~greenhouse gases by all load-serving entities, for all electricity~~  
10 ~~consumed in the state, accounting for transmission line losses,~~  
11 ~~whether the electricity is generated within the state or generated~~  
12 ~~outside the state and imported into the state.~~

13 ~~(d) The state board shall require reporting of emissions of~~  
14 ~~greenhouse gases from any additional entities that are significant~~  
15 ~~emitters of greenhouse gases, as appropriate to enable the state~~  
16 ~~board to monitor compliance with the emissions limits for~~  
17 ~~greenhouse gases established pursuant to Section 42877.~~

18 ~~(e) The state board shall, to the extent feasible, incorporate the~~  
19 ~~standards and protocols developed by the California Climate~~  
20 ~~Action Registry, established pursuant to Chapter 6 (commencing~~  
21 ~~with Section 42800), as the basis for the monitoring and~~  
22 ~~reporting of emissions of greenhouse gases. Entities that~~  
23 ~~voluntarily participated in the California Climate Action Registry~~  
24 ~~prior to December 31, 2006, and have a fully developed reporting~~  
25 ~~program, shall not be required to significantly alter their~~  
26 ~~reporting or verification program except as necessary to ensure~~  
27 ~~that reporting is complete and transparent for the purposes of~~  
28 ~~state regulation and tracking of emissions of greenhouse gases.~~

29 ~~42877. (a) On or before January 1, 2008, the state board shall~~  
30 ~~adopt regulations that will reduce statewide greenhouse gas~~  
31 ~~emissions to 1990 emission levels by 2020, taking into account~~  
32 ~~projected reductions in greenhouse gas emissions from state~~  
33 ~~agency programs not subject to this chapter. The emission limits~~  
34 ~~shall be expressed in total tons of allowable emissions of~~  
35 ~~greenhouse gases, expressed in carbon dioxide equivalents, and~~  
36 ~~shall include all emissions of greenhouse gases from the~~  
37 ~~generation of electricity delivered by load-serving entities and~~  
38 ~~consumed in California, whether generated in-state or imported.~~  
39 ~~The state board shall consult with air pollution control districts~~  
40 ~~and air quality management districts in the development of~~

1 ~~measures for the reduction of emissions of greenhouse gases that~~  
2 ~~will affect emissions of criteria pollutants from stationary~~  
3 ~~sources.~~

4 ~~(b) In order to achieve the statewide limit for 2020 greenhouse~~  
5 ~~gas emissions established in subdivision (a), the state board shall~~  
6 ~~establish a series of enforceable limits to become effective~~  
7 ~~beginning on January 1, 2012, that gradually reduce emissions~~  
8 ~~levels to the 2020 limit.~~

9 ~~(c) The regulations adopted by the state board shall do all of~~  
10 ~~the following:~~

11 ~~(1) Distribute the costs and benefits of the program, including~~  
12 ~~emission allowances, in a manner that is equitable, maximizes~~  
13 ~~the total benefit to the economy, does not disproportionately~~  
14 ~~burden low- and moderate-income households, provides~~  
15 ~~compliance flexibility where appropriate, and ensures that~~  
16 ~~entities that have voluntarily reduced their emissions receive~~  
17 ~~appropriate consideration for emissions reductions made prior to~~  
18 ~~the implementation of this program.~~

19 ~~(2) Ensure that the measures implemented to achieve~~  
20 ~~reductions in emissions of greenhouse gases do not result in a~~  
21 ~~direct, indirect, or cumulative increase in emissions of toxic air~~  
22 ~~contaminants, identified pursuant to Article 3 (commencing with~~  
23 ~~Section 39660) of Chapter 3.55 of Part 2, or cause or contribute~~  
24 ~~to a violation of a federal or California health-based ambient air~~  
25 ~~quality standard, in any community.~~

26 ~~(3) Evaluate emissions reduction opportunities based upon~~  
27 ~~their cost-effectiveness and additional societal benefits, including~~  
28 ~~reductions in other air pollutants, energy security, and protection~~  
29 ~~of the environment and public health.~~

30 ~~(4) Minimize the administrative burden of implementing and~~  
31 ~~complying with the program.~~

32 ~~(5) Minimize displacement of emissions outside of the scope~~  
33 ~~of the program established by this chapter.~~

34 ~~(6) Where feasible, coordinate with other states and countries~~  
35 ~~to reduce emissions of greenhouse gases in a manner that does~~  
36 ~~not conflict with California law and regulations.~~

37 ~~(d) The emission limits for greenhouse gases established by~~  
38 ~~the state board shall be enforced pursuant to Article 1~~  
39 ~~(commencing with Section 42300) of Chapter 4.~~

1 ~~(e) On or before January 1, 2009, and annually thereafter, the~~  
2 ~~state board, in consultation with the task force established~~  
3 ~~pursuant to Section 42878, shall report to the Legislature on the~~  
4 ~~current level of emissions of greenhouse gases and progress~~  
5 ~~made toward compliance with the emissions limits on~~  
6 ~~greenhouse gases established by the state board pursuant to~~  
7 ~~subdivision (b). The report shall include an inventory of current~~  
8 ~~emissions of greenhouse gases based upon information reported~~  
9 ~~to the state board pursuant to this section and information~~  
10 ~~provided by the State Energy Resources Conservation and~~  
11 ~~Development Commission pursuant to Section 25730 of the~~  
12 ~~Public Resources Code. The report shall include historical and~~  
13 ~~forecasted levels of emissions of greenhouse gases that compares~~  
14 ~~emissions from similar inventories prepared for other states, for~~  
15 ~~the United States, and for other countries, a description of~~  
16 ~~ongoing efforts to reduce emissions of greenhouse gases, and a~~  
17 ~~summary of additional measures that may be taken in the future.~~

18 ~~(f) On or before January 1, 2015, the state board shall evaluate~~  
19 ~~technological capability and economic factors, and adopt~~  
20 ~~regulations that establish a statewide limit on emissions of~~  
21 ~~greenhouse gases, to become effective on January 1, 2030, and a~~  
22 ~~regularly scheduled series of limits that will gradually reduce~~  
23 ~~emissions of greenhouse gases from the 2020 emissions limit, to~~  
24 ~~meet the 2030 emissions limit.~~

25 ~~42878. (a) The Governor shall establish an interagency task~~  
26 ~~force, which shall consist of the following:~~

27 ~~(1) The Secretary for Environmental Protection or his or her~~  
28 ~~designee.~~

29 ~~(2) The chairperson of the state board or his or her designee.~~

30 ~~(3) The Secretary of the Resources Agency or his or her~~  
31 ~~designee.~~

32 ~~(4) The Chair of the State Energy Resources Conservation and~~  
33 ~~Development Commission or his or her designee.~~

34 ~~(5) The President of the Public Utilities Commission or his or~~  
35 ~~her designee.~~

36 ~~(6) Representatives of other state agencies or departments that~~  
37 ~~the Governor determines have an important role in reducing~~  
38 ~~emissions of greenhouse gases.~~

39 ~~(b) The interagency task force shall, to the extent feasible, do~~  
40 ~~all the following:~~

1 ~~(1) Coordinate investments of state moneys and state programs~~  
2 ~~that reduce emissions of greenhouse gases.~~

3 ~~(2) Promote economic growth by encouraging industries that~~  
4 ~~develop and deploy in the state, and export from the state,~~  
5 ~~technologies and processes that reduce greenhouse gas~~  
6 ~~emissions.~~

7 ~~(3) Make information publicly available about state programs~~  
8 ~~that may provide assistance for sources of greenhouse gases to~~  
9 ~~meet the requirements of this chapter.~~

10 ~~(4) Ensure that existing state programs support the emissions~~  
11 ~~limits on greenhouse gases established by the state board~~  
12 ~~pursuant to Section 42877.~~

13 ~~(5) Monitor conditions and coordinate planning and the state's~~  
14 ~~response to changing climate conditions as they impact state~~  
15 ~~water supplies, air quality, and environmental and public health~~  
16 ~~conditions.~~

17 ~~42879. (a) Nothing in this chapter shall relieve any entity of~~  
18 ~~compliance with state air and water quality requirements, or~~  
19 ~~other requirements for protecting public health or the~~  
20 ~~environment.~~

21 ~~(b) Nothing in this chapter shall limit the existing authority of~~  
22 ~~any local or regional authority.~~

23 SEC. 3. Section 25730 of the Public Resources Code is  
24 amended to read:

25 25730. The commission, in consultation with the State Air  
26 Resources Board, the Department of Forestry and Fire  
27 Protection, the Department of Transportation, the State Water  
28 Resources Control Board, the California Integrated Waste  
29 Management Board, and other state agencies with jurisdiction  
30 over matters affecting climate change, shall do both of the  
31 following:

32 (a) Acquire and develop data and information on global  
33 climate change, and provide state, regional, and local agencies,  
34 utilities, business, industry, and other energy and economic  
35 sectors with information on the costs, technical feasibility, and  
36 demonstrated effectiveness of methods for reducing or mitigating  
37 the production of greenhouse gases from in-state sources,  
38 including net reductions through the management of natural  
39 forest reservoirs. The commission, in consultation with the State  
40 Air Resources Board, shall provide a variety of forums for the

1 exchange of that information among interested parties, and shall  
2 provide other state agencies with information on cost-effective  
3 and technologically feasible methods that can be used to reduce  
4 or mitigate the emissions of greenhouse gases.

5 (b) Update its inventory of emissions of greenhouse gases in  
6 order to supplement the information collected by the State Air  
7 Resources Board pursuant to Section 42877 of the Health and  
8 Safety Code, and to enable the State Air Resources Board to  
9 maintain a reasonably comprehensive inventory of the state's  
10 emissions of greenhouse gases. *The inventory shall include*  
11 *information on the greenhouse gas emissions associated with*  
12 *petroleum products consumed in California based on, and*  
13 *including, but not limited to, data collected pursuant to the*  
14 *Petroleum Industry Information Reporting Act of 1980 (Chapter*  
15 *4.5 (commencing with Section 25350) of Division 15).*

16 *SEC. 4. No reimbursement is required by this act pursuant to*  
17 *Section 6 of Article XIII B of the California Constitution because*  
18 *the only costs that may be incurred by a local agency or school*  
19 *district will be incurred because this act creates a new crime or*  
20 *infraction, eliminates a crime or infraction, or changes the*  
21 *penalty for a crime or infraction, within the meaning of Section*  
22 *17556 of the Government Code, or changes the definition of a*  
23 *crime within the meaning of Section 6 of Article XIII B of the*  
24 *California Constitution.*

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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)**