

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1906

Introduced by Assembly Member Nestande

February 22, 2012

An act to ~~amend Section 38570 of~~ *add Section 38570.5 to* the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 1906, as amended, Nestande. California Global Warming Solutions Act of 2006: market-based compliance—~~mechanisms~~. *mechanisms: utilities.*

The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating greenhouse gas emission sources. The act requires the state board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with this program. The act also requires the state board to adopt regulations to provide for a statewide greenhouse gas emissions limit to be achieved by 2020, equivalent to the statewide greenhouse gas emissions levels in 1990. Existing law authorizes the state board to include market-based compliance mechanisms, as defined, to comply with the regulations.

This bill would ~~make technical, nonsubstantive changes to the authorization to include market-based compliance mechanisms~~ *require any investor-owned utility and any publicly owned utility that is subject to the act to use any proceeds it obtains from the monetization of any greenhouse gas emission allowances for the benefit of ratepayers to reduce rates that are above the cost of service.*

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

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

1 SECTION 1. Section 38570.5 is added to the Health and Safety

2 Code, to read:

3 38570.5. Any proceeds received from the monetization of
4 greenhouse gas emission allowances that may be directly allocated
5 for free to investor-owned utilities and publicly owned utilities by
6 the state board, pursuant to this part, shall be used exclusively for
7 the benefit of ratepayers to reduce rates that are above the cost of
8 service.

9 SECTION 1. ~~Section 38570 of the Health and Safety Code is~~
10 ~~amended to read:~~

11 38570. (a) ~~The state board may include, in the regulations~~
12 ~~adopted pursuant to Section 38562, the use of market-based~~
13 ~~compliance mechanisms to comply with the regulations.~~

14 (b) ~~Prior to the inclusion of any market-based compliance~~
15 ~~mechanism in the regulations, to the extent feasible and in~~
16 ~~furtherance of achieving the statewide greenhouse gas emissions~~
17 ~~limit, the state board shall do all of the following:~~

18 (1) ~~Consider the potential for direct, indirect, and cumulative~~
19 ~~emission impacts from these mechanisms, including localized~~
20 ~~impacts in communities that are already adversely impacted by air~~
21 ~~pollution.~~

22 (2) ~~Design any market-based compliance mechanism to prevent~~
23 ~~any increase in the emissions of toxic air contaminants or criteria~~
24 ~~air pollutants.~~

25 (3) ~~Maximize additional environmental and economic benefits~~
26 ~~for California, as appropriate.~~

27 (e) ~~The state board shall adopt regulations governing how~~
28 ~~market-based compliance mechanisms may be used by regulated~~
29 ~~entities subject to greenhouse gas emission limits and mandatory~~
30 ~~emission reporting requirements to achieve compliance with their~~
31 ~~greenhouse gas emissions limits.~~