

ASSEMBLY BILL

No. 2202

Introduced by Assembly Member Logue

February 20, 2014

An act to amend Sections 38530, 38562, and 38570 of the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 2202, as introduced, Logue. Greenhouse gas reduction.

Existing law requires the State Air Resources Board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with this program. Existing law requires the state board to adopt greenhouse gas emission limits and emission reduction measures by regulation to achieve the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions in furtherance of achieving the statewide greenhouse gas emissions limit, and, as part of that regulation, authorizes the state board to adopt a market-based compliance mechanism, commonly referred to as cap and trade.

This bill would require the state board to exempt small independent fuel marketers, as defined, from the regulations adopted by the state board in this regard.

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

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

- 1 SECTION 1. Section 38530 of the Health and Safety Code is
- 2 amended to read:

1 38530. (a) On or before January 1, 2008, the state board shall
2 adopt regulations to require the reporting and verification of
3 statewide greenhouse gas emissions and to monitor and enforce
4 compliance with this program.

5 (b) The regulations shall do all of the following:

6 (1) Require the monitoring and annual reporting of greenhouse
7 gas emissions from greenhouse gas emission sources beginning
8 with the sources or categories of sources that contribute the most
9 to statewide emissions.

10 (2) Account for greenhouse gas emissions from all electricity
11 consumed in the state, including transmission and distribution line
12 losses from electricity generated within the state or imported from
13 outside the state. This requirement applies to all retail sellers of
14 electricity, including load-serving entities as defined in subdivision
15 (j) of Section 380 of the Public Utilities Code and local publicly
16 owned electric utilities as defined in Section 9604 of the Public
17 Utilities Code.

18 (3) Where appropriate and to the maximum extent feasible,
19 incorporate the standards and protocols developed by the California
20 Climate Action Registry, established pursuant to Chapter 6
21 (commencing with Section 42800) of Part 4 of Division 26. Entities
22 that voluntarily participated in the California Climate Action
23 Registry prior to December 31, 2006, and have developed a
24 greenhouse gas emission reporting program, shall not be required
25 to significantly alter their reporting or verification program except
26 as necessary to ensure that reporting is complete and verifiable for
27 the purposes of compliance with this division as determined by
28 the state board.

29 (4) Ensure rigorous and consistent accounting of emissions, and
30 provide reporting tools and formats to ensure collection of
31 necessary data.

32 (5) Ensure that greenhouse gas emission sources maintain
33 comprehensive records of all reported greenhouse gas emissions.

34 (c) The state board shall do both of the following:

35 (1) Periodically review and update its emission reporting
36 requirements, as necessary.

37 (2) Review existing and proposed international, federal, and
38 state greenhouse gas emission reporting programs and make
39 reasonable efforts to promote consistency among the programs
40 established pursuant to this part and other programs, and to

1 streamline reporting requirements on greenhouse gas emission
2 sources.

3 (d) (1) *The state board shall exempt small independent fuel*
4 *marketers from the regulations adopted pursuant to this section*
5 *(Article 2 (commencing with Section 95100) of Subchapter 10 of*
6 *Chapter 1 of Division 3 of Title 17 of the Code of California*
7 *Regulations).*

8 (2) *“Small independent fuel marketer” for purposes of this*
9 *subdivision means a company with gross annual revenues from*
10 *motor vehicle fuel sales in this state of \$10 billion or less.*

11 SEC. 2. Section 38562 of the Health and Safety Code is
12 amended to read:

13 38562. (a) On or before January 1, 2011, the state board shall
14 adopt greenhouse gas emission limits and emission reduction
15 measures by regulation to achieve the maximum technologically
16 feasible and cost-effective reductions in greenhouse gas emissions
17 in furtherance of achieving the statewide greenhouse gas emissions
18 limit, to become operative on January 1, 2012.

19 (b) In adopting regulations pursuant to this section and Part 5
20 (commencing with Section 38570), to the extent feasible and in
21 furtherance of achieving the statewide greenhouse gas emissions
22 limit, the state board shall do all of the following:

23 (1) Design the regulations, including distribution of emissions
24 allowances where appropriate, in a manner that is equitable, seeks
25 to minimize costs and maximize the total benefits to California,
26 and encourages early action to reduce greenhouse gas emissions.

27 (2) Ensure that activities undertaken to comply with the
28 regulations do not disproportionately impact low-income
29 communities.

30 (3) Ensure that entities that have voluntarily reduced their
31 greenhouse gas emissions prior to the implementation of this
32 section receive appropriate credit for early voluntary reductions.

33 (4) Ensure that activities undertaken pursuant to the regulations
34 complement, and do not interfere with, efforts to achieve and
35 maintain federal and state ambient air quality standards and to
36 reduce toxic air contaminant emissions.

37 (5) Consider cost-effectiveness of these regulations.

38 (6) Consider overall societal benefits, including reductions in
39 other air pollutants, diversification of energy sources, and other
40 benefits to the economy, environment, and public health.

1 (7) Minimize the administrative burden of implementing and
2 complying with these regulations.

3 (8) Minimize leakage.

4 (9) Consider the significance of the contribution of each source
5 or category of sources to statewide emissions of greenhouse gases.

6 (c) In furtherance of achieving the statewide greenhouse gas
7 emissions limit, by January 1, 2011, the state board may adopt a
8 regulation that establishes a system of market-based declining
9 annual aggregate emission limits for sources or categories of
10 sources that emit greenhouse gas emissions, applicable from
11 January 1, 2012, to December 31, 2020, inclusive, that the state
12 board determines will achieve the maximum technologically
13 feasible and cost-effective reductions in greenhouse gas emissions,
14 in the aggregate, from those sources or categories of sources.

15 (d) Any regulation adopted by the state board pursuant to this
16 part or Part 5 (commencing with Section 38570) shall ensure all
17 of the following:

18 (1) The greenhouse gas emission reductions achieved are real,
19 permanent, quantifiable, verifiable, and enforceable by the state
20 board.

21 (2) For regulations pursuant to Part 5 (commencing with Section
22 38570), the reduction is in addition to any greenhouse gas emission
23 reduction otherwise required by law or regulation, and any other
24 greenhouse gas emission reduction that otherwise would occur.

25 (3) If applicable, the greenhouse gas emission reduction occurs
26 over the same time period and is equivalent in amount to any direct
27 emission reduction required pursuant to this division.

28 (e) The state board shall rely upon the best available economic
29 and scientific information and its assessment of existing and
30 projected technological capabilities when adopting the regulations
31 required by this section.

32 (f) The state board shall consult with the Public Utilities
33 Commission in the development of the regulations as they affect
34 electricity and natural gas providers in order to minimize
35 duplicative or inconsistent regulatory requirements.

36 (g) After January 1, 2011, the state board may revise regulations
37 adopted pursuant to this section and adopt additional regulations
38 to further the provisions of this division.

39 (h) (1) *The state board shall exempt small independent fuel*
40 *marketers from the regulations adopted pursuant to this section*

1 *relating to the application of an aggregate greenhouse gas*
2 *allowance budget on covered entities (Article 5 (commencing with*
3 *Section 95801) of Subchapter 10 of Chapter 1 of Division 3 of*
4 *Title 17 of the Code of California Regulations).*

5 (2) “*Small independent fuel marketer*” *for purposes of this*
6 *subdivision means a company with gross annual revenues from*
7 *motor vehicle fuel sales in this state of \$10 billion or less.*

8 SEC. 3. Section 38570 of the Health and Safety Code is
9 amended to read:

10 38570. (a) The state board may include in the regulations
11 adopted pursuant to Section 38562 the use of market-based
12 compliance mechanisms to comply with the regulations.

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

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

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

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

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

31 (d) (1) *The state board shall exempt small independent fuel*
32 *marketers from the regulations adopted pursuant to this section*
33 *relating to providing a trading mechanism for compliance*
34 *instruments (Article 5 (commencing with Section 95801) of*
35 *Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the Code*
36 *of California Regulations).*

37 (2) “*Small independent fuel marketer*” *for the purposes of this*
38 *subdivision means a company with gross annual revenues from*
39 *motor vehicle fuel sales in this state of \$10 billion or less.*

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