

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1324

Introduced by Assembly Member Williams

February 27, 2015

An act to amend ~~Section 38501~~ *Sections 38501 and 38505* of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 1324, as amended, Williams. California Global Warming Solutions Act of 2006.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act makes various findings and declarations. *The act defines various terms, including "statewide greenhouse gas emissions limit," for purposes of the act.*

This bill would make changes to those findings and declarations. *The bill would revise the definition of "statewide greenhouse gas emissions limit."*

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

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

1 SECTION 1. Section 38501 of the Health and Safety Code is
2 amended to read:

3 38501. The Legislature finds and declares all of the following:

4 (a) Global warming poses a serious threat to the economic
5 well-being, public health, natural resources, and the environment
6 of California. The potential adverse impacts of global warming
7 include the exacerbation of air quality problems, a reduction in
8 the quality and supply of water to the state from the Sierra
9 snowpack, a rise in sea levels resulting in the displacement of
10 thousands of coastal businesses and residences, damage to marine
11 ecosystems and the natural environment, and an increase in the
12 incidences of infectious diseases, asthma, and other human
13 health-related problems.

14 (b) Global warming will have detrimental effects on some of
15 California's largest industries, including agriculture, wine, tourism,
16 skiing, recreational and commercial fishing, and forestry. It will
17 also increase the strain on electricity supplies necessary to meet
18 the demand for summer air-conditioning in the hottest parts of the
19 state.

20 (c) California has long been a national and international leader
21 on energy conservation and environmental stewardship efforts,
22 including the areas of air quality protections, energy efficiency
23 requirements, renewable energy standards, natural resource
24 conservation, and greenhouse gas emission standards for passenger
25 vehicles. The program established by this division will continue
26 this tradition of environmental leadership by placing California at
27 the forefront of national and international efforts to reduce
28 emissions of greenhouse gases.

29 (d) National and international actions are necessary to fully
30 address the issue of global warming. However, action taken by
31 California to reduce emissions of greenhouse gases will have
32 far-reaching effects by encouraging other states, the federal
33 government, and other countries to act.

34 (e) By exercising a global leadership role, California will also
35 position its economy, technology centers, financial institutions,
36 and businesses to benefit from national and international efforts
37 to reduce emissions of greenhouse gases. More importantly,
38 investing in the development of innovative and pioneering

1 technologies will assist California in achieving the statewide limits
2 on emissions of greenhouse gases established by this division for
3 2020 and beyond and will provide an opportunity for the state to
4 take a global economic and technological leadership role in
5 reducing emissions of greenhouse gases.

6 (f) It is the intent of the Legislature that the State Air Resources
7 Board coordinate with state agencies, ~~as well as~~ and consult with
8 the environmental justice community, industry sectors, business
9 groups, academic institutions, environmental organizations, and
10 other stakeholders, in implementing this division.

11 (g) It is the intent of the Legislature that the State Air Resources
12 Board consult with the Public Utilities Commission in the
13 development of emissions reduction measures, including limits on
14 emissions of greenhouse gases applied to electricity and natural
15 gas providers regulated by the Public Utilities Commission in order
16 to ensure that electricity and natural gas providers are not required
17 to meet duplicative or inconsistent regulatory requirements.

18 (h) It is the intent of the Legislature that the State Air Resources
19 Board design emissions reduction measures to meet the statewide
20 emissions limits for greenhouse gases established pursuant to this
21 division in a manner that minimizes costs and maximizes benefits
22 for California’s economy, improves and modernizes California’s
23 energy infrastructure and maintains electric system reliability,
24 maximizes additional environmental and economic co-benefits for
25 California, and complements the state’s efforts to improve air
26 quality.

27 (i) It is the intent of the Legislature that the Climate Action
28 Team established by the Governor to coordinate the efforts set
29 forth under Executive Order S-3-05 continue its role in
30 coordinating overall climate policy.

31 *SEC. 2. Section 38505 of the Health and Safety Code is*
32 *amended to read:*

33 38505. For the purposes of this division, the following terms
34 have the following meanings:

35 (a) “Allowance” means an authorization to emit, during a
36 specified year, up to one ton of carbon dioxide equivalent.

37 (b) “Alternative compliance mechanism” means an action
38 undertaken by a greenhouse gas emission source that achieves the
39 equivalent reduction of greenhouse gas emissions over the same
40 time period as a direct emission reduction, and that is approved

1 by the state board. “Alternative compliance mechanism” includes,
2 but is not limited to, a flexible compliance schedule, alternative
3 control technology, a process change, or a product substitution.

4 (c) “Carbon dioxide equivalent” means the amount of carbon
5 dioxide by weight that would produce the same global warming
6 impact as a given weight of another greenhouse gas, based on the
7 best available science, including from the Intergovernmental Panel
8 on Climate Change.

9 (d) “Cost-effective” or “cost-effectiveness” means the cost per
10 unit of reduced emissions of greenhouse gases adjusted for its
11 global warming potential.

12 (e) “Direct emission reduction” means a greenhouse gas
13 emission reduction action made by a greenhouse gas emission
14 source at that source.

15 (f) “Emissions reduction measure” means programs, measures,
16 standards, and alternative compliance mechanisms authorized
17 pursuant to this division, applicable to sources or categories of
18 sources, that are designed to reduce emissions of greenhouse gases.

19 (g) “Greenhouse gas” or “greenhouse gases” includes all of the
20 following gases:

- 21 (1) Carbon dioxide.
- 22 (2) Methane.
- 23 (3) Nitrous oxide.
- 24 (4) Hydrofluorocarbons.
- 25 (5) Perfluorocarbons.
- 26 (6) Sulfur hexafluoride.
- 27 (7) Nitrogen trifluoride.

28 (h) “Greenhouse gas emissions limit” means an authorization,
29 during a specified year, to emit up to a level of greenhouse gases
30 specified by the state board, expressed in tons of carbon dioxide
31 equivalents.

32 (i) “Greenhouse gas emission source” or “source” means any
33 source, or category of sources, of greenhouse gas emissions whose
34 emissions are at a level of significance, as determined by the state
35 board, that its participation in the program established under this
36 division will enable the state board to effectively reduce greenhouse
37 gas emissions and monitor compliance with the statewide
38 greenhouse gas emissions limit.

1 (j) “Leakage” means a reduction in emissions of greenhouse
2 gases within the state that is offset by an increase in emissions of
3 greenhouse gases outside the state.

4 (k) “Market-based compliance mechanism” means either of the
5 following:

6 (1) A system of market-based declining annual aggregate
7 emissions limitations for sources or categories of sources that emit
8 greenhouse gases.

9 (2) Greenhouse gas emissions exchanges, banking, credits, and
10 other transactions, governed by rules and protocols established by
11 the state board, that result in the same greenhouse gas emission
12 reduction, over the same time period, as direct compliance with a
13 greenhouse gas emission limit or emission reduction measure
14 adopted by the state board pursuant to this division.

15 (l) “State board” means the State Air Resources Board.

16 (m) “Statewide greenhouse gas emissions” means the total
17 annual emissions of greenhouse gases in the state, including all
18 emissions of greenhouse gases from the generation of electricity
19 delivered to and consumed in California, accounting for
20 transmission and distribution line losses, whether the electricity
21 is generated in state or imported. Statewide emissions shall be
22 expressed in tons of carbon dioxide equivalents.

23 (n) “Statewide greenhouse gas emissions limit” or “statewide
24 emissions limit” means the maximum allowable level of statewide
25 greenhouse gas emissions in ~~2020~~, *2020 and beyond*, as determined
26 by the state board pursuant to Part 3 (commencing with Section
27 38550).