

AMENDED IN ASSEMBLY AUGUST 31, 2015

AMENDED IN SENATE JUNE 1, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE MARCH 16, 2015

SENATE BILL

No. 32

Introduced by Senator Pavley

(Coauthors: Senators Allen, Beall, Block, De León, Hancock, Hill, Jackson, Leno, Liu, McGuire, Mitchell, Monning, Wieckowski, and Wolk)

(Coauthors: Assembly Members Bloom, Cristina Garcia, *Quirk*, Rendon, and ~~Mark Stone~~) *Mark Stone, Thurmond, Ting, Williams, and Wood*)

December 1, 2014

An act to *add Chapter 6 (commencing with Section 12897) to Part 2.5 of Division 3 of Title 2 of the Government Code, and to amend Sections 38505, 38550, 38551, and 38561 of the Health and Safety Code, relating to greenhouse gases.*

LEGISLATIVE COUNSEL'S DIGEST

SB 32, as amended, Pavley. California Global Warming Solutions Act of ~~2006: emissions limit: 2006.~~

~~The~~

(1) *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.

This bill would require the state board to approve statewide greenhouse gas emissions limits that are the equivalent to 40% below the 1990 level to be achieved by 2030 and 80% below the 1990 level to be achieved by 2050, as specified. The bill would authorize the state board to ~~adopt~~ *approve* an interim greenhouse gas emissions level target to be achieved by 2040. The bill also would state the intent of the Legislature for the Legislature and appropriate agencies to adopt complementary policies that ensure the long-term emissions reductions advance specified criteria. ~~The bill would make conforming changes.~~

(2) The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions and to update the scoping plan at least once every 5 years.

This bill would prohibit the state board from taking any action to implement the next update of the scoping plan until a draft of, and the final version of, the next update to the scoping plan have been submitted to the Joint Legislative Budget Committee and the appropriate policy committees of the Legislature, at least one year and at least 60 days, respectively, before adoption of the updated scoping plan and until the state board has conducted specified evaluations relating to reducing greenhouse gas emissions. The bill would require the Legislature to hold at least one oversight hearing to review that draft and one oversight hearing to review the final version. The bill would require the state board, on or before January 1, 2017, and each year thereafter, to prepare and submit to the Joint Legislative Budget Committee and appropriate policy committees a report relating to achieving the greenhouse gas emissions limits required by the California Global Warming Solutions Act of 2006.

(3) This bill would also make conforming changes.

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. Chapter 6 (commencing with Section 12897) is
2 added to Part 2.5 of Division 3 of Title 2 of the Government Code,
3 to read:

1
2 *CHAPTER 6. LEGISLATIVE ACCOUNTABILITY AND OVERSIGHT*
3 *OF CALIFORNIA GREENHOUSE GAS EMISSIONS REDUCTION POLICIES*
4

5 12897. (a) *The Legislature finds and declares that developing*
6 *regulations and policies by the State Air Resources Board or other*
7 *state agencies for purposes of implementing Division 25.5*
8 *(commencing with Section 38500) of the Health and Safety Code*
9 *should be conducted transparently and in a timely manner to afford*
10 *the Legislature the opportunity to shape and oversee the*
11 *implementation of that division on an ongoing basis.*

12 (b) *The purpose of this section is to establish new legislative*
13 *oversight and accountability over any regulations and policies*
14 *undertaken to implement Division 25.5 (commencing with Section*
15 *38500) of the Health and Safety Code.*

16 (c) *The State Air Resources Board shall not take any action to*
17 *implement the next update of the scoping plan described in Section*
18 *38561 of the Health and Safety Code unless all of the following*
19 *have occurred:*

20 (1) *The State Air Resources Board has conducted, with input*
21 *from an independent advisory committee, an evaluation of both of*
22 *the following:*

23 (A) *The current and projected actions other jurisdictions within*
24 *the United States and around the world are taking to reduce*
25 *greenhouse gas emissions and how those actions compare to and*
26 *complement California's efforts.*

27 (B) *The cost effectiveness of the various emissions reduction*
28 *strategies the State Air Resources Board has undertaken to achieve*
29 *the 2020 statewide greenhouse gas emissions limit pursuant to*
30 *Section 38550 of the Health and Safety Code, which may consider*
31 *the marginal costs of the strategies and associated benefits to the*
32 *health, safety, and welfare of state residents, worker safety, quality*
33 *of life in the state, and the state's environment.*

34 (2) *A draft of the next update to the scoping plan has been*
35 *submitted to the Joint Legislative Budget Committee and the*
36 *appropriate policy committees of the Legislature at least one year*
37 *before adoption of the updated scoping plan.*

38 (3) *The final version of the update to the scoping plan has been*
39 *submitted to the Joint Legislative Budget Committee and the*

1 *appropriate policy committees of the Legislature at least 60 days*
2 *before adoption of the updated scoping plan.*

3 *(d) The Legislature shall hold at least one oversight hearing to*
4 *review the draft of the next update to the scoping plan and at least*
5 *one oversight hearing to review the final version of the update to*
6 *the scoping plan before adoption.*

7 *(e) After holding the oversight hearings required pursuant to*
8 *subdivision (d), the Legislature may act to modify, reject, or delay*
9 *some or all of the scoping plan before its adoption.*

10 *(f) On or before January 1, 2017, and each year thereafter, the*
11 *State Air Resources Board shall prepare and submit to the Joint*
12 *Legislative Budget Committee and appropriate policy committees*
13 *a report that contains both of the following:*

14 *(1) A list of regulatory policies that have been adopted and*
15 *implemented by a state agency in furtherance of achieving the*
16 *greenhouse gas emissions limits adopted by the State Air Resources*
17 *Board pursuant to Division 25.5 (commencing with Section 38500)*
18 *of the Health and Safety Code.*

19 *(2) The amounts, sources, and locations of greenhouse gas*
20 *emissions reductions achieved toward the statewide emissions*
21 *limit, as defined in Section 38505 of the Health and Safety Code.*

22 *(g) The State Air Resources Board may include relevant reports*
23 *required pursuant to Section 12894 within the report required*
24 *pursuant to subdivision (f).*

25 **SECTION 1.**

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

28 38505. For purposes of this division, the following terms have
29 the following meanings:

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

32 (b) “Alternative compliance mechanism” means an action
33 undertaken by a greenhouse gas emission source that achieves the
34 equivalent reduction of greenhouse gas emissions over the same
35 time period as a direct emission reduction, and that is approved
36 by the state board. “Alternative compliance mechanism” includes,
37 but is not limited to, a flexible compliance schedule, alternative
38 control technology, a process change, or a product substitution.

39 (c) “Carbon dioxide equivalent” means the amount of carbon
40 dioxide by weight that would produce the same global warming

1 impact as a given weight of another greenhouse gas, based on the
2 best available science, including from the Intergovernmental Panel
3 on Climate Change.

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

7 (e) “Direct emission reduction” means a greenhouse gas
8 emission reduction action made by a greenhouse gas emission
9 source at that source.

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

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

- 16 (1) Carbon dioxide.
- 17 (2) Methane.
- 18 (3) Nitrous oxide.
- 19 (4) Hydrofluorocarbons.
- 20 (5) Perfluorocarbons.
- 21 (6) Sulfur hexafluoride.
- 22 (7) Nitrogen trifluoride.

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

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

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

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

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

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

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

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

18 (n) “Statewide greenhouse gas emissions limit” or “statewide
19 emissions limit” means the maximum allowable level of statewide
20 greenhouse gas emissions, as determined by the state board
21 pursuant to Part 3 (commencing with Section 38550).

22 ~~SEC. 2.~~

23 *SEC. 3.* Section 38550 of the Health and Safety Code is
24 amended to read:

25 38550. (a) By January 1, 2008, the state board shall, after one
26 or more public workshops, with public notice, and an opportunity
27 for all interested parties to comment, determine what the statewide
28 greenhouse gas emissions level was in 1990, and approve in a
29 public hearing, a statewide greenhouse gas emissions limit that is
30 equivalent to that level, to be achieved by 2020. In order to ensure
31 the most accurate determination feasible, the state board shall
32 evaluate the best available scientific, technological, and economic
33 information on greenhouse gas emissions to determine the 1990
34 level of greenhouse gas emissions.

35 (b) (1) (A) Notwithstanding subdivision (a), the state board
36 shall approve in a public hearing, based on the best available
37 scientific, technological, and economic assessments, all of the
38 following:

1 (i) A statewide greenhouse gas emissions limit that is equivalent
2 to 40 percent below the 1990 level, as determined pursuant to
3 subdivision (a) or Section 39730, to be achieved by 2030.

4 (ii) A statewide greenhouse gas emissions limit that is equivalent
5 to 80 percent below the 1990 level, as determined pursuant to
6 subdivision (a) or Section 39730, to be achieved by 2050.

7 (B) For the purposes of this paragraph, a greenhouse gas
8 emissions limit shall include short-lived climate pollutants, as
9 defined in Chapter 4.2 (commencing with Section 39730) of Part
10 2 of Division 26.

11 (2) The state board also may approve an interim greenhouse
12 gas emissions level target to be achieved by 2040 consistent with
13 paragraph (1).

14 (c) *In furtherance of subdivision (b), the state board shall*
15 *consider historic efforts to reduce greenhouse gas emissions and*
16 *objectively seek, and account for, cost-effective actions to reduce*
17 *greenhouse gas emissions across all sectors.*

18 ~~SEC. 3.~~

19 SEC. 4. Section 38551 of the Health and Safety Code is
20 amended to read:

21 38551. (a) Each of the statewide greenhouse gas emissions
22 limits shall remain in effect unless otherwise amended or repealed.

23 (b) It is the intent of the Legislature that the statewide
24 greenhouse gas emissions limits established pursuant to Section
25 38550 continue in existence and be used to maintain and continue
26 reductions in emissions of greenhouse gases.

27 (c) The state board shall make recommendations to the Governor
28 and the Legislature on how to continue reductions of greenhouse
29 gas emissions beyond 2050.

30 (d) In implementing subdivision (b) of Section 38550, it is the
31 intent of the Legislature for the Legislature and appropriate
32 agencies to adopt complementary policies that ensure the long-term
33 emissions reductions adopted pursuant to subdivision (b) of Section
34 38550 advance all of the following:

- 35 (1) Job growth and local economic benefits in California.
- 36 (2) Public health benefits for California residents, particularly
37 in disadvantaged communities.
- 38 (3) Innovation in technology and energy, water, and resource
39 management practices.

1 (4) Regional and international collaboration to adopt similar
2 greenhouse gas emissions reduction policies.

3 ~~SEC. 4.~~

4 *SEC. 5.* Section 38561 of the Health and Safety Code is
5 amended to read:

6 38561. (a) (1) On or before January 1, 2009, the state board
7 shall prepare and approve a scoping plan, as that term is understood
8 by the state board, for achieving the maximum technologically
9 feasible and cost-effective reductions in greenhouse gas emissions
10 from sources or categories of sources of greenhouse gases under
11 this division.

12 (2) The state board shall consult with all state agencies with
13 jurisdiction over sources of greenhouse gases, including the Public
14 Utilities Commission and the State Energy Resources Conservation
15 and Development Commission, on all elements of its plan that
16 pertain to energy-related matters including, but not limited to,
17 electrical generation, ~~load-based standards~~ *load-based standards*
18 or requirements, the provision of reliable and affordable electrical
19 service, petroleum refining, and statewide fuel supplies to ensure
20 the greenhouse gas emissions reduction activities to be adopted
21 and implemented by the state board are complementary,
22 nonduplicative, and can be implemented in an efficient and
23 cost-effective manner.

24 (b) The plan shall identify and make recommendations on direct
25 emissions reduction measures, alternative compliance mechanisms,
26 market-based compliance mechanisms, and potential monetary
27 and nonmonetary incentives for sources and categories of sources
28 that the state board finds are necessary or desirable to facilitate
29 the achievement of the maximum feasible and cost-effective
30 reductions of greenhouse gas emissions under this division.

31 (c) In making the determinations required by subdivision (b),
32 the state board shall consider all relevant information pertaining
33 to greenhouse gas emissions reduction programs in other states,
34 localities, and nations, including the northeastern states of the
35 United States, Canada, and the European Union.

36 (d) The state board shall evaluate the total potential costs and
37 total potential economic and noneconomic benefits of the plan for
38 reducing greenhouse gases to California's economy, environment,
39 and public health, using the best available economic models,
40 emission estimation techniques, and other scientific methods.

1 (e) In developing its plan, the state board shall take into account
2 the relative contribution of each source or source category to
3 statewide greenhouse gas emissions, and the potential for adverse
4 effects on small businesses, and shall recommend a de minimis
5 threshold of greenhouse gas emissions below which emissions
6 reduction requirements will not apply.

7 (f) In developing its plan, the state board shall identify
8 opportunities for emissions reduction measures from all verifiable
9 and enforceable voluntary actions, including, but not limited to,
10 carbon sequestration projects and best management practices.

11 (g) The state board shall conduct a series of public workshops
12 to give interested parties an opportunity to comment on the plan.
13 The state board shall conduct a portion of these workshops in
14 regions of the state that have the most significant exposure to air
15 pollutants, including, but not limited to, communities with minority
16 populations, communities with low-income populations, or both.

17 (h) The state board shall update its plan for achieving the
18 maximum technologically feasible and cost-effective reductions
19 of greenhouse gas emissions at least once every five ~~years~~ *years*
20 *in accordance with Chapter 6 (commencing with Section 12897)*
21 *of Part 2.5 of Division 3 of Title 2 of the Government Code.*