

AMENDED IN ASSEMBLY AUGUST 19, 2016  
AMENDED IN ASSEMBLY JUNE 30, 2016  
AMENDED IN ASSEMBLY JUNE 10, 2016  
AMENDED IN ASSEMBLY SEPTEMBER 10, 2015  
AMENDED IN ASSEMBLY SEPTEMBER 4, 2015  
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**

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**Introduced by Senator Pavley**

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

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December 1, 2014

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~~An act to amend Sections 38505, 38550, 38551, and 38561 of the Health and Safety Code, relating to greenhouse gases. An act to add Section 38566 to 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.

*(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 approve 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 ensure that statewide greenhouse gas emissions are reduced to 40% below the 1990 level by 2030.*

~~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 approve 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 a statewide greenhouse gas emissions limit that is equivalent to 40% below the 1990 level to be achieved by 2030. The bill would also require the state board, on or before January 1, 2018, and each year thereafter, to prepare and submit to the Joint Legislative Budget Committee and appropriate policy committees a report relating to the greenhouse gas emissions reductions achieved toward those limits.~~

~~This bill also would make conforming changes and provide that its provisions are severable.~~

~~This~~

*(2) This bill would become operative only if AB 197 of the 2015–16 Regular Session is enacted and becomes effective on or before January 1, 2017.*

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. The Legislature finds and declares all of the*  
2 *following:*

3     *(a) The California Global Warming Solutions Act of 2006*  
4 *(Division 25.5 (commencing with Section 38500) of the Health*  
5 *and Safety Code) authorizes the State Air Resources Board to*  
6 *adopt regulations to achieve the maximum technologically feasible*  
7 *and cost-effective greenhouse gas emissions reductions.*

8     *(b) The California Global Warming Solutions Act of 2006*  
9 *(Division 25.5 (commencing with Section 38500) of the Health*  
10 *and Safety Code) requires the State Air Resources Board to reduce*  
11 *statewide emissions of greenhouse gases to at least the 1990*  
12 *emissions level by 2020 and to maintain and continue reductions*  
13 *thereafter.*

14     *(c) Continuing to reduce greenhouse gas emissions is critical*  
15 *for the protection of all areas of the state, but especially for the*  
16 *state's most disadvantaged communities, as those communities*  
17 *are affected first, and, most frequently, by the adverse impacts of*  
18 *climate change, including an increased frequency of extreme*  
19 *weather events, such as drought, heat, and flooding. The state's*  
20 *most disadvantaged communities also are disproportionately*  
21 *impacted by the deleterious effects of climate change on public*  
22 *health.*

23     *(d) The State Air Resources Board shall achieve the state's more*  
24 *stringent greenhouse gas emission reductions in a manner that*  
25 *benefits the state's most disadvantaged communities and is*  
26 *transparent and accountable to the public and the Legislature.*

27     *SEC. 2. Section 38566 is added to the Health and Safety Code,*  
28 *to read:*

29     38566. *In adopting rules and regulations to achieve the*  
30 *maximum technologically feasible and cost-effective greenhouse*  
31 *gas emissions reductions authorized by this division, the state*  
32 *board shall ensure that statewide greenhouse gas emissions are*  
33 *reduced to at least 40 percent below the statewide greenhouse gas*  
34 *emissions limit no later than December 31, 2030.*

35     *SEC. 3. This act shall become operative only if Assembly Bill*  
36 *197 of the 2015–16 Regular Session is enacted and becomes*  
37 *effective on or before January 1, 2017.*

1 SECTION 1. It is the intent of the Legislature that all relevant  
2 provisions of the California Global Warming Solutions Act of  
3 2006 (Division 25.5 (commencing with Section 38500) of the  
4 Health and Safety Code) apply to the sections of this act amending  
5 sections within the California Global Warming Solutions Act of  
6 2006 (Division 25.5 (commencing with Section 38500) of the  
7 Health and Safety Code).

8 SEC. 2. Section 38505 of the Health and Safety Code is  
9 amended to read:

10 38505. For purposes of this division, the following terms have  
11 the following meanings:

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

14 (b) “Alternative compliance mechanism” means an action  
15 undertaken by a greenhouse gas emission source that achieves the  
16 equivalent reduction of greenhouse gas emissions over the same  
17 time period as a direct emission reduction, and that is approved  
18 by the state board. “Alternative compliance mechanism” includes,  
19 but is not limited to, a flexible compliance schedule, alternative  
20 control technology, a process change, or a product substitution.

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

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

29 (e) “Direct emission reduction” means a greenhouse gas  
30 emission reduction action made by a greenhouse gas emission  
31 source at that source.

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

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

38 (1) Carbon dioxide.

39 (2) Methane.

40 (3) Nitrous oxide.

1 ~~(4) Hydrofluorocarbons.~~

2 ~~(5) Perfluorocarbons.~~

3 ~~(6) Sulfur hexafluoride.~~

4 ~~(7) Nitrogen trifluoride.~~

5 ~~(h) “Greenhouse gas emissions limit” means an authorization,~~  
6 ~~during a specified year, to emit up to a level of greenhouse gases~~  
7 ~~specified by the state board, expressed in tons of carbon dioxide~~  
8 ~~equivalents.~~

9 ~~(i) “Greenhouse gas emission source” or “source” means any~~  
10 ~~source, or category of sources, of greenhouse gas emissions whose~~  
11 ~~emissions are at a level of significance, as determined by the state~~  
12 ~~board, that its participation in the program established under this~~  
13 ~~division will enable the state board to effectively reduce greenhouse~~  
14 ~~gas emissions and monitor compliance with the statewide~~  
15 ~~greenhouse gas emissions limit.~~

16 ~~(j) “Leakage” means a reduction in emissions of greenhouse~~  
17 ~~gases within the state that is offset by an increase in emissions of~~  
18 ~~greenhouse gases outside the state.~~

19 ~~(k) “Market-based compliance mechanism” means either of the~~  
20 ~~following:~~

21 ~~(1) A system of market-based declining annual aggregate~~  
22 ~~emissions limitations for sources or categories of sources that emit~~  
23 ~~greenhouse gases.~~

24 ~~(2) Greenhouse gas emissions exchanges, banking, credits, and~~  
25 ~~other transactions, governed by rules and protocols established by~~  
26 ~~the state board, that result in the same greenhouse gas emission~~  
27 ~~reduction, over the same time period, as direct compliance with a~~  
28 ~~greenhouse gas emission limit or emissions reduction measure~~  
29 ~~adopted by the state board pursuant to this division.~~

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

31 ~~(m) “Statewide greenhouse gas emissions” means the total~~  
32 ~~annual emissions of greenhouse gases in the state, including all~~  
33 ~~emissions of greenhouse gases from the generation of electricity~~  
34 ~~delivered to and consumed in California, accounting for~~  
35 ~~transmission and distribution line losses, whether the electricity~~  
36 ~~is generated in state or imported. Statewide emissions shall be~~  
37 ~~expressed in tons of carbon dioxide equivalents.~~

38 ~~(n) “Statewide greenhouse gas emissions limit” or “statewide~~  
39 ~~emissions limit” means the maximum allowable level of statewide~~

1 ~~greenhouse gas emissions, as determined by the state board~~  
2 ~~pursuant to Part 3 (commencing with Section 38550).~~

3 ~~SEC. 3. Section 38550 of the Health and Safety Code is~~  
4 ~~amended to read:~~

5 ~~38550. (a) By January 1, 2008, the state board shall, after one~~  
6 ~~or more public workshops, with public notice, and an opportunity~~  
7 ~~for all interested parties to comment, determine what the statewide~~  
8 ~~greenhouse gas emissions level was in 1990, and approve in a~~  
9 ~~public hearing, a statewide greenhouse gas emissions limit that is~~  
10 ~~equivalent to that level, to be achieved by 2020. In order to ensure~~  
11 ~~the most accurate determination feasible, the state board shall~~  
12 ~~evaluate the best available scientific, technological, and economic~~  
13 ~~information on greenhouse gas emissions to determine the 1990~~  
14 ~~level of greenhouse gas emissions.~~

15 ~~(b) (1) Notwithstanding subdivision (a), the state board shall~~  
16 ~~approve in a public hearing, based on the best available scientific,~~  
17 ~~technological, and economic assessments, a statewide greenhouse~~  
18 ~~gas emissions limit that is equivalent to 40 percent below the 1990~~  
19 ~~level, as determined pursuant to subdivision (a) or Section 39730,~~  
20 ~~to be achieved by 2030.~~

21 ~~(2) For the purposes of this subdivision, a greenhouse gas~~  
22 ~~emissions limit shall include short-lived climate pollutants, as~~  
23 ~~defined in Section 39730.~~

24 ~~(c) In furtherance of subdivision (b), the state board shall~~  
25 ~~consider historic efforts to reduce greenhouse gas emissions and~~  
26 ~~objectively seek and account for cost-effective actions to reduce~~  
27 ~~greenhouse gas emissions across all sectors.~~

28 ~~(d) On or before January 1, 2018, and each year thereafter, the~~  
29 ~~state board shall prepare and submit to the Joint Legislative Budget~~  
30 ~~Committee and appropriate policy committees a report detailing~~  
31 ~~the amounts, sources, and locations of greenhouse gas emissions~~  
32 ~~reductions achieved toward the statewide emissions limits adopted~~  
33 ~~pursuant to this section.~~

34 ~~SEC. 4. Section 38551 of the Health and Safety Code is~~  
35 ~~amended to read:~~

36 ~~38551. (a) Each of the statewide greenhouse gas emissions~~  
37 ~~limits shall remain in effect unless otherwise amended or repealed.~~

38 ~~(b) It is the intent of the Legislature that the statewide~~  
39 ~~greenhouse gas emissions limits established pursuant to Section~~

1 38550 continue in existence and be used to maintain and continue  
2 reductions in emissions of greenhouse gases.

3 (e) ~~The state board shall make recommendations to the Governor~~  
4 ~~and the Legislature on how to continue reductions of greenhouse~~  
5 ~~gas emissions beyond 2030.~~

6 ~~SEC. 5. Section 38561 of the Health and Safety Code is~~  
7 ~~amended to read:~~

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

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

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

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

37 (d) ~~The state board shall evaluate the total potential costs and~~  
38 ~~total potential economic and noneconomic benefits of the plan for~~  
39 ~~reducing greenhouse gases to California's economy, environment,~~

1 and public health, using the best available economic models,  
2 emission estimation techniques, and other scientific methods.

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

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

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

19 (h) The state board shall update its plan for achieving the  
20 maximum technologically feasible and cost-effective reductions  
21 of greenhouse gas emissions at least once every five years.

22 SEC. 6. The provisions of this act are severable. If any  
23 provision of this act or its application is held invalid, that invalidity  
24 shall not affect other provisions or applications that can be given  
25 effect without the invalid provision or application.

26 SEC. 7. This act shall become operative only if Assembly Bill  
27 197 of the 2015-16 Regular Session is enacted and becomes  
28 effective on or before January 1, 2017.