

AMENDED IN ASSEMBLY AUGUST 29, 2000

AMENDED IN SENATE MAY 30, 2000

AMENDED IN SENATE MAY 2, 2000

SENATE BILL

No. 1771

Introduced by Senator Sher

February 23, 2000

~~An act to add Article 8 (commencing with Section 41990) to Chapter 3 of An act to add Chapter 6 (commencing with Section 42800) to Part 4 of Division 26 of the Health and Safety Code, and to add Chapter 8.5 (commencing with Section 25730) to Division 15 of the Public Resources Code, relating to air pollution.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1771, as amended, Sher. Greenhouse gas emission reductions: climate change.

(1) Existing law imposes various emission limitations for the control of vehicular and nonvehicular air pollution. The State Air Resources Board is designated by state law as the air pollution control agency for all purposes set forth in federal law.

~~This bill would require the Resources Agency and the California Environmental Protection Agency to jointly establish and administer a registry whereby California entities~~ *may require the Secretary of the Resources Agency to establish the California Climate Action Registry as a public benefit nonprofit corporation, that would record and register voluntary greenhouse gas emission reductions made by*

California entities after 1990. The bill would require the registry to perform various functions, including adopting standards for verifying emissions reductions, adopting a list of approved auditors that would verify emissions reductions, referring entities to approved firms to verify emissions reductions, establishing emissions reduction goals, designing and implementing efficiency improvement plans, maintaining a record of all emissions baselines and reductions, and recognizing, publicizing, and promoting entities that participate in the registry.

The bill would also establish responsibilities for the State Energy Resources Conservation and Development Commission to develop a process to identify and qualify third-party organizations approved to provide technical assistance and advice in monitoring greenhouse gas emissions, setting industry-specific emissions reduction targets, and developing and implementing efficiency improvement programs.

(2) Existing law ~~establishes the State Energy Resources Conservation and Development Commission,~~ and requires the commission, among other things, to analyze the environmental consequences of trends in the consumption of energy. Existing law also requires the commission to have conducted a study on or before June 1, 1990, regarding the manner in which global warming trends may affect California's energy supply and demand, economy, environment, agriculture, and water supplies.

This bill would require the commission, in consultation with the state board, the Department of Forestry and Fire Protection, the Department of Transportation, the State Water Resources Control Board, the California Integrated Waste Management Board, any other state agencies with jurisdiction over matters affecting climate change, to update, by January 1, 2002, the inventory of greenhouse gas emissions from all sources located in the state, as identified in a specified report, and to acquire and develop data and information on global climate change and provide state, regional, and local agencies, utilities, business, industry, and other energy and economic sectors with information on the costs, technical feasibility, and demonstrated effectiveness of methods for



reducing or mitigating the production of greenhouse gases from in-state sources.

The bill would require the commission to update its inventory every 5 years, and report on the updated inventory to the Governor and the Legislature.

The bill would require the commission to conduct at least one public workshop prior to finalizing each updated inventory. The bill would require the commission to post its report and inventory on the commission’s web page on the Internet. The bill would also require the commission to convene an interagency task force consisting of state agencies with jurisdiction over matters affecting climate change to ensure policy coordination for those activities, and to establish a climate change advisory committee, as provided, to make recommendations to the commission on the most equitable and efficient ways to implement international and national climate change requirements, as provided.

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. Article 8 (commencing with Section~~
2 ~~41990) is added to Chapter 3 of Part 4 of Division 26 of the~~
3 ~~Health and Safety Code, to read:~~

4
5 ~~Article 8. Greenhouse Gas Reduction Registry~~

6
7 ~~41990. The Legislature finds and declares all of the~~
8 ~~following:~~

9 ~~(a) It is in the best interest of the State of California,~~
10 ~~the United States of America, and the earth as a whole, to~~
11 ~~encourage voluntary actions to achieve all economically~~
12 ~~beneficial reductions of greenhouse gas emissions from~~
13 ~~California sources.~~

14 ~~(b) Mandatory greenhouse gas emission reduction~~
15 ~~requirements may be imposed on California sources at~~
16 ~~some future point, and in view of this, the state has a~~
17 ~~responsibility to use its best efforts to ensure that~~
18 ~~organizations that voluntarily reduce their greenhouse~~



1 ~~gas emissions receive appropriate consideration for~~
2 ~~emission reductions made prior to the implementation of~~
3 ~~any mandatory program.~~

4 ~~(e) The state's past initiatives in taking early and~~
5 ~~responsible action to reduce air pollution have~~
6 ~~demonstrated political, economical, and technological~~
7 ~~leadership, that has served the state well.~~

8 ~~(d) The state's tradition of environmental leadership~~
9 ~~should be recognized through the establishment of a~~
10 ~~registry to provide state documentation of early~~
11 ~~greenhouse gas emission reductions voluntarily achieved~~
12 ~~by California sources.~~

13 ~~41991. The Resources Agency and the California~~
14 ~~Environmental Protection Agency shall jointly establish~~
15 ~~and administer a registry whereby California entities may~~
16 ~~record and register voluntary greenhouse gas emission~~
17 ~~reductions made after 1990. The purpose of this registry~~
18 ~~shall be to help California entities establish a baseline~~
19 ~~against which any future federal greenhouse gas emission~~
20 ~~reduction requirements may apply.~~

21 ~~41992. In establishing the registry, the Resources~~
22 ~~Agency and the California Environmental Protection~~
23 ~~Agency shall do all of the following:~~

24 ~~(a) Distribute information and establish forms and~~
25 ~~procedures for an entity to register voluntarily achieved~~
26 ~~reductions of greenhouse gas emissions.~~

27 ~~(b) Establish applicable thresholds for registering~~
28 ~~greenhouse gas emission reductions.~~

29 ~~(c) Develop methods and procedures for calculating,~~
30 ~~estimating, or otherwise quantifying voluntary~~
31 ~~reductions of greenhouse gas emissions.~~

32 ~~(d) Develop methods and procedures for verifying~~
33 ~~that greenhouse gas emission reductions have actually~~
34 ~~been achieved.~~

35 ~~(e) Develop methods and procedures for determining~~
36 ~~or verifying the ownership of greenhouse gas emission~~
37 ~~reductions in order to avoid double-counting reductions.~~

38 ~~(f) Provide general supervision and administration of~~
39 ~~the registry.~~



1 SECTION 1. Chapter 6 (commencing with Section
2 42800) is added to Part 4 of Division 26 of the Health and
3 Safety Code, to read:

4
5 CHAPTER 6. CALIFORNIA CLIMATE ACTION REGISTRY

6
7 Article 1. Findings and Declarations

8
9 42800. This chapter shall be known, and may be cited,
10 as the California Climate Action Registry.

11 42801. The Legislature finds and declares all of the
12 following:

13 (a) It is in the best interest of the State of California,
14 the United States of America, and the earth as a whole, to
15 encourage voluntary actions to achieve all economically
16 beneficial reductions of greenhouse gas emissions from
17 California sources.

18 (b) Mandatory greenhouse gas emissions reductions
19 may be imposed on California sources at some future
20 point, and in view of this, the state has a responsibility to
21 use its best efforts to ensure that organizations that
22 voluntarily reduce their emissions receive appropriate
23 consideration for emissions reductions made prior to the
24 implementation of any mandatory programs.

25 (c) Past initiatives in the state that took early and
26 responsible action to reduce air pollution and ozone smog
27 have demonstrated political, economic, and
28 technological leadership, and have proven to benefit the
29 state.

30 (d) The state's tradition of environmental leadership
31 should be recognized through the establishment of a
32 registry to provide documentation of those greenhouse
33 gas emissions reductions that are voluntarily achieved by
34 sources in the state.

35 (e) The state hereby commits to use its best efforts to
36 ensure that organizations that establish greenhouse gas
37 emissions baselines and register emissions results that are
38 verified in accordance with this chapter receive
39 appropriate consideration under any future
40 international, federal, or state regulatory scheme relating

1 to greenhouse gas emissions. The state cannot guarantee
2 that any regulatory regime relating to greenhouse gas
3 emissions will recognize the baselines or reductions
4 recorded in the registry.

5

6

Article 2. Purposes

7

8 42810. The purposes of the California Climate Action
9 Registry shall be to do all of the following:

10 (a) Help various entities in the state to establish
11 emissions baselines against which any future federal
12 greenhouse gas emission reduction requirements may be
13 applied.

14 (b) Encourage voluntary actions to increase energy
15 efficiency and reduce greenhouse gas emissions.

16 (c) Enable participating entities to record voluntary
17 greenhouse gas emissions reductions made after 1990 in
18 a consistent format that is supported by third-party
19 verification.

20 (d) Ensure that sources in the state receive
21 appropriate consideration for verified emissions
22 reductions under any future federal regulatory regime
23 relating to greenhouse gas emissions.

24 (e) Recognize, publicize, and promote registrants
25 making voluntary reductions.

26 (f) Recruit broad participation in the process from all
27 economic sectors and regions of the state.

28

29

Article 3. Climate Action Registry

30

31 42820. The Secretary of the Resources Agency shall
32 establish a nonprofit public benefit corporation, to be
33 known as the California Climate Action Registry.

34 42821. (a) The registry shall be governed by a
35 seven-member board of directors, to be composed of all
36 of the following members:

37 (1) The Secretary of the Resources Agency, or his or
38 her designee.

39 (2) The Secretary for Environmental Protection, or
40 his or her designee.



1 (3) Five public members representing business, local
2 government, and public interest environmental
3 organizations, to be appointed by the Governor for
4 two-year terms, staggered so that, initially, three public
5 members serve one-year terms and two members serve
6 two-year terms.

7 (b) The board of directors of the registry is responsible
8 for ensuring that the registry fulfills the purposes
9 established by this chapter and meets the financial,
10 reporting, and operating requirements of its articles of
11 incorporation. The board of directors shall appoint and
12 supervise an executive director, who shall hire and direct
13 staff.

14 42822. (a) The procedures for monitoring, reporting,
15 and verifying greenhouse gas emissions established by
16 this chapter shall be the only protocols recognized by the
17 state for the purpose of defining and reporting
18 greenhouse gas emissions.

19 (b) The registry shall adopt a schedule of fees and,
20 after an initial startup period, charge participants for
21 registry services to cover the costs of its operations.

22 42823. The registry shall perform all of the following
23 functions:

24 (a) Provide referrals to approved providers for advice
25 on all of the following:

26 (1) Designing programs to establish emissions
27 baselines and to monitor and track greenhouse gas
28 emissions.

29 (2) Establishing emissions reduction goals based on
30 international best practices for specific industries and
31 economic sectors.

32 (3) Designing and implementing
33 organization-specific plans that improve energy
34 efficiency or utilize renewable energy, or both, and that
35 are capable of achieving emission reduction targets.

36 (b) In coordination with the State Energy Resources
37 Conservation and Development Commission, the
38 registry shall adopt and periodically update a list of
39 organizations recognized by the state as qualified to
40 provide the detailed technical advice in subdivision (a)



1 *and assist participants in identifying and selecting*
2 *providers that have expertise applicable to each*
3 *participant's circumstances.*

4 *(c) Adopt standards for verifying emissions and*
5 *reductions.*

6 *(d) Qualify independent firms that have*
7 *demonstrated the capability of verifying and auditing*
8 *emissions and reduction quantities and performance, and*
9 *that are capable of providing opinions regarding the*
10 *accuracy of reported results.*

11 *(e) Refer participants to qualified independent*
12 *auditing firms.*

13 *(f) Adopt a uniform format for reporting emissions*
14 *baselines and reductions to facilitate their recognition in*
15 *any future regulatory regime.*

16 *(g) Maintain a record of all emissions baselines and*
17 *reductions verified by qualified independent auditors.*
18 *The public shall have access to this record, except for any*
19 *portions of a participant's emissions results that a*
20 *participant may deem confidential.*

21 *(h) Encourage organizations from various sectors of*
22 *the state's economy, and those from various geographic*
23 *regions of the state, to monitor emissions, establish*
24 *baselines and reduction targets, and implement*
25 *efficiency improvement and renewable energy programs*
26 *to achieve those targets.*

27 *(i) Recognize, publicize, and promote participants*
28 *that do any of the following:*

29 *(1) Commit to monitor their emissions and set*
30 *reduction targets.*

31 *(2) Establish emissions baselines.*

32 *(3) Report the quantity of their annual emissions*
33 *progress.*

34 *42824. Participation in the registry is voluntary. Any*
35 *entity conducting business in the state may register its*
36 *emissions results, including emissions generated outside*
37 *of the state, on an entitywide basis with the registry, and*
38 *may utilize the services of the registry.*
39



1 Article 4. *Procedures for Reporting, Monitoring, and*
2 *Verifying Emissions*

3
4 42840. (a) *Participants shall utilize the following*
5 *reporting procedures:*

6 (1) *To establish an emissions baseline, participants*
7 *shall report their actual emissions for the most recent year*
8 *for which they have complete energy use and fuel*
9 *consumption data as specified in this chapter.*
10 *Participants that have complete energy use or fuel*
11 *consumption data for earlier years that can be verified by*
12 *independent auditors may establish their baseline as any*
13 *year beginning after January 1, 1990. After establishing a*
14 *baseline, participants shall report their verified emissions*
15 *results in each subsequent year in order to record changes*
16 *in emissions levels with respect to their baseline year.*
17 *Participants may report annual emission results without*
18 *establishing an emissions baseline.*

19 (2) (A) *Participants shall report emissions baselines*
20 *and annual emissions results expressed by a fraction in*
21 *terms of emissions efficiency rates, as follows:*

22 (i) *Private corporations and cooperatives other than*
23 *electric generators shall report carbon dioxide emissions*
24 *per dollar of revenue.*

25 (ii) *Electric generators shall report emissions of*
26 *carbon dioxide per kilowatthour.*

27 (iii) *Nonprofit organizations and governmental*
28 *agencies shall report carbon dioxide emissions per dollar*
29 *of budgetary expenditure plus amortized capital*
30 *expenditures.*

31 (iv) *Participants shall report both the numerator and*
32 *the denominator of the fraction that determines their*
33 *emission efficiency rate.*

34 (B) *The numerator utilized by each participant under*
35 *subparagraph (A) shall include all actual emissions of*
36 *greenhouse gases, expressed in terms of carbon dioxide*
37 *equivalence. Participants shall report revenue and*
38 *budgetary expenditures in year 2000 constant dollars.*

39 (C) *To complement or replace the general metrics*
40 *described in subparagraph (A), the registry shall adopt*

1 industry-specific reporting metrics, linked to or based
2 upon internationally accepted standards, as these
3 become available, if both the State Energy Resources
4 Conservation and Development Commission and the
5 State Air Resources Board recommend their adoption,
6 unless the board of directors of the registry determines
7 that using industry-specific metrics would not further the
8 purposes of this chapter.

9 (D) To help ensure that reported emissions do not
10 diverge from actual emissions results, emissions reporting
11 from corporations in industries deemed by the board of
12 directors of the registry to be facing rapid changes in
13 prices for their goods or services may be adjusted
14 pursuant to a process to be recommended by the State
15 Energy Resources Conservation and Development
16 Commission.

17 (E) The registry may adopt guidelines encouraging
18 participants to report emissions in relation to the annual
19 average business-as-usual rate of improvement in the
20 energy efficiency of the state economy, as determined
21 periodically by the State Energy Resources Conservation
22 and Development Commission.

23 (b) Participants shall report direct emissions and
24 indirect emissions. Direct emissions include, but are not
25 limited to, those emissions directly influenced by the
26 participant's operations, including onsite combustion,
27 fugitive noncombustion emissions, and vehicles owned
28 and operated by the participant. Indirect emissions
29 include, but are not limited to, those emissions embodied
30 in electricity consumption and those resulting from
31 offsite steam generation and district heating and cooling.
32 After two years of operation, the registry shall consider
33 phasing in guidelines for the measurement and reporting
34 of indirect emissions associated with a participant's
35 transportation-based activities, including, but not limited
36 to, shipping of products and materials, employee
37 commuting, and purchased air travel, pursuant to
38 definitions and measurement procedures to be
39 determined by the State Energy Resources Conservation
40 and Development Commission not later than July 1, 2003.



1 (c) (1) All participants shall report direct and indirect
2 emissions of carbon dioxide (CO₂).

3 (2) The registry shall also encourage participants to
4 monitor and report emissions of the following gases:

5 (A) Hydrofluorocarbons (HFCs).

6 (B) Methane (CH₄).

7 (C) Oxides of nitrogen (N₂O).

8 (D) Perfluorocarbons (PFCs).

9 (E) Sulfur hexafluoride (SF₆).

10 (3) The report of information specified in paragraph
11 (2) is optional for three years after a participant joins the
12 registry. After participating in the registry for a total of
13 three years, participants shall report emissions and
14 reductions required by both paragraphs (1) and (2).

15 (4) Emissions and reductions of all gases under this
16 subdivision shall be reported by multiplying actual
17 measured emissions times their global warming potential
18 for the 100-year timeframe, expressed as an equivalent of
19 pounds of CO₂, as established by the Intergovernmental
20 Panel on Climate Change.

21 (d) The basic unit of participation in the registry shall
22 be an entity in its entirety. For the purposes of this
23 chapter, “entity” means any corporation filing a separate
24 tax return, any city or county, and each state government
25 agency. The registry shall not record emissions baselines
26 and reductions for individual facilities or projects, except
27 to the extent they are included in an entity’s emissions
28 reporting.

29 (1) Corporations may report emissions baselines and
30 annual emissions results from subsidiaries if the parent
31 corporation submits, in writing to the registry, a
32 commitment to report corporatewide emissions within
33 three years of first registering its subsidiary’s emissions
34 results. Corporations that do not report corporatewide
35 emissions within this three-year period shall have the
36 emissions baselines and the results of its previously
37 registered subsidiary removed from the registry list.

38 (2) Participants shall report emissions from all sources
39 in the state when they initially register, and shall report
40 emissions from all operations based in the United States,



1 including any facility, division, or other entity in which
2 the participant owns more than 50 percent interest
3 within three years of joining the registry. In addition, the
4 registry shall encourage corporations with operations
5 outside of the United States to register their total
6 worldwide emissions baselines and annual emissions
7 results.

8 (3) To ensure that reported emissions reflect actual
9 emissions reductions, participants that outsource
10 production or services shall report emissions associated
11 with the outsourced activity, and remove these emissions
12 from their emissions baseline. The subcontracted entity,
13 if it voluntarily chooses to participate in the registry shall
14 report emissions associated with the outsourced activities
15 it has taken over. Participants shall attest at least once
16 each year that the entity has not outsourced any
17 emissions, or that if it has, that all emissions associated
18 with the outsourced activity have been reported and
19 subtracted from the entity's baseline emissions.

20 (4) To prevent changes in vertical integration within
21 corporations from leading to apparent emissions
22 reductions when in fact no reductions have occurred, the
23 registry shall treat mergers, acquisitions, and divestitures
24 as follows:

25 (A) The emissions baselines of any merged or acquired
26 entity shall be added together, and the registry shall treat
27 the resulting entity as if it had been one corporation from
28 the beginning.

29 (B) In divestitures, the emissions baselines of the
30 affected corporations shall be split, with the effect that
31 the registry shall treat them as if they had been separate
32 corporations from the beginning. If the divested
33 corporation is purchased by another firm, the registry
34 shall treat that purchase as a merger with the purchasing
35 corporation. If the divested corporation remains a
36 separate entity after the divestiture, its registry baseline
37 shall reflect the emissions associated with the entity's
38 operations before the divestiture. Corporations that
39 divest operations may allocate verified emissions
40 reductions achieved prior to the divestiture among the



1 *divesting and the divested entities, and the registry shall*
2 *adjust their baselines accordingly.*

3 *(C) Any such adjustments for changes in vertical*
4 *integration shall be verified in the annual emissions audits*
5 *required for recordation of emissions results.*

6 *42841. (a) To support the measurement and*
7 *reporting of emissions in a consistent format, the registry*
8 *shall adopt standardized forms and emissions tracking*
9 *software that all participants shall use to calculate and*
10 *report emissions. The registry may choose to accept the*
11 *forms presently required by other voluntary emissions*
12 *reporting programs if it finds the forms adequate to meet*
13 *the criteria of this chapter. Use of any other forms shall*
14 *not alter any requirements imposed by this chapter.*

15 *(b) The procedures established for all of the following*
16 *shall conform to the requirements of Article 6*
17 *(commencing with Section 42870):*

18 *(1) Establishing electricity and fuel usage and for*
19 *calculating associated emissions.*

20 *(2) Mass-balance calculations of emissions from, or*
21 *stack testing or continuous emissions monitoring of,*
22 *greenhouse gases from onsite fuel combustion.*

23 *(3) Measuring and verifying noncombustion emissions*
24 *of the gases listed in paragraphs (1) and (2) of subdivision*
25 *(c) of Section 42840.*

26 *(4) Collecting and maintaining data and records of*
27 *energy, fuel, and chemical consumption sufficient to*
28 *allow contemporaneous and ex post verification of direct*
29 *and indirect emissions.*

30 *42842. (a) Participants in the registry shall hire, at*
31 *their own expense, a third-party organization qualified*
32 *pursuant to subdivision (b) to independently verify and*
33 *attest to the accuracy of the emissions results reported to*
34 *the registry each year.*

35 *(b) The registry shall adopt an approved list of*
36 *organizations recognized as competent to measure, test,*
37 *and verify emissions results and able to provide an*
38 *independent opinion as to the completeness and*
39 *accuracy thereof. The process for evaluating and*
40 *approving these organizations shall be developed in*



1 coordination with the State Energy Resources
2 Conservation and Development Commission. The
3 registry may reopen the qualification process periodically
4 in order for new organizations to be added to the
5 approved list.

6 (c) The registry shall refer participants to the
7 organization on the approved list described in subdivision
8 (b).

9 (d) Organizations approved pursuant to subdivision
10 (b) shall review participants' energy usage records and
11 emissions calculations and, where necessary to establish
12 or confirm emissions rates or quantities, perform direct
13 measurement, monitoring, and testing of emissions after
14 noting adjustments or otherwise accounting for any
15 changes in the corporate organization of the entity or use
16 of outsourcing, and shall summarize its review in a report
17 to the board of directors, or equivalent governing body,
18 of the participating entity, attesting to the accuracy of the
19 reported emissions results and noting any exceptions,
20 omissions, limitations, or other qualifications to their
21 representation of accuracy.

22 (e) The State Energy Resources Conservation and
23 Development Commission shall perform an occasional
24 review and evaluation of participants' emissions
25 monitoring and documentation, by accompanying
26 third-party auditors on field visits to participants' sites on
27 a randomly chosen basis, and shall report any findings in
28 writing to the registry. The registry shall include these
29 findings in the annual report to the Governor and the
30 Legislature required by Article 5 (commencing with
31 Section 42860).

32 42843. Not later than July 1, 2003, and periodically
33 thereafter, the registry shall evaluate and review the
34 emission reporting metrics described in subdivision (b)
35 of Section 42870, in light of knowledge gained from the
36 actual practice of measuring, monitoring, documenting,
37 and verifying emissions, and, in consultation with the
38 State Energy Resources Conservation and Development
39 Commission, may modify or revise those reporting



1 *metrics as appropriate to further the purposes of this*
2 *chapter.*

3
4 *Article 5. Annual Report*
5

6 *42860. Not later than July 1, 2003, and biennially*
7 *thereafter, the registry shall report to the Governor and*
8 *the Legislature on the number of organizations*
9 *participating in the registry, the percentage of the state's*
10 *emissions represented by the participants in the registry,*
11 *and the reductions in greenhouse gas emissions achieved*
12 *by those participants.*

13
14 *Article 6. Responsibilities of the State Energy*
15 *Resources Conservation and Development Commission*
16

17 *42870. The State Energy Resources Conservation and*
18 *Development Commission shall do all of the following:*

19 *(a) Develop a proces to identify and qualify*
20 *third-party organizations approved to provide technical*
21 *assistance and advice in any or all of the areas of*
22 *monitoring greenhouse gas emissions, set*
23 *industry-specific emissions reduction targets, and*
24 *develop and implement efficiency improvement*
25 *programs appropriate to various industries and economic*
26 *sectors. The process shall do all of the following:*

27 *(1) Define the minimum technical and organizational*
28 *capabilities and other qualifications approved firms are*
29 *required to meet.*

30 *(2) Call for applications or otherwise encourage*
31 *interested organizations to submit their qualifications for*
32 *review.*

33 *(3) Evaluate applicant organizations according to this*
34 *list of qualification standards.*

35 *(4) Recommend, not later than July 1, 2001, specific*
36 *organizations to the registry as qualified to provide the*
37 *technical assistance functions of this chapter.*

38 *(5) Update the list of approved technical assistance*
39 *providers every third year by doing all of the following:*

- 1 (A) Reviewing the capabilities of already approved
2 providers.
- 3 (B) Reviewing applications of new providers.
- 4 (C) Recommending to the registry specific
5 organizations to be added to the approved list, and
6 specific organizations no longer qualified to provide the
7 technical assistance duties of this chapter.
- 8 (b) Develop or update certain emissions reporting
9 metrics by doing all of the following:
- 10 (1) Review, in coordination with the State Air
11 Resources Board, industry-specific greenhouse gas
12 reporting metrics linked to or based on internationally
13 accepted standards, as these become available
14 periodically and advise the registry of its opinion as to
15 whether the adoption of such sectoral or industry-specific
16 metrics to complement or replace the general metrics
17 established in Section 42840 would further the purposes
18 of this chapter.
- 19 (2) On or before July 1, 2001, develop an emissions
20 reporting metric for corporations in industries
21 experiencing rapid changes in real prices, to ensure that
22 reported emissions efficiency rates do not diverge from
23 actual changes in emissions efficiency, and recommend
24 this metric to the registry for adoption.
- 25 (3) On or before July 1, 2003, determine the annual
26 average business-as-usual rate of improvement in the
27 energy efficiency of the state economy over the last 10
28 years and recommend to the registry whether
29 participants in the registry should explicitly report
30 emissions in relation to this ongoing rate of efficiency
31 improvement.
- 32 (4) By July 1, 2003, recommend to the registry for
33 possible adoption a procedure for defining and measuring
34 transportation-based emissions associated with registry
35 participants' activities, including, but not limited to,
36 shipping of products and materials, employee
37 commuting, and purchased air travel.
- 38 (c) Develop, not later than July 1, 2001, definitive
39 procedures to guide registry participants and third-party
40 verifiers in all of the following processes:



1 (1) Establishing entities' electricity usage and
2 calculating CO₂ emissions associated with such usage.

3 (2) Establishing entities' fuel usage and calculating
4 CO₂ emissions associated with such usage.

5 (3) Determining, for emissions from onsite fuel
6 combustion, the circumstances in which mass-balance
7 calculations may be used to estimate emissions, the
8 circumstances in which stack testing or continuous
9 emissions monitoring of greenhouse gases shall be
10 considered necessary, and the procedures for conducting
11 stack testing or monitoring when they are considered
12 necessary.

13 (4) Measuring and verifying the noncombustion
14 emissions of the six greenhouse gases with which the
15 registry is concerned.

16 (5) Collecting and maintaining data and records of
17 energy, fuel, and chemical consumption sufficient to
18 allow both contemporaneous and ex post verifications of
19 direct and indirect emissions on an entity-wide basis.

20 (d) Develop, not later than January 1, 2002, a process
21 for qualifying verification and auditing organizations
22 recognized by the State of California as competent to
23 measure, test, and verify the emissions results of the types
24 of entities that may choose to participate in this registry,
25 by doing all of the following:

26 (1) Developing a list of the minimum technical and
27 organizational capabilities and other qualification
28 standards such verification and auditing organizations
29 shall meet. Those qualifications shall include the ability to
30 sign an opinion letter, for which they may be held
31 financially at risk, and attesting that the emissions results
32 they have corroborated or reviewed are complete and
33 accurate as reported.

34 (2) Publicizing an applications process or otherwise
35 encouraging interested organizations to submit their
36 qualifications for review.

37 (3) Evaluating applicant organizations according to
38 the list of qualifications described in paragraph (1).



1 (4) *Recommending specific third-party organizations*
2 *to the registry as qualified to verify participants’ actual*
3 *emissions results in accordance with this chapter.*

4 (5) *Every third year, updating the list of approved*
5 *verification organizations by doing all of the following:*

6 (A) *Reviewing the capabilities of approved*
7 *organizations.*

8 (B) *Reviewing applications of organizations seeking*
9 *to become approved.*

10 (C) *Recommending to the registry specific*
11 *organizations to be added to the approved list, and*
12 *specific organizations no longer qualified to perform the*
13 *duties of this chapter.*

14 (e) *Occasionally, and on a random basis, accompany*
15 *third-party auditors on field visits to participants’ sites, to*
16 *observe and evaluate the adequacy of any stack testing or*
17 *other direct monitoring procedures, perform their own*
18 *review of the documentation underlying participants’*
19 *basis for reporting emissions, and report in writing to the*
20 *registry on these findings, all to further ensure that*
21 *reported emissions results accurately reflect actual*
22 *emissions; that registry participants collect and retain*
23 *adequate data on their energy and fuel use; and that*
24 *qualified independent verification and auditing firms*
25 *monitor and verify actual emissions in accordance with*
26 *this chapter.*

27 SEC. 2. Chapter 8.5 (commencing with Section
28 25730) is added to Division 15 of the Public Resources
29 Code, to read:

30

31 CHAPTER 8.5. CLIMATE CHANGE INVENTORY AND
32 INFORMATION

33

34 25730. The commission, in consultation with the State
35 Air Resources Board, the Department of Forestry and
36 Fire Protection, the Department of Transportation, the
37 State Water Resources Control Board, the California
38 Integrated Waste Management Board, and other state
39 agencies with jurisdiction over matters affecting climate
40 change, shall do all of the following:



1 (a) On or before January 1, 2002, update the inventory
2 of greenhouse gas emissions from all sources located in
3 the state, as identified in the commission's 1998 report
4 entitled, "Appendix A: Historical and Forecasted
5 Greenhouse Gas Emissions Inventories for California."
6 Information on natural sources of greenhouse gas
7 emissions shall be included to the extent that information
8 is available. The inventory shall include information that
9 compares emissions from similar inventories prepared for
10 the United States and other states or countries, and shall
11 include information on relevant current and previous
12 energy and air quality policies, activities, and greenhouse
13 gas emissions reductions and trends since 1990, to the
14 extent that information is available.

15 (b) Acquire and develop data and information on
16 global climate change, and provide state, regional, and
17 local agencies, utilities, business, industry, and other
18 energy and economic sectors with information on the
19 costs, technical feasibility, and demonstrated
20 effectiveness of methods for reducing or mitigating the
21 production of greenhouse gases from in-state sources,
22 including net reductions through the management of
23 natural forest reservoirs. The commission, in consultation
24 with the State Air Resources Board, shall provide a variety
25 of forums for the exchange of that information among
26 interested parties, and shall provide other state agencies
27 with information on cost-effective and technologically
28 feasible methods that can be used to reduce or mitigate
29 the emissions of greenhouse gases.

30 (c) Update its inventory every five years using current
31 scientific methods, and report on the updated inventory
32 to the Governor and the Legislature.

33 (d) Conduct at least one public workshop prior to
34 finalizing each updated inventory. The commission shall
35 post its report and inventory on the commission's web
36 page on the Internet.

37 (e) Convene an interagency task force consisting of
38 state agencies with jurisdiction over matters affecting
39 climate change to ensure policy coordination at the state
40 level for those activities.



1 (f) Establish a climate change advisory committee, to
2 the extent that the commission determines that it can do
3 so within existing resources. This advisory committee
4 shall make recommendations to the commission on the
5 most equitable and efficient ways to implement
6 international and national climate change requirements
7 based on cost, technical feasibility, and relevant
8 information on current energy and air quality policies
9 and activities and on greenhouse gas emissions reductions
10 and trends since 1990. The commission shall designate
11 one of its commissioners as chair, and shall include on the
12 advisory committee members who represent business,
13 including major industrial and energy sectors, utilities,
14 forestry, agriculture, local government, and
15 environmental groups. The meetings of the advisory
16 committee shall be open to the public, and shall provide
17 an opportunity for the public to be heard on matters
18 considered by the advisory committee.

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