

Update on California's proposed Cap and Trade program

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GCF 2011 Annual Meeting
September 20, 2011**



Presentation Overview

- Review of AB 32
- Update on cap-and-trade program, including offsets
- Update on latest regional activities related to the cap-and-trade program



AB 32: Global Warming Solutions Act of 2006

- Set a requirement to reduce greenhouse gas emissions to 1990 levels by 2020
- Balanced approach to address climate change
- Improve air quality and public health
- Provide a consistent policy approach to drive investment in clean technology
- Provide a model for future climate change efforts



AB 32 Partners

- Consult with Stakeholders
- Consult with formal and informal advisory committees
- Partner with Western Climate Initiative jurisdictions to establish regional greenhouse gas programs
- Engage with partners in international climate change efforts



AB 32 Status

- Adopted Mandatory GHG Reporting Regulation
- Adopted regulations and programs to reduce emissions from specific sources
- Final Board hearing on proposed cap and trade regulation, October 2010



Cap-and-Trade Update

- ARB Board considered in December 2010
- Final Board hearing on proposed cap and trade regulation, October 2010
- Proposed timeline:
 - January 2012: Begin cap-and-trade program
 - Spring 2012: Test infrastructure systems
Initiate market monitoring
Training for market participants
 - Summer 2012: First auction
 - Fall 2012: First allocation of allowances
Second auction
 - January 2013: Compliance obligation begins



Cap-and-Trade Update

Offsets

- Maximum offset demand for first compliance period is 26 MMT
- Board considered
 - US Forest, Urban Forest, Livestock Manure Digesters, Ozone Depleting Substances
- New protocols for potential 2012 Board consideration:
- Interested 3rd Party Registries
- Developing implementation documents for offset program and protocol development
- Developing offset tracking system



Cap-and-Trade Update

Sector-based Offset Credits

- No change in sections on sector-based offset crediting programs:

“Sector-based crediting program” is a GHG emissions-reduction crediting mechanism established by a country, region, or subnational jurisdiction in a developing country and covering a particular economic sector within that jurisdiction. A program’s performance is based on achievement toward an emissions-reduction target for the particular sector within the boundary of the jurisdiction.



Cap-and-Trade Update

Sector-based Offset Credits

Proposed Requirements for Sector-Based Crediting Programs

- Sector Plan
- Monitoring, Reporting, Verification, and Enforcement
- Offset Criteria
- Sectoral Level Performance
- Public Participation and Participatory Management Mechanism
- Nested Approach
- Sector-Specific Requirements

<http://www.arb.ca.gov/regact/2010/capandtrade10/capandtrade10.htm>



Cap-and-Trade Update

Western Climate Initiative

- British Columbia, Ontario, Quebec, and California developing compatible programs that enable linking
- Potential rulemakings for Board consideration in 2012 to enable linkage
- Partners currently working together to establish a Regional Administrative Organization to provide administrative support to each linked jurisdiction's cap and trade program.



International Forestry Activities

- Governors Climate and Forest Task Force
- MOU with Chiapas and Acre
 - Called for a REDD Offset Working Group



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Thank you

Questions?

