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The Scoop on California's Plan for Reducing Greenhouse Gases – Golden State to Require Cap-and-Trade, Wind-Solar-Geothermal, Green Buildings and Clean Cars

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The California Air Resources Board (CARB) has released its draft Scoping Plan “for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions from sources or categories of sources of greenhouse gases.” Required by California’s Global Warming Solutions Act (AB 32), this Scoping Plan is designed to chart the course that California will follow for reducing its emissions to 1990 levels by 2020.

The heart of the Scoping Plan is the discussion of recommended emission reduction measures, which are specific steps in virtually all sectors of the economy aimed at reducing greenhouse gas (GHG) emissions. The Scoping Plan contemplates three general types of measures: (1) a cap-and-trade market based program; (2) so-called “transformational” measures that fundamentally alter the existing regulatory framework, such as implementation of the Low Carbon Fuel Standard or reforming the land use and transportation planning processes to account for climate change; and (3) measures that address barriers that cannot be overcome via a market approach, such as a lack of information or coordination.

Noteworthy is the featured recommendation of a cap-and-trade program, particularly since the use of such a program is available, but not required, under AB 32. Whether, and to what extent, cap-and-trade would be employed by CARB had been the subject of heated political debate since the law was passed. The Scoping Plan suggests that the debate is over, and that cap-and-trade will play a central role in how California reduces emissions. In light of both U.S. Presidential Candidates’ stated interest in utilizing cap-and-trade as a national regulatory mechanism, CARB’s endorsement of cap-and-trade will also likely further position California as a model for a federal program.

Key emission reduction measures in the plan include:

- Development of a California cap-and-trade program that links with other Western state programs, through the regional pact known as the Western Climate Initiative, to create a regional market system;
- A requirement to increase the renewable portfolio for investor- and publicly-owned utilities to 33%, which would significantly increase reliance on energy sources such as wind, solar and geothermal;
- Expansion and strengthening of existing energy efficiency programs, including green building programs;
- Full implementation of the California Clean Car Law (the Pavley standards) to provide for more efficient cars and trucks and the implementation of the Low Carbon Fuel Standard to require cleaner fuel;
- Encouragement of local governments to consider GHG emissions in their land use and transportation decision-making process by making our communities more livable and walkable and creating shorter commutes.

Other measures identified include continuing to push the Million Solar Roofs initiative, construction of the high-speed rail line, improved water efficiency, and regulations to reduce emissions from California ports.

What happens next? Under AB 32, CARB must “conduct a series of public workshops to give interested parties an opportunity to comment on the plan.” Because CARB intends to move forward quickly and finalize the plan for adoption in November, workshops have already been scheduled around the State for July 8, 14, and 17th. Therefore, those that stand to benefit or to lose from the shape of CARB’s Scoping Plan and want to have input in the process will need to prepare their comments and critiques expeditiously.