



# Report on the Climate Change Scoping Plan Update

*February 21, 2017*



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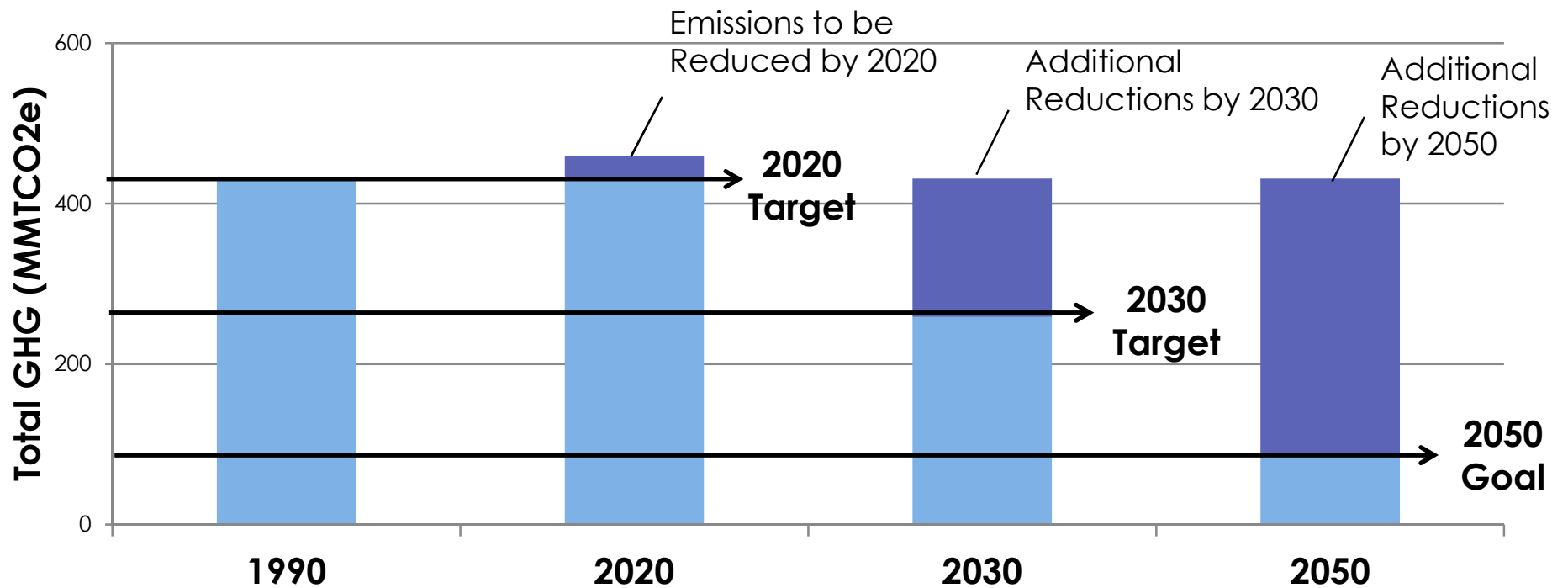
# Outline

- ▣ Proposed Plan Overview
  - ▣ Background
  - ▣ Proposed Strategy to 2030 GHG Target
  - ▣ Evaluations
  - ▣ Collaboration and Implementation
- ▣ Next Steps

# Background

- ▣ Most aggressive climate target in North America: 40% reduction in GHGs by 2030 compared to 1990 levels
  - ▣ Builds on California's success reducing GHGs
  - ▣ Aligns California with the rest of the world in climate change fight
- ▣ Proposed Plan draws on the successes and the lessons learned from the previous plans
- ▣ Proposes continuing major successful programs that have served as a model for other states and jurisdictions around the world
- ▣ Proposed Plan achieves GHG reduction target and continues to make our communities and economy more resilient and equitable at the same time

# GHG Reduction Targets



\*Executive Order B-30-15 and SB 32

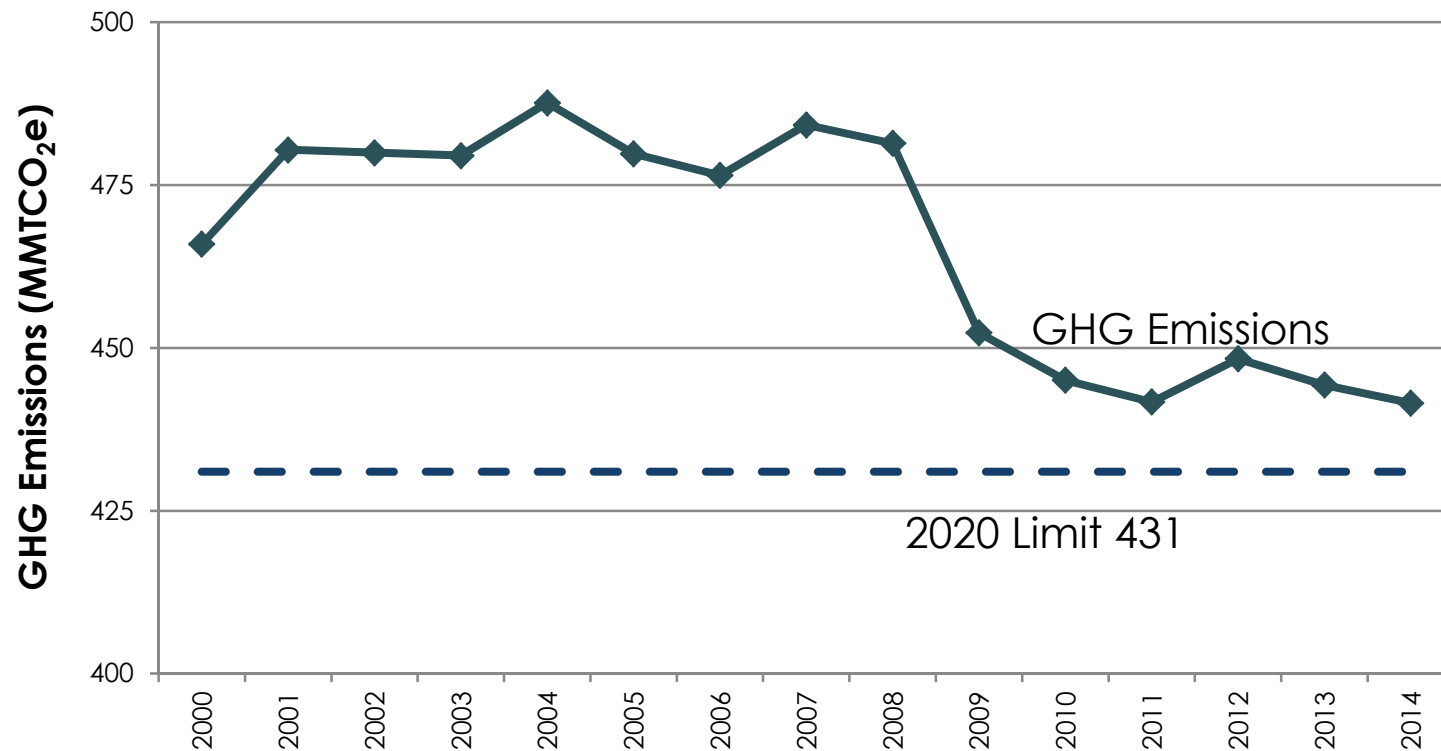
\*\*Executive Orders S-3-05 and B-16-2012

Note: MMT = Million Metric Tons

# Objectives for Scoping Plan

- ▣ Achieve 2030 target
- ▣ Provide direct GHG emissions reductions
- ▣ Provide air quality co-benefits
- ▣ Minimize emissions leakage
- ▣ Support climate investment in disadvantaged communities
- ▣ Protect public health
- ▣ Facilitate sub-national and national collaboration
- ▣ Support cost-effective and flexible compliance
- ▣ Support Clean Power Plan and other federal action

# Progress to Date Reducing GHGs

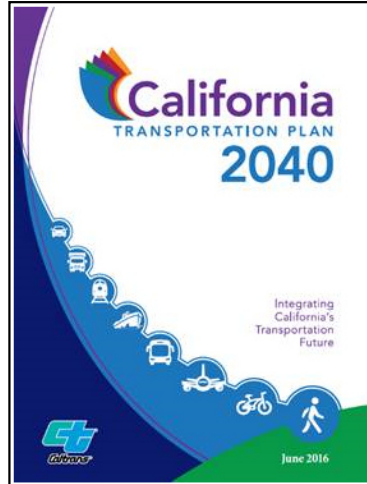
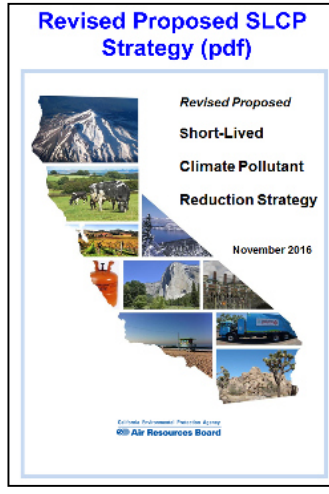


Current modeling shows GHG emissions will be below the 2020 target

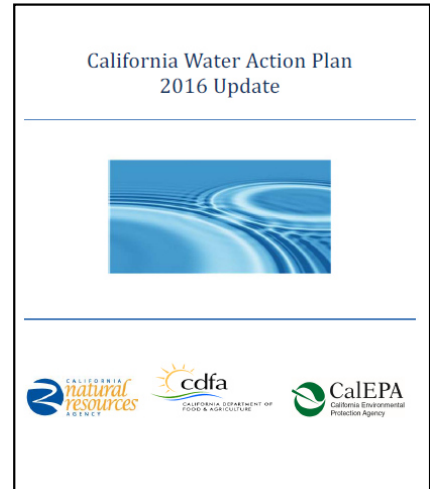
# Foundational Plans for 2030



**SB 375  
Sustainable  
Communities  
Strategies**



**2030 Target  
Scoping Plan**



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# 2030 Target Scoping Plan Development

- ▣ 15 public workshops since kick-off in Fall 2015
- ▣ Environmental Justice Advisory Committee (EJAC)
  - ▣ 12 Committee meetings and
  - ▣ 11 Community meetings throughout the State
- ▣ Coordination across State Agencies
- ▣ Economic Reviewers



# Proposed Scoping Plan Scenario

- ▣ \*SB 350 – increase renewable energy and energy efficiency
- ▣ \*SB 1383 – Short-Lived Climate Pollutant Reduction Plan
- ▣ \*SB 375 – support sustainable community development
- ▣ \*Mobile Source Strategy – help State achieve its federal and state air quality standards
- ▣ \*Low Carbon Fuel Standard
- ▣ \*Sustainable Freight Action Plan
- ▣ New Refinery Efficiency Measure – 20 percent by 2030
  - ▣ Fewer GHG emissions per barrel of a refined product
- ▣ Post-2020 Cap-and-Trade Program
  - ▣ Trading and offset usage limit of 8 percent

\*Existing commitments included in any Scoping Plan Update

# Alternatives Evaluated

- ▣ **No Cap-and-Trade** – rely on direct measures for all reductions
  - ▣ Higher estimated cost
  - ▣ Harder to address leakage concerns
  - ▣ Less certain to meet 2030 target because regulatory outcomes uncertain
  - ▣ No proceeds to fund GGRF
  - ▣ Difficult to link with other jurisdictions
- ▣ **Carbon Tax** – replace Cap-and-Trade with a carbon tax
  - ▣ Less certain to meet 2030 target because hard to set correct tax rate
  - ▣ Harder to address leakage concerns
  - ▣ Difficult to link with other jurisdictions
  - ▣ Requires additional statutory authority

# Alternatives Evaluated

- ▣ **All Cap and Trade** – rely on Cap-and-Trade for reductions, no refinery measure and hold LCFS at 10% (all else is already under way or required by statute)
  - ▣ Less certainty of emission reductions at refineries
- ▣ **Cap-and-Tax** – require each facility/entity to reduce emissions annually with no trading, emissions would be taxed
  - ▣ Higher estimated cost
  - ▣ Harder to address leakage concerns, unless cap is set at different levels for trade exposed industry
  - ▣ Some facilities may need to cut output to meet targets; jobs/economic impacts
  - ▣ Difficult to link with other jurisdictions

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# Summary of Economic Analysis

- ▣ Under the Proposed Plan, the California economy, employment and personal income will continue to grow
- ▣ The Proposed Plan is estimated to have an economic impact ranging from a cost of \$7.6 billion to a savings of \$3.8 billion in 2030 depending on future fuel prices

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# Intergovernmental Collaboration

- ▣ Federal
  - ▣ California polices have been foundation for national polices
  - ▣ U.S. EPA Clean Power Plan support State efforts
- ▣ State
  - ▣ Polices for State climate goals
  - ▣ Action, advocacy, and collaboration

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# Next Steps

- ▣ Workshops in Spring 2017
- ▣ EJAC and Community Meetings
- ▣ Spring 2017: Release Final Proposed Scoping Plan
- ▣ June 2017: Final Board consideration