An act to amend Sections 38505 and 38597 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL’S DIGEST


The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions levels in 1990 to be achieved by 2020. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. The act authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to the act, and requires the revenues collected pursuant to that fee to be deposited into the Air Pollution Control Fund and be available, upon appropriation by the Legislature, for purposes of carrying out the act.
This bill would require that revenues collected pursuant to compliance mechanisms, as defined, adopted by the state board also be deposited in the Air Pollution Control Fund. This bill would specify certain uses of the revenues collected pursuant to the fee discussed above and the compliance mechanisms.


The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The Legislature enacted the California Global Warming Solutions Act of 2006 (the act) in an effort to curb climate-changing greenhouse gases that pose a serious threat to the economic well-being, public health, natural resources, and environment of California.

(b) The act requires the State Air Resources Board, to the maximum extent feasible, to direct public and private investment toward the most disadvantaged communities in California and provide an opportunity for small businesses, schools, affordable housing associations, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.

(c) The act also directs the state board to create policies, programs, and regulations that maximize benefits for California’s economy, improve and modernize California’s energy infrastructure and maintain electric system reliability, maximize additional environmental and economic cobenefits for California, and complement the state’s efforts to improve air quality.

(d) The state board estimates that efforts to reduce greenhouse gas emissions and develop new green technology would boost economic production by twenty-seven billion dollars ($27,000,000,000) and create approximately 100,000 jobs in California. The state board also states that air pollution improvements under the act will provide broad public health benefits, including reductions in premature death, respiratory disease, asthma, and worker absenteeism attributed to health problems.
(e) In the process of implementing the act, policy bodies that are carrying out or advising on its implementation, including the state board, the State Energy Resources Conservation and Development Commission, the Public Utilities Commission, the Environmental Justice Advisory Committee, the Economic and Technology Advancement Advisory Committee, and the Market Advisory Committee all recommend some form of fees, auctions, or other revenue sources to carry out the provisions of the act.

(f) It is the Legislature’s role and responsibility to ensure that expenditures of public funds reflect the policy priorities and public interests of the people of California.

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

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

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

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

(c) “Auction” or “auctioning” means a publicly accessible and recorded sale or transaction conducted by means of oral or written exchanges, including exchanges made in person or through electronic media, to the highest bidder, of a limited quantity of allowances to covered entities in a capped system, in which those entities are prohibited from emitting pollution beyond the amount authorized by allowances to be surrendered. “Auction” or “auctioning” does not include any exchange not subject to the laws governing financial transactions within the jurisdiction of the state.

(d) “Carbon dioxide equivalent” means the amount of carbon dioxide by weight that would produce the same global warming impact as a given weight of another greenhouse gas, based on the best available science, including from the Intergovernmental Panel on Climate Change.
(e) “Compliance mechanism” means the use of a revenue-generating mechanism that may include, but is not limited to, auctioning.

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

(g) “Direct emission reduction” means a greenhouse gas emission reduction action made by a greenhouse gas emission source at that source.

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

(i) “Greenhouse gas” or “greenhouse gases” includes all of the following gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

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

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

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

(m) “Market-based compliance mechanism” means either of the following:
(1) A system of market-based declining annual aggregate emissions limitations for sources or categories of sources that emit greenhouse gases.

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

(n) “State board” means the State Air Resources Board.

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

(p) “Statewide greenhouse gas emissions limit” or “statewide emissions limit” means the maximum allowable level of statewide greenhouse gas emissions in 2020, as determined by the state board pursuant to Part 3 (commencing with Section 38550).

SEC. 2. Section 38597 of the Health and Safety Code is amended to read:

38597. The state board may adopt by regulation, after a public workshop, a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to this division, consistent with Section 57001. The revenues collected pursuant to this section, including any revenues generated pursuant to compliance mechanisms adopted by the state board, shall be deposited into the Air Pollution Control Fund and are available, upon appropriation by the Legislature, for purposes of carrying out this division, including, but not limited to, all of the following:

(a) The costs of administering this division.

(b) Renewable energy and energy efficiency programs that reduce greenhouse gas emissions, particularly those programs focusing on low-income consumers.
(c) Investments in technologies to reduce greenhouse gas emissions, including research, development, and demonstration and deployment, especially technologies that provide pollution reduction cobenefits.

(d) Green jobs development and training that will reduce greenhouse gas emissions.