



## CAP AND TRADE - ENACTED 2014 LEGISLATION OF INTEREST TO LOCAL GOVERNMENTS

The State's cap and trade regulations governed by the State Air Resources Board (ARB) are going to begin to apply to transportation fuels like gas and diesel in January 2015. Transportation fuels account for roughly 40 percent of California's greenhouse gas (GHG) emissions. Proposed AB 69 (Perea) was a major piece of legislation at the end of the 2014 session that would have delayed cap-and-trade on fuels until January 2018. Several oil and gas companies supported this legislation.

### THE GLOBAL WARMING SOLUTIONS ACT OF 2006 (CAP AND TRADE)

Cap and Trade (commonly referred to as AB 32) established the goal of reducing GHG emissions state-wide to 1990 levels by 2020. The legislation charged the ARB with monitoring and regulating the state's sources of GHGs and directed it to develop a Climate Change Scoping Plan ([www.arb.ca.gov](http://www.arb.ca.gov)) encompassing a set of measures that would achieve the state's 2020 GHG target. The "cap" is a mandatory market-based mechanism for companies to lower GHG emissions. Senator Steinberg in a letter to Assembly Member Perea (and signal that AB 69 will not move forward) reported that "the average Californian will pay 20 percent less in fuel bills by 2020 as a result of AB 32 thanks to increased diversity and competition among fuel suppliers."

### GASOLINE PRICE INCREASE / PERMITS

The Legislative Analyst Office (LAO) in an August 2014 letter to Assembly Member Perea ([www.lao.ca.gov](http://www.lao.ca.gov)) reported that there is widespread agreement that including transportation fuels in the cap-and-trade program will increase the retail price of gasoline. The magnitude of this price increase is uncertain. Under the most likely outcome, the price increase will be 13 cents to 20 cents per gallon by 2020. However, the price increase could exceed 50 cents per gallon by 2020. The actual magnitude of the price increase will depend on a wide variety of economic, technological, and regulatory factors that are very difficult to predict. While not outlined in the LAO letter, reports suggest that gasoline / oil companies under the second phase of AB 32 will have to buy more permits to stay within the "cap" and may ultimately pass increased costs through higher gas prices.

### ENACTED 2014 LEGISLATION

- **SB 1275 (de Leon/ 2014)** will set a goal of placing at least 1 million zero-emission vehicles and near-zero-emission vehicles on the road in California by January 1, 2023. SB 1275 also provides assistance to car-sharing programs in low-income neighbourhoods, and installing electric vehicle charging stations in apartment buildings in those communities.
- **AB 2013 (Muratsuchi/ 2014)** will raise the cap on the Green Sticker program, which allows electric vehicles in carpool lanes regardless of occupancy, from 55,000 to 70,000 cars.
- **SB 605 (Lara/ 2014)** will require the ARB to develop a strategy for reducing short-lived pollutants.
- **SB 1204 (Lara/ 2014)** will establish a program to fund technology for zero- and near-zero-emission trucks, buses and off-road vehicles.
- **AB 2188 (Muratsuchi/ 2014)** will require cities and counties to establish an expedited permitting process for small residential rooftop solar panels.
- **AB 2516 (Gordon/ 2014)** will create a state database of city, county and regional plans to deal with rises in sea level.