

Agenda Date: December 20, 2007
Agenda Placement: Regular
Estimated Time: 30 Minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Tom Murphy, Division Manager, 961-8857

SUBJECT: Assembly Bill 32 Status and Implementation

RECOMMENDATION:

1. Receive and file a report on the background and implementation of Assembly Bill 32, the California Global Warming Solutions Act of 2006.
2. Authorize the APCD Board Chair to sign the attached letter (Attachment 1) to the Chair of the California Air Resources Board.

DISCUSSION:

Assembly Bill 32 (AB32), the California Global Warming Solutions Act, was signed by Governor Schwarzenegger on September 27, 2006. This bill established a comprehensive program of regulatory and market mechanisms to achieve reductions of greenhouse gases (GHG). The legislation specifies that the program will be administered by the Air Resources Board (ARB) with continued statewide coordination with the existing Climate Action Team.

AB32 specifically requires ARB to:

- Establish a statewide GHG emissions cap for 2020, based on 1990 emissions by January 1, 2008.
- Adopt mandatory reporting rules for significant sources of greenhouse gases by January 1, 2008.
- Adopt a plan by January 1, 2009 indicating how emission reductions will be achieved from significant GHG sources via regulations, market mechanisms and other actions.
- Adopt regulations by January 1, 2011 to achieve the maximum technologically feasible and cost-effective reductions in GHGs, including provisions for using both market mechanisms and alternative compliance mechanisms.

- Convene an Environmental Justice Advisory Committee and an Economic and Technology Advancement Advisory Committee to advise ARB.
- Adopt a list of discrete, early action measures by July 1, 2007 that can be implemented before January 1, 2010 and adopt such measures.

To implement the requirements mandated under AB32, the ARB intends to add over 100 additional staff to their existing staffing levels.

One of the first major actions required under AB32 that has a direct impact on local air districts is the adoption of ARB's mandatory reporting rule. Over the last several months, representatives from the California Air Pollution Control Officers Association (CAPCOA) have had a number of meetings with ARB staff to discuss the role of local air districts in the mandatory reporting rule. CAPCOA believes that accomplishing the goals of AB32 is intimately linked to accurate, verifiable, transparent, and cost-effective GHG reporting and verification and has presented this viewpoint to ARB staff as well as providing written comments on the draft regulation. CAPCOA also developed a summary document (see Attachment 2) that summarizes the relationship between local air district programs and the implementation of AB 32. This document highlighted the efficiencies that could be realized by using existing expertise at the local district level to comply with the requirements under AB 32.

As the agencies that collect criteria and toxic pollutant emissions data and issue and enforce permits for stationary sources in California, local air districts are well positioned to be both a conduit for the annual reporting requirements under AB32 as well as the verifiers of the information to be submitted. Thus, CAPCOA envisions a partnership between the local air districts and ARB to implement an effective and efficient reporting process that would not only be consistent with the local agency mission but would also provide cost-effective and efficient reporting to local industries. Unfortunately, ARB staff has not given CAPCOA's comments and suggestions the consideration that they deserve.

The following list highlights why local air districts are vital toward implementing the mandatory GHG reporting/verification in the most efficient manner:

- Air district staff has extensive knowledge of the GHG sources subject to the AB 32 reporting requirements, which will provide the necessary level of data detail and integrity.
- As public agencies, data verification by the local air districts will be truly independent, as opposed to a verification process where the verifiers are hired by reporting facilities.
- The existing interaction between the local air districts and the facilities subject to the GHG reporting requirements will result in the collection of consistent and accurate data for the emissions of criteria and toxic pollutants and GHGs.
- Computer industry standard technologies and methodologies (e.g. web services, XML specifications, etc.) are readily available to ensure secure, seamless data exchange of facility information to both ARB and air districts simultaneously.
- The local air districts can assist in the implementation of voluntary credit and/or cap-and-trade emission reduction programs, producing reliable data for baseline purposes and applying enforceable conditions in facility permits to document GHG emission reductions.

- Many local air districts already have reporting and data management systems in place that can be adapted to the GHG emission reporting requirements; it will be easier and less costly to use these systems than to implement an entirely new system at ARB.
- Because of the likely future involvement of the local air districts in the implementation of the climate protection program, due to the regulatory and enforcement framework of AB 32, we believe that the foundation for this cooperation must be built now.

CAPCOA has provided ARB revisions to the draft regulation to show what changes would be needed to implement their suggestions. We believe that these proposed changes, aimed at utilizing the existing expertise and resources of local air districts, will provide for an efficient and cost-effective reporting process, proactive cooperation and interaction between affected parties, and enhanced coordination of the implementation of AB32. To our knowledge these suggestions have not been incorporated into the proposed regulation that is scheduled for consideration at ARB's December 6th and 7th Board hearing in El Monte.

Staff recommends that the Board authorize the Chair to sign the attached letter to the Chair of the California Air Resources Board. This letter provides suggestions to improve the cost-effectiveness and efficiency of implementing AB 32 by working collaboratively with the local air districts.

Attachments:

1. Letter to ARB Board Chair Mary Nichols.
2. CAPCOA Document: Relationship Between Air Districts' Programs and AB 32

Attachment 1

Board of Directors

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Clerk of the APCD Board:

Terence E. Dressler

December 20, 2007

Ms. Mary Nichols, Chair
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Dear Ms. Nichols:

The Santa Barbara County Air Pollution Control District Board of Directors is writing to express our concerns about ARB's proposed approach to implementation of the California Global Warming Solutions Act of 2006 (AB32). We understand that achieving reductions of greenhouse gas (GHG) emissions that contribute to climate change is an important challenge that requires dedication and focus. We have some suggestions to improve the cost-effectiveness and increase the efficiency of the implementation of that AB32. We need to work together to make the best use of all our public resources.

We understand that ARB intends to add more than 100 staff members to address the requirements mandated under AB32, and may also use additional consultants for verification and other tasks. We believe that a staffing increase of such a magnitude would be unnecessary if ARB fully utilized the resources and expertise of the local air districts, which already have the staff and experience to help implement AB32. Furthermore, as you know, with the exception of vehicles, most of the sources that ARB intends to regulate under AB32 are already regulated by local air districts, which have detailed knowledge of the sources' emissions and processes.

In particular, in the Mandatory Reporting Rule as currently proposed, it appears that ARB is missing an opportunity to involve local districts like ours in the reporting and verification of GHG emissions from local stationary sources—something local districts can do efficiently and cost effectively as part of our ongoing emission inventory processes.

We urge ARB to consider a different, more coordinated approach to mandatory reporting that takes advantage of our local district resources. We see several advantages:

- High-quality, reliable data on GHG emissions
- Reduction of staffing costs through the elimination of repetitive processes

- Reduction of consultant costs through the use of local district staff as verifiers
- Retention of staff at the local district level
- A simpler, more cost-effective system for our permitted sources.

We appreciate the opportunity to provide you these suggestions and hope that we can work together with ARB to develop and implement the most efficient and cost-effective program to comply with AB 32 and to address climate change impacts both locally and globally.

Sincerely,

William Schuyler, Chair
Santa Barbara County
Air Pollution Control District