

# Climate Change Policy and Public Engagement in California



CLIMATE  
ACTION  
RESERVE

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# California Environmental Politics

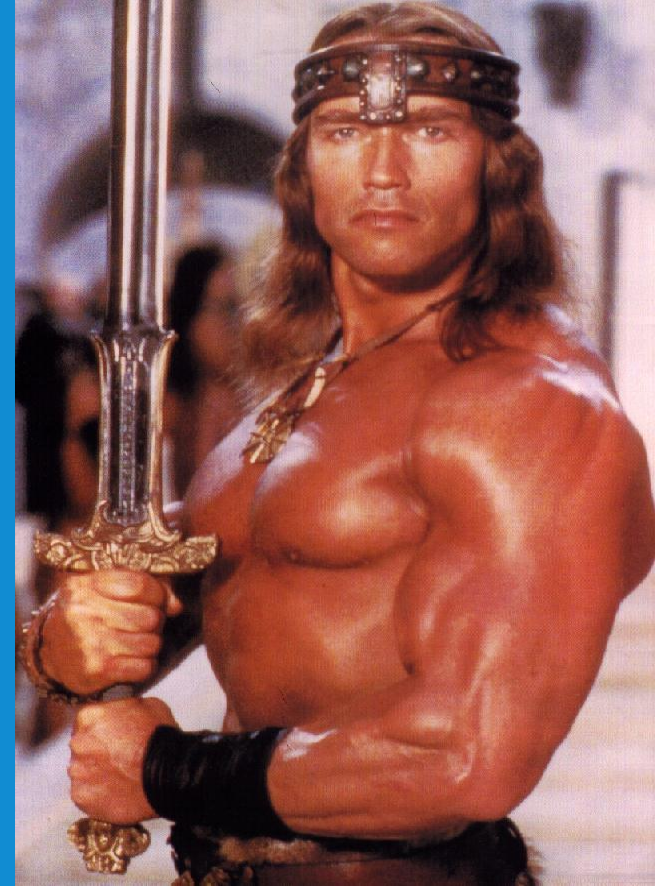


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- Climate change policy is a good “fit” with California environmental and energy politics
- Californians strongly support environmental protection
  - No one ever lost an election in California for being too “green”
  - Public support for anything connected to air quality
- Californians are used to being “ahead” or “out-of-step” with the rest of the country on environment
- State is an energy importer, but exporter of advanced technology

# Climate Change Policy in California

- Governor Schwarzenegger  
Executive Order – 2005
  - Goal to reduce to 1990 baseline by 2020
- Climate Solutions Act–2006 (AB 32)
  - State law committing to 2020 target
  - Very short text, gave broad authority to Air Resources Board to achieve the objective
    - No mention of cap and trade or other specific regulations
    - Business community very divided: high tech vs. heavy industry





# Adoption of Cap and Trade Rule

- Initial draft was released in 2011
- Public outreach to targeted constituencies
  - Numerous public workshops with public comment opportunity
  - Many meetings/negotiations with various stakeholders
- Revised draft released in 2012
  - Public comment period of 60 days (standard)
- Final draft adopt by board in public session
- Program started this year and so far has been positive experience



# Key Constituencies

- Oil and Gas Industry
  - Many were unhappy about climate change rules
  - Worried that rules will make them uncompetitive with out-of-state production and refineries
- Heavy Industry/Large Manufacturers
  - Cautious about climate change rules
  - Worry that energy costs will go up and make them uncompetitive



# Key Constituencies

- Electric Power Industry
  - Power generators are cautiously supportive because cost is just a pass-through
  - Utilities are cautiously supportive, because they are fully protected through free allowances
  - Coal industry is very unhappy, but its all out of state
    - No coal mines or generation in state
- High-tech Companies
  - Very supportive of AB 32
  - View it as creating new product opportunities



# Key Constituencies

- Investors and Banks
  - Very supportive of AB 32
  - View it as creating new investment opportunities
- Labor
  - Supportive of renewable energy and energy-efficiency requirements because they drive demand for skilled labor
- Major Environmental Groups
  - Very supportive and protective of AB 32
  - Ambivalent about cap and trade and offsets
    - Some are supportive; others are skeptical





# Key Constituencies

- Environmental Justice Groups
  - Mainly concerned about local environmental problems in their neighborhoods
  - Supportive of AB 32, but mainly see it as a mechanism to reduce local air pollution



# Key Constituencies

- The general public
  - Broadly supportive of climate change rules and renewable energy, but surprisingly unaware of any of the details of what California is doing
  - Example: Most of my friends are unaware of the cap and trade program



# Proposition 23

- 2011 referendum to end state efforts on climate change
- Governor leaned on CA companies to not support it
  - Because of stakeholder engagement in rulemaking, he was successful with this
- Most support came from out-of-state companies
- “No on 23” outspent supporters and defeated by 2-1 margin
  - Environmental groups
  - Investors
  - Technology companies
  - “Green” business groups



# Make or Buy Decisions

- ARB approach is that the regulation does not allow them to give away any decision-making authority
  - All decisions must be made only by the agency
  - But, they have been willing to rely extensively on outside contractors and experts for technical aspects of the program
  - One of the key areas that has been outsourced is the offsets program

# Background on Climate Action Reserve



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- NGO chartered by California law in 2001
  - Mission to serve as a clearinghouse on standards for measuring greenhouse gas (GHG) emissions and reductions
    - Voluntary program to encourage corporate reporting of emissions
    - Registry for carbon offset projects
    - Established five years ahead of regulation
    - Environmental groups and business debated structure
- Balances business, government, and environmental interests

# The Role of the Climate Action Reserve



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- We have operated a voluntary offset registry since 2008
  - Extensive experience with writing protocols, overseeing verification, and project review
  - Globally recognized expertise on standards-based offsets
- Offsets are the most complex part of a cap and trade
  - We have 28 staff; ARB has three focused on offsets
  - Because of complexity, it was valuable to have offsets program operating in advance of cap and trade launch
- Our process for protocol development requires extensive collaboration among various sectors
- Makes sense to have a separate independent organization focused on offsets program

# Offset Protocol Development Process



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- Working group represents all stakeholders led by one staffer or consultant
- Meets regularly for 6-12 months to develop draft document
- Put out for 60 days public comment
- Final decisions on difficult issues are made by staff
- Adopted by board in public meeting



# Key Take-away Points

- Need to think about how climate change policy fits in with your specific political and economic situation and builds on your strengths
  - i.e. strong public support for technology and innovation in CA
- Bring key stakeholders to the table and listen to their concerns
  - At the table or on the menu
  - Doesn't solve every problem, but helps a lot
- Think carefully about when you can rely on outside expertise to advance program and when you cannot
  - Some things can be better done outside of your agency





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# Questions?