Climate Change Policy and Public Engagement in California

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PMR Technical Workshop
Marrakesh, Morocco
October 24, 2013
California Environmental Politics

- 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

- 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

• 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

• 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
Questions?