

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

BYRON SHER AUDITORIUM
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FRIDAY, APRIL 19, 2013
9:19 A.M.

TIFFANY C. KRAFT, CSR
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APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John Balmes

Mr. Hector De La Torre

Mr. Phil Serna

Professor Daniel Sperling

STAFF

Mr. Richard Corey, Executive Officer

Mr. Alberto Ayala, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. La Ronda Bowen, Ombudsman

Mr. Sean Donovan, Air Pollution Specialist, SSD

Mr. Michael Gibbs, Assistant Executive Officer

ALSO PRESENT

Mr. Frank Harris, Southern California Edison

Mr. Alex Jackson, NRDC

Ms. Alex Leumer, TNC

Ms. Erica Morehouse, EDF

Mr. Brian Nowicki, Center for Biological Diversity

Mr. Mark Krausse, PG&E

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1 Professor Sperling?

2 BOARD MEMBER SPERLING: Here.

3 BOARD CLERK JENSEN: Chairman Nichols?

4 CHAIRPERSON NICHOLS: Here.

5 BOARD CLERK JENSEN: Madam Chairman, we have a
6 quorum.

7 CHAIRPERSON NICHOLS: Great. Thank you.

8 And we have a couple of announcements. Just to
9 remind people that if you wish to testify this morning,
10 you need to fill out a request card. If you signed up on
11 line, you need to check in with the Clerk anyway just to
12 make sure that you get called on. We will impose our
13 usual three-minute time limit on speakers this morning,
14 although I think we have some time. So if we need to
15 extend it, we will. But generally speaking that's a
16 pretty good practice that we follow here.

17 I'm also required by the rules of this building
18 to tell you that there are emergency exits to the rear and
19 both sides of this podium that I'm sitting at. And that
20 in the event of a fire alarm, we're required to evacuate
21 this room immediately and go downstairs and out of the
22 building until you hear an all-clear signal. And then we
23 return into the hearing, we will resume.

24 Before we begin, I also want to welcome
25 officially and formally Richard Corey as the newly

1 appointed Executive Officer of the Air Resources Board.
2 Richard brings 28 years of professional experience to this
3 position, including an impressive track record of
4 accomplishments within the Air Resources Board.

5 Immediately prior to his appointment as Executive
6 Officer, Richard served as Deputy Executive Officer,
7 overseeing the Stationary Source Division where he was
8 responsible for a broad range of programs, including
9 fuels, incentives, air toxics and climate change, just a
10 small range of our activities.

11 Richard's first meeting as Executive Officer is
12 today. So we're looking forward to his continued
13 leadership in his new role. And I don't know, Richard, if
14 you wish to add anything to that, say hi. You're welcome
15 to add a couple remarks, if you want to.

16 DEPUTY EXECUTIVE OFFICER COREY: I will, Chairman
17 Nichols, very briefly. I very much appreciate the
18 opportunity.

19 When I came to the Board in '85, I had great
20 respect for the organization and what it had accomplished
21 with respect to public health improvement really here,
22 throughout the country, and the world, but through its
23 leadership. And throughout my time here, it's become
24 abundantly clear a great policy, great policy comes from
25 administration, legislative, and Board leadership and

1 vision, a committed and technically exceptional staff
2 relying on the best science, effective work with
3 stakeholders and ongoing administration and oversight.
4 Those are the things that continue to drive the process.

5 I look really forward to continuing to work with
6 the Board, staff, districts, and many stakeholders to
7 develop and implement effective programs that address our
8 air quality challenges and improve public health. And
9 appreciate and thank you for the opportunity.

10 CHAIRPERSON NICHOLS: Thank you very much.

11 All right. Well, as I mentioned we have one item
12 on today's agenda, but it's a big one. We're proposing to
13 modify the cap and trade regulation in order to consider
14 proposed regulatory amendments creating a linked market
15 program between California and Quebec beginning in 2014.
16 This is an historic step for California as well as for our
17 partners in Quebec. It marks the culmination of almost
18 five years of work and extensive coordination between
19 those two jurisdictions.

20 The action that we are taking today is also an
21 example of dedicated commitment to the goal of fighting
22 climate change that transcends administrations, politics,
23 and even language. It's a clear recognition that the
24 danger we face in climate change, that is, the danger that
25 we are experiencing even now in a variety of ways, rises

1 above national, State, or provincial boundaries. It is
2 truly a global problem, and it will only be addressed by
3 different countries, states, and provinces working
4 together towards a single common purpose.

5 Last week, Governor Brown reminded us of this
6 when he was in China giving some remarks at Tsinghua
7 University and focused on the point: "We are one world,"
8 as he said. "We've got one big problem, and we all have
9 to work on it. What's beautiful and exciting about
10 climate change is no one group can solve the problem. Not
11 the United States, not California, not Japan, not China.
12 We all have to do it. Climate change is a great unifier.
13 This is an imperative where human beings could
14 collaborate." That was a quote from Jerry Brown.

15 On the eve of his departure to China, the
16 Governor supported the consideration of this item when he
17 formally indicated that the Quebec program is as stringent
18 as California's, a finding that was required by
19 legislation passed last year. The Governor's decision to
20 move forward was supported by a legal analysis with the
21 linkage with Quebec that was provided by the Attorney
22 General Kamala Harris. In his letter, the Governor also
23 noted that now "CARB and the Quebec Ministry of
24 Environmental will test and evaluate their auction
25 platforms and trading systems to ensure that they are

1 fully compatible and ready to be implemented and that
2 linkage can be accomplished without disruption to
3 California's program."

4 So we now have in hand the finding from the
5 Governor supported by the advise of the Attorney General.
6 And, therefore, it's up to the Air Resources Board to move
7 this issue forward.

8 When I met two days ago in San Francisco with the
9 Executive Director of the United Nation's Framework
10 Convention on Climate Change, Christiana Figueres, she
11 pointed out that, worldwide, we're not moving as fast as
12 we need to to fight climate change. And that while
13 nations may not be able to make agreements and live up to
14 accords even that they have signed, subnationals, as they
15 are called, that is, us states and provinces, are, indeed,
16 making progress and keeping the rest of the world moving
17 in the right direction toward the creation of more efforts
18 to reduce our dependence on petroleum fuels and to create
19 a larger carbon market.

20 By joining with Quebec, we will be doing just
21 that, offering California businesses more options within
22 the program and also assisting in creating an even more
23 robust market than we have today. We are showing the
24 world that meaningful and mutually beneficial arrangements
25 between jurisdictions can be put in place to reduce

1 greenhouse gases.

2 I think it's important that we remember that the
3 Legislature in passing AB 32 reminded us that it's our job
4 to facilitate the development of integrated, regional,
5 national, and international greenhouse gas reduction
6 programs. So this is not some new venture for the Air
7 Resources Board. The law itself saw that moving forward
8 by linking programs could provide a framework for
9 additional partners to join and to demonstrate a workable
10 template for urgently needed action.

11 Recently, I had the opportunity to meet with
12 Quebec's Minister of the Environment, Yves-Francois
13 Blanchet, and other officials as well. And I was really
14 impressed by their commitment, which is very strong and
15 very clear, to move as aggressively and effectively as we
16 could possibly wish and to do so in a way which will
17 complement our own efforts.

18 As of last June, in fact, Quebec took steps to
19 amend its own cap and trade regulation to follow in areas
20 where we needed them to harmonize with our programs so
21 that we would be able to fully recognize allowances that
22 are issued by Quebec.

23 We move forward, I would say, in a fairly
24 deliberate manner. As I said, it's taken five years to
25 get to this point. And at no step of the way have we

1 failed to carefully test and evaluate what the
2 consequences of this kind of linkage could be.

3 I especially want to thank the staff, ARB, and
4 Cal/EPA who, as well as their counterparts in Quebec,
5 spent hundreds of hours in phone calls as well as
6 traveling back and forth between California and Canada
7 working to ensure that our programs parallel one another
8 and can be linked together seamlessly.

9 I also again want to thank the Governor for his
10 support, vision, and dedication and commitment to fighting
11 climate change and setting an example for the rest of the
12 country and the world.

13 So what we've got before us today represents I
14 think one more step, the next logical step, in the
15 implementation of the cap and trade program which again is
16 only one piece of our climate program, but it certainly is
17 an important one because it is setting a benchmark for the
18 rest of the world.

19 Clearly, this is the kind of program that is not
20 meant to be run by and for one state or even one country
21 alone. It needs to be something that will entice and
22 involve others. So it's really tremendously gratifying
23 that we had found at least at this point one very brave
24 and effective jurisdiction that wants to be part of our
25 efforts and, of course, we will be part of theirs as well.

1 So I think it's time to move on. At this time, I
2 would like Mr. Corey to introduce the item.

3 DEPUTY EXECUTIVE OFFICER COREY: Thank you,
4 Chairman Nichols.

5 As you mentioned, staff will present for Board
6 consideration proposed linkage amendments to the cap and
7 trade regulation. These changes enable us to link
8 California's program with the program operated by Quebec.
9 We're asking that you vote to adopt the amendments that
10 would link the two programs beginning 2014.

11 California and Quebec are partners in the Western
12 Climate Initiative and coordinated on the design of
13 respected program over the last several years. This
14 resulted in similar programs that require minor changes to
15 harmonize for linked programs.

16 We've been working for the past two years to
17 develop infrastructure, such as the instrument tracking
18 system and auction platform, to serve the needs of market
19 participants in California and our partner jurisdictions.
20 This process will be completed over the next few months to
21 allow implementation of a linked program with Quebec.

22 The Board may recall at the June 2012 hearing
23 that they were poised to act on the proposed linkage
24 amendments, but Senate Bill 1018 was adopted by the
25 Legislature that day and subsequently enacted. SB 1018

1 requires the Governor make four findings prior to any
2 State agency linking programs with another jurisdiction.

3 On April 8th, 2013, the Governor sent a letter to
4 the California Air Resources Board making the required
5 finding under SB 1018. As such, we're here today to
6 request the Board vote on the proposed regulatory
7 amendments. Board action to approve the proposed
8 amendments would link to two programs beginning in 2014.

9 Now, Mr. Sean Donovan from the Climate Change
10 Program Evaluation Branch will begin the staff
11 presentation.

12 (Thereupon an overhead presentation was
13 presented as follows.)

14 AIR POLLUTION SPECIALIST DONOVAN: Thank you, Mr.
15 Corey.

16 Good morning, Chairman Nichols and members of the
17 Board.

18 This Board item is to discuss staff's proposed
19 linkage amendments to the cap and trade regulation. The
20 proposed amendments allow for linkage of California and
21 Quebec's cap and trade programs. Linkage would allow
22 California entities to use Quebec issued compliance
23 instruments to their client's obligations in California
24 and for California issued compliance instruments to be
25 used in Quebec by their entities.

1 Before I discuss the proposed amendments, I will
2 also provide a brief update on the status of California's
3 program. Next, I will describe the linkage process and
4 the proposed amendments. I will then give a general
5 description of Quebec's program design and follow up with
6 a discussion of the Governor's findings pursuant to Senate
7 Bill 1018.

8 --o0o--

9 AIR POLLUTION SPECIALIST DONOVAN: California's
10 long-standing pollution control programs have demonstrated
11 that strong environmental regulation and economic growth
12 can go hand in hand. AB 32 represents a pioneering effort
13 to address climate change by mandating a 2020 greenhouse
14 gas emissions target equivalent to 1990 emissions levels.

15 As discussed in the Scoping Plan, the Cap and
16 Trade program is a key component of the suites of measures
17 being implemented to meet AB 32 mandate. The enforceable,
18 declining cap is designed to ensure we meet the AB 32
19 goal, providing a powerful backstop so that even if other
20 measures do not achieve their estimated reductions, we
21 will meet our objective.

22 --o0o--

23 AIR POLLUTION SPECIALIST DONOVAN: The program
24 creates a carbon price that provides a broad economy-wide
25 incentive for investment in clean technology and increased

1 cover 30 percent of their 2013 covered emissions.

2 --o0o--

3 AIR POLLUTION SPECIALIST DONOVAN: This slide
4 provides a time line of the development of the linkage
5 amendments. We began this process back in February of
6 2012, when we held a public workshop to introduce the
7 topic to stakeholders.

8 In May of 2012, ARB published the 45-day notice
9 of proposed linkage amendments. This 45-day comment
10 period included a concurrent 15-day comment period to add
11 official regulatory documents from Quebec to public
12 record.

13 --o0o--

14 AIR POLLUTION SPECIALIST DONOVAN: The enactment
15 of SB 1018 required the Governor to make specific findings
16 about programs before California links. These findings
17 are focused on the design of Quebec's Cap and Trade
18 Program and were necessary to comply with the SB 1018.

19 ARB also had a second 15-day comment period in
20 the beginning of this year, after which the Executive
21 Officer requested that the Governor make findings about
22 the proposal to link with Quebec in conformance with SB
23 1018.

24 Staff proposed a third set of 15-day changes,
25 shortly after which the Governor provided his findings

1 about the proposed linkage with Quebec. The numerous
2 comment periods and the Governor's review of the proposal
3 to link with Quebec means the linkage proposal has been
4 reviewed by multiple parties over the course of the last
5 eleven months.

6 --o0o--

7 AIR POLLUTION SPECIALIST DONOVAN: What do these
8 proposed amendments look like? Linkage means that
9 regulated entities in California could use Quebec-issued
10 allowances and offsets to comply with the cap and trade
11 regulation. And Quebec-regulated entities could use
12 California-issued allowances and offsets to comply with
13 Quebec's regulation. This ability to use compliance
14 instruments in either jurisdiction would begin on January
15 1st, 2014, under the proposed amendments.

16 --o0o--

17 AIR POLLUTION SPECIALIST DONOVAN: Staff is
18 committed to providing an annual update to the Board on
19 the status of the Cap and Trade Program. Additionally, if
20 Quebec plans to significantly change its program, we will
21 notify the Board and a public review of the proposed
22 changes would be conducted at least six months prior to
23 any new changes taking effect in Quebec.

24 --o0o--

25 AIR POLLUTION SPECIALIST DONOVAN: The next four

1 slides provide a summary of Quebec's Climate Change
2 Program and focus on its Cap and Trade Program.

3 Bill 42, similar to AB 32 in California, requires
4 Quebec to address climate change and authorizes the
5 establishment of a Cap and Trade Program.

6 Quebec's 2020 green greenhouse gas emissions
7 target is 20 percent below the 1990 levels and, thus, more
8 stringent than the 2020 target mandated in AB 32.

9 Like California, Quebec has been a WCI partner
10 jurisdiction for six years and participated in the
11 development of the WCI recommendations for a regional
12 market program.

13 Prior to the coordination efforts that began last
14 year to harmonize the California and Quebec regulations
15 for linkage this year, Quebec had existing mandatory
16 greenhouse gas reporting and cap and trade regulations
17 based on the WCI design recommendations.

18 Last December, Quebec finalized amendments to
19 their existing mandatory reporting and cap and trade
20 regulation that harmonize their regulations and allow for
21 a joint market program with California.

22 It should be noted that the size of Quebec's
23 emissions inventory is approximately one-fifth the size of
24 California's program in terms of the total greenhouse gas
25 emissions, although covered sectors are the same.

1 As we walk through the program in a bit more
2 detail, it is important to note that in order to link, not
3 all areas need to be identical. However, overall, it is
4 important that the programs have similar stringency and
5 rigor to support a joint market. As part of the formal
6 program oversight, staff from both jurisdictions will
7 monitor their programs and recommend any changes to the
8 respective regulations, as needed.

9 --o0o--

10 AIR POLLUTION SPECIALIST DONOVAN: A rigorous
11 mandatory reporting program is essential to support an
12 effective Cap and Trade Program. Quebec's mandatory
13 reporting program is consistent with the WCI design
14 recommendations and California's mandatory greenhouse gas
15 reporting program.

16 Both programs require reporting by the same types
17 of industrial sectors with an identical threshold for
18 inclusion in the Cap and Trade Program.

19 Quebec's reporting methods for each sector are
20 consistent with the requirements in California's
21 regulation.

22 And, like California, Quebec requires third party
23 verification of its greenhouse gas inventory reports.

24 The final amendments to Quebec's missing data
25 provisions were strengthened to align with California's

1 provisions. These are important to deter gaming and
2 provide a conservative estimate of greenhouse gas
3 emissions. Both regulations exceed the minimum
4 recommendations to support a rigorous market program as
5 developed by WCI.

6 --o0o--

7 AIR POLLUTION SPECIALIST DONOVAN: As in
8 California, Quebec's Cap and Trade Program is also an
9 economy-wide program that covers the largest greenhouse
10 gas emitters and electricity importers. There are an
11 estimated 80 total regulated entities, representing the
12 same covered sectors as California's regulated entities.

13 The program is designed with the same holding and
14 purchase limits so that all regulated entities in a joint
15 program would be held to the same requirements to ensure
16 market integrity.

17 Like California, Quebec has quarterly auctions
18 and reserve sales. As part of a joint program, California
19 and Quebec would hold joint quarterly auctions. Both
20 programs have an allowance price containment reserve which
21 is comprised of allowances set aside from the annual
22 allowance budgets. Reserve sales would be held
23 separately, and only California entities would be able to
24 buy at the California reserve sale.

25 Quebec also has a three-year compliance period,

1 but does not require a partial annual surrender as
2 California does. Staff does not believe this presents any
3 concerns as part of a joint program.

4 Quebec's regulations include the same identity
5 verification requirements as California before individuals
6 are given accounts in the tracking system. And the
7 enforceability provisions in Quebec's program are
8 equivalent to those in the California program.

9 --o0o--

10 AIR POLLUTION SPECIALIST DONOVAN: This slide
11 provides an overview of the offset program in Quebec. The
12 offset criteria and offset issue process in Quebec are
13 consistent with the design of California's program. There
14 are similar stringency for offsets to meet the AB 32
15 offset criteria and program and oversight by the
16 government of Quebec.

17 As with California, Quebec also has an eight
18 percent offset usage limit for their regulated entities.

19 The Quebec regulation includes three compliance
20 offset protocols. The livestock protocol requires the
21 capture and destruction of methane similar to the ARB
22 livestock protocol. The ozone depleting substances
23 protocol only applies to ODS from foams, as Quebec has a
24 program in place to address refrigerant ODS. And those
25 reductions would not be considered additional.

1 The small landfill protocol requires the capture
2 and destruction of methane at landfills that have less
3 than 450,000 tons of residual waste in place. This
4 protocol only applies to small landfills, as California
5 has a regulation that requires landfills larger than that
6 threshold to address methane emissions. By setting this
7 threshold, Quebec avoids providing offset credits to large
8 landfills that would be regulated if they were in
9 California.

10 At this time, ARB's protocols only apply to the
11 United States and Quebec's protocols only apply to
12 projects that occur either in Quebec or Canada. This
13 prevents project developers from shopping for a
14 jurisdiction with less stringent protocols. They will
15 only have one choice, depending on the location, for which
16 jurisdiction would issue offsets and which protocol is
17 applicable to an offset project.

18 --o0o--

19 AIR POLLUTION SPECIALIST DONOVAN: For the
20 proposed regulation amendments, staff performed a
21 California Environmental Quality Act environmental
22 analysis in accordance with ARB's certified regulatory
23 program. The analysis is based on potential compliance
24 responses of covered entities and relies on the prior
25 analysis performed for the cap and trade regulation in he

1 Appendix O to the October 2010 staff report, referred to
2 as the FED.

3 For the California linkage amendments, the
4 analysis found some potential indirect impacts that may
5 occur due to California entities seeking out Quebec-issued
6 offsets. These indirect potential impacts would be
7 similar to those described in the FED and staff report for
8 the landfill measure, which found the livestock protocol
9 has the potential for significant adverse impacts to
10 odors, cultural resources, noise, and transportation
11 traffic.

12 --o0o--

13 AIR POLLUTION SPECIALIST DONOVAN: As I mentioned
14 earlier, prior to linkage, SB 1018 requires the Governor
15 to make four findings. This slide contains a summary of
16 the findings required under SB 1018 before California can
17 link with another jurisdiction.

18 Those conditions are:

19 1. That the linking jurisdiction's program is
20 equivalent to or stricter than California's.

21 2. That California will continue to be able to
22 enforce AB 32.

23 3. That linking jurisdiction has the ability to
24 enforce its own regulation.

25 4. That the proposed linkage amendments will not

1 create a significant liability for California.

2 The Executive Officer at ARB sent a letter to
3 Governor Brown in February, requesting that he consider
4 the proposed linkage with Quebec and the findings required
5 by SB 1018.

6 --o0o--

7 AIR POLLUTION SPECIALIST DONOVAN: On April 8th,
8 the Governor responded to ARB's letter. He found:

9 1. That Quebec's program is similar to or
10 identical to California's in all material respects.

11 2. That linkage does not change California's
12 ability to enforce AB 32.

13 3. That Quebec's regulations provide for
14 equivalent enforcement of its Cap and Trade Program.

15 And 4. That linking will most likely not lead to
16 any significant liability.

17 The Governor's letter also directs the Air
18 Resources Board to begin preparing for linkage and to
19 provide a linkage implementation status report later in
20 the year.

21 --o0o--

22 AIR POLLUTION SPECIALIST DONOVAN: As directed in
23 SB 1018, the Governor also sought a review of the linkage
24 proposal from the Attorney General's office to help inform
25 his decision. As an attachment to the letter provided by

1 to ARB, the Governor's office released the written
2 response from the Attorney General's Office of their
3 review of the linkage proposal.

4 The Attorney General agreed that there was an
5 adequate basis for the Governor to make the four findings
6 under SB 1018. Both the Governor's letter and Attorney
7 General's letter are publicly available on the Governor's
8 and ARB's websites.

9 --o0o--

10 AIR POLLUTION SPECIALIST DONOVAN: Let me now
11 turn to stakeholder comments.

12 During the rulemaking process, we received
13 approximately 37 public comment letters regarding the
14 proposed regulation amendments. There were three
15 categories of comment types:

16 The first was that California stakeholders would
17 like an opportunity to comment on any future changes made
18 to a linked jurisdiction's program.

19 Second, stakeholders want their specific issues,
20 unrelated to linkage, resolved prior to linking with
21 another jurisdiction.

22 And third, stakeholders would like to know what
23 happens in case linked programs decide to de-link.

24 Let me address each of issues. With regard to
25 changes in a linked program, staff is proposing to provide

1 a report to the Board on any changes to a linked program
2 at least six months prior to the changes taking effect.
3 This report would include any staff recommendation, as
4 needed. And it would provide an opportunity for
5 stakeholders to raise any concerns with the Board.

6 With respect to program modifications, the Board
7 is already aware that staff plans to propose additional
8 amendments to the Cap and Trade Program in the fall of
9 this year. Any market-related amendments will be
10 coordinated with Quebec to ensure the programs remain
11 harmonized. Whether the programs link now or later, both
12 jurisdictions would need to coordinate on any changes to
13 their programs to prepare for linkage at any date.

14 As for de-linking, any process to de-link would
15 require a regulatory action informed by the specific
16 circumstances. However, the approach we plan to define
17 for de-linking would adhere to important principles,
18 including minimizing adverse impacts on participants in
19 the program, and engaging with stakeholders to the
20 greatest extent feasible.

21 Unless there are extraordinary circumstances,
22 staff anticipates that any Quebec compliance instruments
23 held by California entities would remain valid for
24 compliance.

25 --o0o--

1 AIR POLLUTION SPECIALIST DONOVAN: Now I will
2 turn what happens what needs to happen prior to and after
3 linkage.

4 Staff will provide an update at the October Board
5 hearing on the readiness for implementing a linked
6 program. As the Governor indicated in his letter, ARB is
7 to produce a report in November about the readiness of a
8 linked programs. This report will be delivered to the
9 Governor and Cal/EPA.

10 The Executive Officer will work to finalize the
11 agreement with Quebec that lays out the coordination to
12 implement the linked program. If the amendments are
13 approved, the California and Quebec programs would be
14 linked starting on January 1st, 2014.

15 Finally, we will update the Board about any
16 future changes to Quebec's program after the programs are
17 linked. As I mentioned earlier in the presentation, staff
18 plans to propose additional regulation amendments to the
19 Cap and Trade Program this fall.

20 Besides the proposed new offset protocols, staff
21 may also propose amendments to the regulation concerning
22 the follow subjects: Benchmarking and linkage review,
23 allocation for new sectors, "but for" cogeneration, cost
24 containment, resource shuffling, compliance assistance for
25 California universities, legacy power generator contracts,

1 and implementation related amendments.

2 --o0o--

3 AIR POLLUTION SPECIALIST DONOVAN: Here we are at
4 the last and most important slide of my presentation, the
5 staff recommendation.

6 After years of work and program development, we
7 recommend that you vote to approve Resolution 13-7, which
8 would link California's program with Quebec starting on
9 January 1st, 2014. We urge you to direct staff to report
10 back to you in the fall regarding the status of the
11 auction platform, linkage systems and whether there are
12 any impediments to linking.

13 This concludes the staff presentation. We'd be
14 happy to answer any questions you may have.

15 CHAIRPERSON NICHOLS: Thank you.

16 We have six witnesses who have signed up. Of
17 course, we received comments over the course of the period
18 that this regulation has been under review and the various
19 15-day packages. So we've gotten hundreds of comments
20 along the way. But we do have six people who are actually
21 here today to provide some further oral comments.

22 But before we do that, I'd like to ask if Board
23 members have any questions of staff before we begin.

24 Okay.

25 If not, we will call Alex Leumer. Alex.

1 MS. LEUMER: You were close. Alex Leumer.

2 CHAIRPERSON NICHOLS: Leumer. Okay. Sorry.

3 MS. LEUMER: So Alex Leumer with Nature
4 Conservancy, Climate Change Policy Associate.

5 The Nature Conservancy is supportive of the
6 linkage program and encourages the program to approve the
7 resolution. It's important to leverage additional
8 greenhouse gas reductions beyond California's borders and
9 address the enormity of this problem.

10 California can't do it along and it's not. As is
11 provided in the Governor's language in the resolution, we
12 are extremely supportive of ARB developing a process for
13 public review and input with respect to any changes which
14 may occur to Quebec's program in the future to ensure both
15 programs maintain comparable levels of integrity. We
16 commend the staff on their hard work on the resolution and
17 encourage you to support it.

18 Thank you so much for the opportunity to speak.

19 CHAIRPERSON NICHOLS: Thank you. Just ask you a
20 question since we have a little time. Is TNC doing any
21 work in Quebec? I know you have an international program

22 MS. LEUMER: Not -- no. Not on the linkages
23 there. It's mainly just California's program.

24 CHAIRPERSON NICHOLS: But in terms of your other
25 conservation activities?

1 MS. LEUMER: Yeah. Yeah. I'm not -- I mean, I
2 can't speak to a lot of the stuff that's going on. If
3 you'd like to know more, I can definitely send you more
4 information on it.

5 CHAIRPERSON NICHOLS: I'm just curious. It would
6 be interesting to see if there's any impact on the level
7 of the kind of work that you do in forest and land
8 conservation.

9 MS. LEUMER: I can get in touch with some
10 colleagues and get back to you.

11 CHAIRPERSON NICHOLS: Okay. Thank you.
12 Alex Jackson.

13 MR. JACKSON: Good morning, Chairman Nichols and
14 members of the Board.

15 My name is Alex Jackson on behalf of the Natural
16 Resources Defense Council. Here to speak in support of
17 the resolution to formally link California's Cap and Trade
18 Program with Quebec.

19 We share Chair Nichols' assessment that today is
20 indeed an historic day. It's not every day that two
21 subnational governments formally link economy-wide Cap and
22 Trade Programs to stand up and combat climate change.
23 Indeed, today is the first and only day that has happened.

24 We do see tremendous benefits of this proposal.
25 It will both expand the range of emission reduction

1 opportunities for California's program. Importantly, it
2 will expand the total number of reductions you can expect
3 be achieved for both programs. That has an impact not
4 only for climate change at large, but for California
5 itself who is particularly vulnerable to the impacts we
6 are seeing and will see in the future from unmitigated
7 climate change.

8 Also, we see benefits to just enhance the
9 resiliency and performance of California's market by
10 linking into a more liquid and larger market, reduce the
11 volatility, help deter efforts and manipulation, which we
12 know we need to be vigilant about.

13 That said, we do know that AB 32 first and
14 foremost must work for California. In that sense, we are
15 very appreciative of the commitment from staff and the
16 Board to always approach AB 32 in its implementing
17 regulations through that lens and we very much support and
18 appreciate the language in the Board resolution committing
19 that effort to continue, even as these programs are
20 formally linked.

21 To be clear, we do not see any cause for concern
22 at this time. This is very much more of a safeguard
23 insurance policy as we monitor the status of both programs
24 moving forward as enforcement activities and increasing
25 collaboration efforts continue. And we do share the

1 findings of both ARB and the Attorney General that this
2 linkage satisfies the four findings set out in SB 1018.

3 All told, again, I think this is an historic day.
4 This is a good thing. And we encourage the Board to vote
5 it out. Thank you.

6 CHAIRPERSON NICHOLS: Thank you.

7 Erica Morehouse.

8 MS. MOREHOUSE: Good morning. Thank you.

9 Erica Morehouse with Environmental Defense Fund.

10 Last summer at the Board meeting on linkage,
11 Chair Nichols, you noted that California and Quebec were
12 engaged, but not yet married. And now that this steps of
13 the marriage process are actually in progress, I think
14 it's incredibly gratifying to be able to look around and
15 note that this is a marriage that the entire international
16 community is celebrating. And in a world without a global
17 agreement to combat climate change, this type of
18 partnership is the best and perhaps the only way to
19 nurture progress.

20 The process that California and Quebec have
21 engaged in, which began with the high level information
22 sharing back in 2007 and it's telescope into line by line
23 analysis to harmonize the regulations has sent a message
24 to the world about California and Quebec's unwavering
25 commitment to creating the most robust and effective

1 program for reducing carbon pollution.

2 The high standards for environmental integrity
3 that California and WCI partners have set for themselves
4 act as an inspiration force for nascent climate programs
5 around the world and will create a race to the top on
6 climate action.

7 We look forward to following the important steps
8 that California and Quebec will take before this joint
9 auction in 2014. And we look forward to remaining
10 informed and engaged, as the relationship with Quebec
11 moves ensures.

12 We applaud the CARB staff on their diligent work
13 to date and urge the Board to vote in favor of this
14 important milestone. Thank you.

15 CHAIRPERSON NICHOLS: Thank you.

16 Frank Harris is next, Southern California Edison
17 followed by Brian Nowicki from Center for Biological
18 Diversity and Mark Krausse from PG&E.

19 MR. HARRIS: Thank you very much, Madam Chair.

20 Good morning, Board members and staff.

21 I appreciate the opportunity to be able to
22 address the Board today.

23 As you are no doubt aware, Southern California
24 Edison has always supported a broad-based regional or
25 national Cap and Trade Program to facilitate the most

1 effective and efficient emission reductions under AB 32.
2 And we agree that today's step is a critical part of that
3 process, and we congratulate the staff and the leadership
4 on their efforts thus far.

5 When developing such a complicated program as
6 we've seen over the years, challenges and events come up
7 that one could not have predicted. And linking with
8 another program increases that. So SCE suggested the
9 staff continue to look for opportunities to keep the
10 program as simple as possible. We feel that the potential
11 for unforeseen challenges is minimized with a more simple
12 program, more straight forward program. After all, the
13 goal is to ensure that the linked programs work
14 effectively, as a prior speaker stated, for California,
15 but also to demonstrate cap and trade can work when
16 involving all sectors and as many regions as possible.

17 We encourage ARB to participate in all -- to
18 anticipate all possible challenges and to clearly develop
19 approaches in advance of any challenges.

20 We're very pleased to hear, for example, the
21 comments regarding the potential de-linking and the
22 assurance that I presume under all but extraordinary
23 circumstances a Quebec-sourced allowance would still be
24 eligible to be utilized by a California participant who
25 may be holding it at the time that that happens. That's a

1 critical advance plan for something that we all hope will
2 not happen.

3 So we find that a very beneficial property of
4 this linking agreement. Edison continues to support
5 testing of the joint auction process. We are confident
6 that such an approach will yield valuable information for
7 all participants, the auction mechanism and system
8 designers, as well as all stakeholders that are
9 participating in this. And we look forward to
10 participating in that process.

11 Again, we congratulate the staff and the Board on
12 this important step. We look forward to working with ARB
13 over the ensuing months for this year for the cap and
14 trade amendments -- or the amendments to the program, I
15 should say. And appreciate all the efforts thus far.
16 Thank you.

17 CHAIRPERSON NICHOLS: Thank you.

18 Mr. Nowicki.

19 MR. NOWICKI: Good morning. I'm Brian Nowicki
20 with the Center for Biological Diversity.

21 I'd like to --

22 CHAIRPERSON NICHOLS: We are getting feedback
23 from somewhere. Sorry to hold you up, but we wouldn't be
24 able to hear you unless we can -- it's gone away for now.
25 Why don't you go ahead.

1 MR. NOWICKI: I'm Brian Nowicki with the Center
2 for Biological Diversity.

3 I'd like to thank the Board and the staff for the
4 tremendous work that's gone into this regulation and the
5 many ways that we see that it's been improved and really
6 expanded since it was first proposed; for listening a
7 great many of the comments and questions and issues that
8 were -- turned out, not surprisingly, to be quite
9 complicated.

10 I'd like to focus my small bit of time here just
11 on one little portion of the resolution. And again to
12 thank the staff and the Board for taking up this
13 particular issue.

14 On page 9, there is a portion of the resolution
15 that directs the, be it further resolved, at least
16 six months prior to any of the following taking effect in
17 a linked jurisdiction, the Executive Officer will provide
18 a report to the Board that includes an assessment of
19 environmental factors and provide a recommendation for
20 Board action, if appropriate. And goes on to list a few
21 different actions that would trigger that.

22 The reason why this is particularly important is
23 because, as we've already heard, the regulation requires
24 California to accept any offset credit accepted by a
25 linked jurisdiction partner. And therefore, any offset

1 credit from any offset protocol, not just in California's
2 partner, but partners of those partners and so on.

3 So that means that California with this
4 regulation is committing to accepting not just offsets
5 from Quebec under the current offset protocols, but any
6 future protocols adopted by Quebec and any protocol
7 adopted in the future by any of Quebec's future partners.

8 Obviously, it's impossible for ARB right now to
9 determine whether these as yet undeveloped protocols will
10 meet the requirements and standards of AB 32. Or whether
11 there are potential detrimental environmental impacts
12 associated with any of these protocols.

13 Now I'm today not bringing -- I haven't heard
14 anybody else raise specific problems with Quebec's
15 existing protocols. But I will note that Quebec's cap and
16 trade regulation contains no environmental criteria for
17 offsets or adoption of protocols in the future in that
18 California's regulation requires -- this regulation
19 requires Air Resources Board to ensure all offsets in the
20 program are real, permanent, quantifiable, verifiable,
21 enforceable, et cetera. But it does not provide for any
22 determination of the environmental impacts.

23 And furthermore, the Western Climate Initiative
24 agreements to which ARB and California are a party, they
25 explicitly reject the notion of standards for

1 environmental or social impacts when evaluating protocols.

2 I'll be done in one second.

3 Meaning that the different -- when a new protocol
4 is brought up by one of those partner jurisdictions that
5 the issues that can be brought to the table by the
6 different partners, the agreements as they're currently
7 laid out, explicitly exclude these environmental impacts.
8 Which brings me back to the resolution today, which I
9 think is very important and gets us in the right
10 direction. I would like to see the Air Resources Board
11 further explicate this as we go over the next few months
12 as we get towards the end of the year and start to see
13 perhaps new partners and new protocols coming online so
14 that we can better develop and know how we're going to
15 deal with that so we can evaluate those environmental
16 impacts on the front end and be able to engage in those
17 various arenas to address them.

18 CHAIRPERSON NICHOLS: Thanks, Brian.

19 I'm going to ask Mr. Gibbs I think to address
20 your comment in a minute. But maybe we'll just get
21 through all the testimony first and we'll have Board
22 discussion. Thank you. You raised an important point.

23 Mark Krausse, I believe you are our last witness.

24 MR. KRAUSSE: I appreciate you letting me go last
25 because I know Frank often cries at weddings.

1 Mark Krausse on behalf of Pacific Gas and
2 Electric Company. PGE has long supported linkage with
3 other cap and trade jurisdictions, and we support the
4 resolution before you today.

5 As many have observed, we support linkage because
6 it gives us opportunities for greater efficiencies in cap
7 and trade and, of course, driving down the cost of carbon
8 reduction opportunities.

9 I want to harken back to Richard's comments on
10 your congratulating him and do the same. One of the words
11 he said and he said I think with heart is stakeholder
12 involvement. And we've appreciated in this particular
13 process in particular that staff has heard all of our
14 input, taken much of it to heart, and we see it reflected
15 in the resolution.

16 And in particular, a joint practice auction. We
17 think that working through that and having stakeholder
18 input that in process and working toward how things can be
19 approved if there are issues, that makes us all, as Bob
20 Fletcher said, it's a reduction in angst. So we
21 appreciate that.

22 Another thing that was mentioned I think in the
23 presentation we'd like to work more with staff on is the
24 potential for de-linkage and that we have a checklist for
25 what needs to be done if there is a need to de-link from

1 Quebec. So that isn't a, oh, no moment and everybody says
2 what do we do now. But instead, we have the particulars.
3 I don't think that's going to happen. But it gives us
4 great solace that staff is open to take that approach.

5 So with that, we strongly support the adoption of
6 the resolution.

7 CHAIRPERSON NICHOLS: Thank you very much. We
8 appreciate that.

9 I think it's important that we have clarity
10 around how de-linking would happen. But at the same time,
11 I think we need to be open and flexible about how we would
12 respond to any given set of challenges. Because hate to
13 keep overworking this marital analogy here, but if every
14 time there is an argument or a fight somebody goes to
15 court and starts filing divorce papers, that's probably
16 not the sign of a very healthy relationship. This is
17 obviously a balance that we are trying to maintain here.

18 MR. KRAUSSE: And my wife frequently cites the
19 kind of rules we were talking about to make sure we don't
20 have to get there, that there is a process for resolving
21 that.

22 CHAIRPERSON NICHOLS: Thank you. Okay. I think
23 it's probably time now to get the staff to respond to at
24 least a couple of the comments that have been made.

25 And Sean, I turn Michael because he's been so

1 integrally involved in the negotiations over the past five
2 years. And when we mention the hard work of staff, there
3 are many people who are seated at the table and others not
4 in the room who have been involved. But I think we would
5 be remiss if we didn't acknowledge the role that our
6 Assistant Executive Officer has played in bringing us to
7 this day.

8 So, Michael, congratulations to you. You must be
9 breathing a deep sigh of relief at the moment that we are
10 here.

11 But I would particularly ask you to talk a little
12 bit about the point that we need to be clear and
13 transparent going forward about development of protocols
14 and maybe explain a little bit this language that was
15 referred to about not putting environmental criteria into
16 the adoption of protocols.

17 ASSISTANT EXECUTIVE OFFICER GIBBS: Thank you.
18 And appreciate the opportunity to speak on this issue.
19 And thank you, Brian, for your comment.

20 The area of offsets has throughout the
21 development of this program been one of substantial
22 discussion and interest and continues to be. And it's one
23 that the staff here in California, in Quebec, and in other
24 WCI jurisdictions have spent a lot of time working through
25 to ensure we can have the appropriate integrity and level

1 of protections in the offset protocols that we would all
2 then be in a position to accept within our various
3 programs.

4 So as a first set of principles, we've all
5 throughout the process here in California, as well as the
6 other jurisdictions, including Quebec, have ascribed to
7 the need for all offset emission reductions and emission
8 sequestration, carbon sequestration to conform with a set
9 of requirements being additional, permanent, verifiable,
10 enforceable. And that's across all the offset protocols
11 and all the types of projects that have been approved here
12 in California, that have been approved in Quebec, and that
13 are embodied within the recommendations from the Western
14 Climate Initiative process that laid some of the
15 foundation and some of the groundwork for being able to do
16 this together.

17 As part of that work, there was also considerable
18 discussion about whether these protocols should go beyond
19 just the greenhouse gas emissions benefits, which they're
20 designed to produce. So these are greenhouse gas
21 emissions reduction or greenhouse gas sequestration and
22 protocols. So they're about greenhouse gases. And
23 whether they should go beyond that and raise the bar and
24 produce additional environmental or habitat or cultural
25 benefits beyond the greenhouse gas benefits.

1 And as the group was developing them, we felt it
2 was, first of all, critical that any protocol or protocol
3 project recognize that the activities that are producing
4 the greenhouse gas benefits must be in compliance with all
5 other requirements that exist locally for land use, for
6 habitat, for other benefits. Any protocol or project that
7 is not in compliance with those things would not be
8 eligible to obtain credit for any greenhouse gas emissions
9 reduction. That's a form or a level of protection to
10 ensure there is not backsliding on these other important
11 areas and that these other benefits are not foregone in
12 order to achieve greenhouse gas emissions reductions. We
13 didn't want to create that trade-off.

14 So all those things have to be in place. All
15 that must be in compliance with the local requirements and
16 regional, at the State or provincial, national. So that
17 was the level of protection that was adopted or
18 recommended, I should say. And that has been embodied in
19 the protocols in California as well as in Quebec.

20 What was not done -- and Brian, as I think has
21 correctly pointed this out, the bar was not raised. There
22 was not additional protections added above and beyond what
23 would already be required. I think that's where we ended
24 up as a set of recommendations, that's when our protocols
25 currently are designed as. That's what Quebec is as. And

1 recognizing really the critical attention that all this
2 gets, all these offsets and the role they play in the
3 programs, California, Quebec, and other jurisdictions
4 really develop the protocols together now. So it's not as
5 if Quebec will go off and develop a protocol and then come
6 to us at the end of the process and say, "So how does this
7 look?" And we would not do that to them either. We want
8 to develop them jointly so that we can ensure that all of
9 our requirements are met throughout the process and we
10 don't have a surprise at the end. That's the process that
11 we're using.

12 The same would be true if we or Quebec were
13 interested in linking with another jurisdiction or
14 accepting instruments from another jurisdiction. Before
15 any of that would happen, we would be working together
16 examining what that would mean, examining the level of
17 integrity of the other system. And we would do it
18 jointly. This is not where we go off and do something and
19 then say to our partner, "Oh, here's a surprise. We'd
20 like to do this." That would not work.

21 So in order to manage that process, this
22 understanding or linking agreement that we've developed a
23 complete draft of, which is part of the materials that
24 have been available, describes how we would manage this
25 relationship between California/Quebec as we have a linked

1 program. And part of that is not only ongoing
2 consultation on these issues, but notice. So we have
3 right in there that the critical step of ensuring that any
4 considerations before they become formal and ready to be
5 adopted, but just considerations, are shared and developed
6 jointly many months in advance so we can respect our
7 stakeholder process here and run it through comments here.
8 They can respect their stakeholder process in Quebec, run
9 it through their comments there so that we are all in
10 agreement before we move together to do things.

11 So that's a little bit of a history.

12 CHAIRPERSON NICHOLS: That's helpful.

13 As a practical matter, how do you see this
14 communication and coordination going on as we move forward
15 to the fall when we will have to make a decision in terms
16 of readiness to actually auction jointly and on into the
17 future? I mean, who's talking to who, when, and how?

18 ASSISTANT EXECUTIVE OFFICER GIBBS: Yes. So I
19 think there's two types and levels of communication. One
20 is at the staff level that are actually working on the
21 specific things, for example. The procedures for running
22 a joint auction is very detailed. All the way down to the
23 point of when each jurisdiction certifies that the auction
24 requirements have been met, that's going to happen
25 independently. But that would have to be reported

1 together so that we both agree we're ready to press the
2 button and say, yes, the auction is certified. So that's
3 that very nitty-gritty. And that's at the staff level.
4 And that's already ongoing and has been ongoing for a
5 number of years to bring us to the point where we are
6 today that we have harmonized what we're doing. So
7 there's some areas that we are continuing to work, like in
8 the procedures for joint auction.

9 Then separately from the staff level, there's
10 more of a management or policy level consultation
11 committee, which the linking agreement specifies would be
12 comprised of specific individuals who would regularly meet
13 to discuss just the lay of the land, how things are going,
14 any issues that have arisen, concerns that have come up.
15 If staff are having any difficulties resolving
16 differences, it would be brought up to this consultative
17 committee who would then work those things out at that
18 level.

19 CHAIRPERSON NICHOLS: And then just so that the
20 Board understands the relationship here, we are members of
21 a nonprofit corporation called WCI, Inc., which is
22 actually the contract manager for the independent
23 contractors who are developing the software for the joint
24 auctions and the tracking systems and so forth. Can you
25 describe a little bit about how that works as well?

1 ASSISTANT EXECUTIVE OFFICER GIBBS: Yes. So in
2 order to support what we might call the infrastructure or
3 systems to enable linked programs to work seamlessly and
4 to avoid any security problems where you would have two
5 different systems that are trying to talk to each other to
6 create a security problems like they've had in the
7 European program, the jurisdictions who have been working
8 together and the Western Climate Initiative created
9 Western Climate Initiative, Incorporated, which is an
10 actual corporate organization funded solely by the
11 jurisdictions to develop this common infrastructure, the
12 principle pieces of which are the tracking system that you
13 mention and the auction platform, which would support both
14 the programs.

15 So the tracking system is already in place. It
16 already supports the California program and the Quebec
17 program. Right now, there is a wall in the system between
18 the two programs that prevents them from transferring
19 allowances. When we link, the wall would be taken down.
20 The system is already in place.

21 Similarly, we've developed an auction platform
22 that can support individual auctions and is now being
23 refined so that could also support a joint auction, but
24 it's the same platform. So right now, California is using
25 it. Quebec just did a test of it for their stakeholders

1 They're planning their first Quebec only auction using
2 that platform. And then it will be put in the mode of
3 joint auction, tested, and then be used for a joint
4 auction.

5 So Western Climate Initiative, Inc., is the
6 organization that has the contracts with the contractors
7 developing these and provides oversight to those
8 contracts, but does the work under the specifications, the
9 requirements that our California regulation requires and
10 that Quebec's regulation requires, which are essentially
11 identical to ensure that those systems meet our needs and
12 work for us.

13 CHAIRPERSON NICHOLS: I just wanted to pursue
14 this a little bit because I want to make sure that Board
15 members understand, occasionally, you see something in the
16 press or an article somewhere that suggests that there is
17 this shadowy entity out there, WCI or WCI, Inc., that's
18 responsible for all of this linkage activity that's going
19 on. And I want to be very clear and make sure that Board
20 members feel like they have the knowledge and ability to
21 get access at any time they want to to this information
22 because it is something that we're doing clearly in a way
23 that's meant to be as open and transparent as possible.
24 The meetings of it are open to the public. There is going
25 to be one coming up, I believe, May 8th.

1 ASSISTANT EXECUTIVE OFFICER GIBBS: There is a
2 planned Board meeting open to the public on May 8th here
3 in Sacramento. If you can't attend in person, attend by
4 phone.

5 CHAIRPERSON NICHOLS: It will be conducted in
6 both English and French, which will be a challenge for
7 most of us who are mostly mono lingual.

8 ASSISTANT EXECUTIVE OFFICER GIBBS: The contracts
9 that I mentioned that WCI links into are posted on the
10 WCI, Inc., website, the bylaws, budget, minutes of the
11 meetings. It's all there to see.

12 CHAIRPERSON NICHOLS: Okay. Other questions,
13 comments from the Board before we move forward on this?

14 BOARD MEMBER DE LA TORRE: I just had a comment
15 that I've discussed with staff and with the Chair. As we
16 look at these offset protocols and we move forward,
17 clearly we want to have as broad a range as possible in
18 order to make sure that these auctions, the Cap and Trade
19 Program in general are liquid, that there is -- that there
20 are possibilities for both to engage. And I accept that
21 and I think it's good policy.

22 However, being that we do represent a
23 significantly larger entity than Quebec and that we are in
24 the lead here in the United States and that we do have an
25 obligation -- all of us have an obligation to the people

1 of California, as we move forward, we need to always keep
2 in mind that we need the maximize the benefit of these
3 offsets here in California. I think that that -- again
4 not to the exclusion of other opportunities, but we need
5 to always keep in mind that we need to maximize those
6 possibilities here, to mitigate those greenhouse gas
7 emissions here because that's what the people of
8 California are expecting from us. So I just wanted to
9 reiterate that.

10 CHAIRPERSON NICHOLS: I think that's an important
11 point to keep that in front of us.

12 The program and one of the advantages, I guess
13 it's considered to be one of the main advantages of a Cap
14 and Trade Program is that it provides opportunities for
15 those who aren't under the cap to participate in helping
16 to reduce greenhouse gas emissions. And we have lots of
17 those opportunities in California, and we'd like to see
18 those kind of projects going forward. So that's a very
19 good point.

20 Anybody else have any thoughts? Yes.

21 BOARD MEMBER SERNA: Thank you, Madam Chair.

22 Even though I'm the newest member on the Board
23 and I haven't been around for some of the past stakeholder
24 outreach efforts, I just want to echo what our Chair
25 referenced earlier and one of the speakers said about all

1 the work that staff has done over past several months to
2 really make sure that stakeholders have every opportunity
3 to comment in writing and in person. As a county
4 supervisor, you have lots of opportunity to see the public
5 process at work, to engage those that have a stake in
6 public policy. And this is really quite impressive, and I
7 want to thank staff for all their hard work. Thank you.

8 CHAIRPERSON NICHOLS: Thank you. All right. At
9 this point, I think we can declare the record closed then.
10 And do we have a legal comment in terms of the CEQA
11 compliance or anything else that we need to address at
12 this point?

13 CHIEF COUNSEL PETER: Your Honor -- sorry.
14 Sorry. I went back to my litigation mode.

15 (Laughter)

16 CHAIRPERSON NICHOLS: I thought maybe you had
17 been talking to the Governor.

18 CHIEF COUNSEL PETER: We had a public statement
19 of the findings with respect to the environmental issues
20 that were raised that was published on our web page.
21 Everything that was mentioned here was also covered in
22 that, so there is nothing to add to that. I just wanted
23 to make that reference that it was there as part of the
24 record. It's been public and it addresses any comments.

25 CHAIRPERSON NICHOLS: Good. Thank you.

1 All right. Then without further ado, may I have
2 a motion to approve the Resolution?

3 BOARD MEMBER SPERLING: I so move to approve the
4 linkage -- the Resolution for the linkage with Quebec.

5 BOARD MEMBER BALMES: Second.

6 CHAIRPERSON NICHOLS: All right. All those in
7 favor please say aye.

8 (Ayes)

9 CHAIRPERSON NICHOLS: Any opposed?

10 Any abstentions.

11 I know I speak on behalf of the entire Board when
12 I say that we are proud of this accomplishment and looking
13 forward to the next stages. So before I just adjourn this
14 meeting, do we have any public -- just general public
15 comment signed up for at this meeting? None.

16 CHIEF COUNSEL PETER: We're going to have a very
17 short closed session.

18 CHAIRPERSON NICHOLS: So we will not adjourn the
19 meeting at this time. We will recess to closed session,
20 and then we'll come back informally to adjourn the meeting
21 and announce any action we may have taken. Okay. Thank
22 you very much everybody.

23 (Whereupon the Air Resources Board recessed
24 into closed session at 10:23 a.m. and resumed
25 open session at 10:59 a.m.)

1 CHAIRPERSON NICHOLS: It's now 11:00, and we've
2 finished the executive session. I'm just here to report
3 that no action was taken. We received briefings from our
4 counsel on several ongoing matters in litigation, but we
5 did not have to make any decisions. And so at this point,
6 we will adjourn the meeting. Thank you very much.

7 (Whereupon the Air Resources Board adjourned
8 at 10:59 a.m.)

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CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of April, 2013.

TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277