

State of California  
AIR RESOURCES BOARD

**Addendum to the Final Statement of Reasons for Rulemaking**

ADOPTION OF AMENDMENTS TO THE CALIFORNIA CAP ON GREENHOUSE GAS EMISSIONS AND MARKET-BASED COMPLIANCE MECHANISMS TO ALLOW FOR THE USE OF COMPLIANCE INSTRUMENTS ISSUED BY LINKED JURISDICTIONS

Public Hearing Date: April 19, 2012  
Agenda Item: 13-4-1  
Addendum Prepared: June 21, 2013

**I. Background**

On May 10, 2013, the Air Resources Board (ARB or Board) submitted the Final Statement of Reasons (FSOR) for the “Adoption of the 2012 Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms” to the Office of Administrative Law (OAL) for its review and approval. In the course of its review, OAL requested additional information and clarification of some points.

**A. SB 1018**

SB 1018, chaptered on June 27, 2012, enacted Government Code section 12894, which requires requires the Governor to make certain findings prior to approving a linkage with another jurisdiction. ARB provided the Governor with a request to make findings on February 22, 2013, and the Governor officially provided the requisite findings on April 8, 2013. The findings are available here: [http://gov.ca.gov/docs/Request\\_for\\_SB\\_1018\\_Findings.pdf](http://gov.ca.gov/docs/Request_for_SB_1018_Findings.pdf). Based on these actions, the California Air Resources Board has complied with the provisions of SB 1018.

**B. Alternatives analysis**

ARB determined, based on supporting information in the file, that no alternative considered by the agency would be more effective in carrying out the purpose for which the regulation is proposed, would be as effective and less burdensome to affected private persons than the adopted regulation, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

C. Consultation with other agencies.

Health and Safety Code section 38562(f) requires ARB to consult as follows: "The state board shall consult with the Public Utilities Commission in the development of the regulations as they affect electricity and natural gas providers in order to minimize duplicative or inconsistent regulatory requirements."

ARB consults with both CPUC and CEC on a regular basis. However, for this amendment, which makes allowances in California usable in Québec and vice versa, the program does not "affect electricity and natural gas providers in order to minimize duplicative or inconsistent regulatory requirements." ARB has consulted with PUC, but this amendment is exclusive to ARB's program. CPUC cannot duplicate these regulations because it is exclusive to the cap-and-trade program.

**III. Additional minor and non-substantive change**

**Section 95833(f)(3)(D)** is being renumbered to Section 95833(f)(4) and subsequent renumbering is occurring. OAL requested this change to ensure there was no confusion that the deadline provision of the section 95833(f) could not apply to the amendments in question because the amendments were adopted after the applicable deadline.