



Air Resources Board



Linda S. Adams
Secretary for
Environmental Protection

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Arnold Schwarzenegger
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AB 32: California Global Warming Solutions Act of 2006

Notice of Public Workshop on the Greenhouse Gas Cap-and-Trade Program Development and to Discuss Allowance Allocation

Public Workshop on the Preliminary Draft Regulation

ARB staff invites you to participate in a workshop as part of the development of the California cap-and-trade program. At this workshop staff will provide a status update on the development of the draft regulation, and will present ideas for providing a smooth transition for the start of the cap-and-trade program in light of the current economic conditions, including a preliminary approach for distributing the allowances that will form the backbone of the cap-and-trade system.

This workshop will provide the public an opportunity to discuss with staff options for the transition into the cap-and-trade program and approaches to allowance distribution and to provide initial comments and feedback. We welcome and encourage your participation in this event. For further information, please contact the ARB Office of Climate Change at (916) 322-2037.

Workshop Time and Location

We encourage you to take public transportation or drive low emission/high efficiency vehicles whenever possible. The public workshop will be held at the following location and will also be webcast:

Date: Monday, May 17, 2010
Time: 10:00 a.m. – 5:00 p.m.
Location: Cal/EPA Headquarters, Byron Sher Auditorium
1001 "I" Street
Sacramento, CA 95812
Directions: <http://www.calepa.ca.gov/EPABldg/location.htm>

Background

The AB 32 Scoping Plan, California's blueprint for reducing greenhouse gas (GHG) emissions, incorporates a range of measures to reduce GHG emissions in California, including the creation of a cap-and-trade program. On November 24, 2009, ARB released a [Preliminary Draft Regulation](#) (PDR) for the cap-and-trade system. ARB staff had planned to release the next draft of the regulation by the end of April, 2010, but has decided instead to conduct additional public meetings to describe and get input on staff's current thinking on the program design before releasing additional regulatory language. Staff will present information on the status and plans for the next steps in the program design process in the first part of this workshop.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

The Preliminary Draft Regulation provided a conceptual regulatory framework for many areas of the system but left a key area of program design—the allocation of allowances—to be defined in future drafts upon consideration of technical analysis and stakeholder input. The omission of allowance allocation in the PDR allowed for the completion and consideration of the recommendations of an expert advisory committee, known as the Economic and Allocation Advisory Committee (EAAC). The EAAC was created to provide input to ARB on the topics of allowance allocation and economic analysis. The [EAAC report](#) on allowance allocation was finalized in March, and an overview of their recommendations was presented at the March 2010 Board hearing.

Since the PDR and the EAAC report were completed, ARB staff has reviewed written comments and has been holding informal discussions with a wide variety of stakeholders. Based on the input received to date, ARB is exploring a variety of options that would allow a smooth transition into the cap-and-trade program in light of the current economic conditions. The ultimate success of AB 32 and of the cap-and-trade program in particular will depend in large part on the ability of all California businesses and residents to invest in energy efficiency and clean energy, and the design of the cap-and-trade program will need to encourage rather than hinder that investment. At this workshop, staff will provide an overview of the options that are currently under consideration.

Workshop Materials

The workshop materials and agenda will be posted prior to the workshop at <http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm#publicmeetings>. At this website, you may join our electronic mailing list to receive notices of ARB activities and public meetings.

Video/Audio Webcast

A live video/audio webcast will be available for the workshop at the following link: <http://www.calepa.ca.gov/broadcast/?BDO=1>. ARB recommends that you do not run other programs while viewing the webcast, as it may interrupt or lower the quality of the signal. You can also submit your questions and comments during the workshops to ccworkshops@arb.ca.gov.

Special Accommodations or Language Assistance

If you require a special accommodation or need this document in an alternate format or language, please contact the Office of Climate Change at 916-322-2037 as soon as possible. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Sincerely,

/s/

Kevin M. Kennedy, Ph.D.
Assistant Executive Officer
Office of Climate Change
California Air Resources Board