

CLIMATE CHANGE AND CALIFORNIA

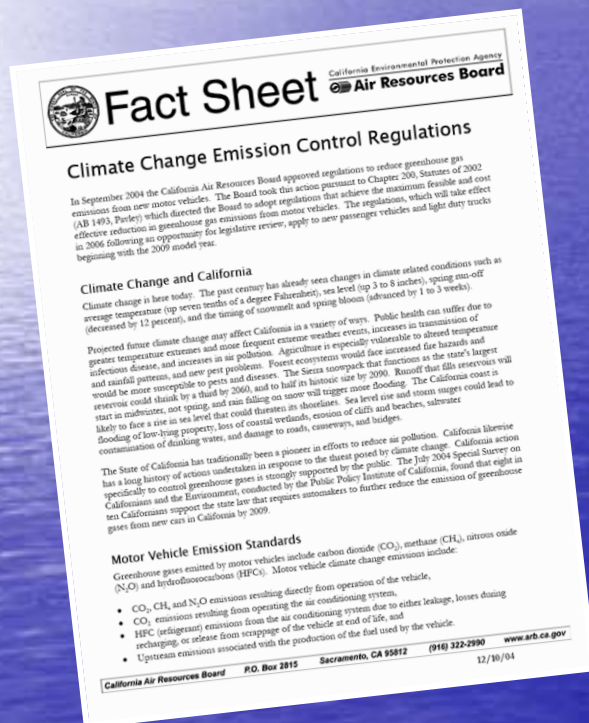
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AB 1493

The Regulations



- Requires carmakers to reduce GHG from their vehicle fleets by approximately 30% by 2016
- Developed two standards --
 - Cars and lightest trucks
 - Heavier vehicles
- Created near-term (2009-2012) and mid-term standards (2013-2016)
- CARB approximates cost for new cars to increase by \$300

AB 1493

Implementation

Under the Clean Air Act, other states can adopt California standards or Federal standards. The following states have adopted or will adopt California's "Clean Car" regulations.

- *Connecticut*
- *Maine*
- *Massachusetts*
- *New Jersey*
- *New York*
- *Oregon*
- *Pennsylvania*
- *Rhode Island*
- *Vermont*
- *Washington*
- *Maryland*

Governors of New Mexico, Arizona, and Florida have signed executive orders stating their intent to adopt these standards.

AB 1493

Legal Challenges

Lawsuits were filed in CA, VT and RI by domestic *and* foreign automobile companies in December 2005, claiming...

Clean Air Act

EPA has determined that Congress did not authorize EPA to regulate CO₂ or any other greenhouse gas under the Act -- “precludes” EPA granting a waiver of preemption.

CAFE Standard

CA’s global warming regs are preempted by the federal CAFE in two ways: they are “related to” fuel economy, and they are inconsistent with NHTSA accomplishment of federal objectives.

Mass. v. EPA

- Supreme Court ruled GHGs are “air pollutants” under the Clean Air Act, and that EPA has authority to set federal emissions standards.
- Court rules no conflict with CAFÉ.
- Decision removes major obstacle to EPA waiver for California’s global warming emission standards.

Vermont Takes on Detroit

On September 12, 2007 Vermont Federal Judge, Williams Sessions, dismissed the lawsuit filed by the American automobile industry to bar Vermont from imposing California's Clean Car Standards.

After a 16 day trial, Judge Sessions in his 240 page ruling rejected all the industry lawyers' arguments and wrote, "It is improbable that an industry which prides itself on its modernity, flexibility and innovativeness will be unable to meet the requirements of regulation, especially with the range of technological possibilities and alternatives currently before it."

AB 32

Main Provisions

- Mandates reporting of emissions from significant sources by January 1, 2008.
- Requires the California Air Resources Board (CARB) to cap GHG emissions at 1990 levels.
- Emission reductions to begin in 2012 and be achieved by 2020.

AB 32

Supporters

- *42 Assembly co-authors and 15 Senate co-authors*
- *U.S. Senators Feinstein and Boxer and 8 members of Congress*
- *48 cities/counties*
- *Air, water and utility districts*
- *Health organizations and professionals*
- *Faith-based organizations*
- *Business organizations and leaders*
- *Organized labor*
- *Public interest groups*
- *Entertainment industry*
- *Investment communities*
- *Technology and biotechnology industries*
- *Editorial support from media*
- *Environmental and conservation organizations*

AB 32

Timeline to Implementation

June 30, 2007: Early Action Emission Reduction Measures

July 1, 2007: Environmental Justice and Economic/Tech advisory boards convene

Jan. 1, 2008: Determination of 1990 baseline levels and report on biggest emitters

Jan. 1, 2009: Approval of plan for maximum reduction by 2020 (update every 5 years)

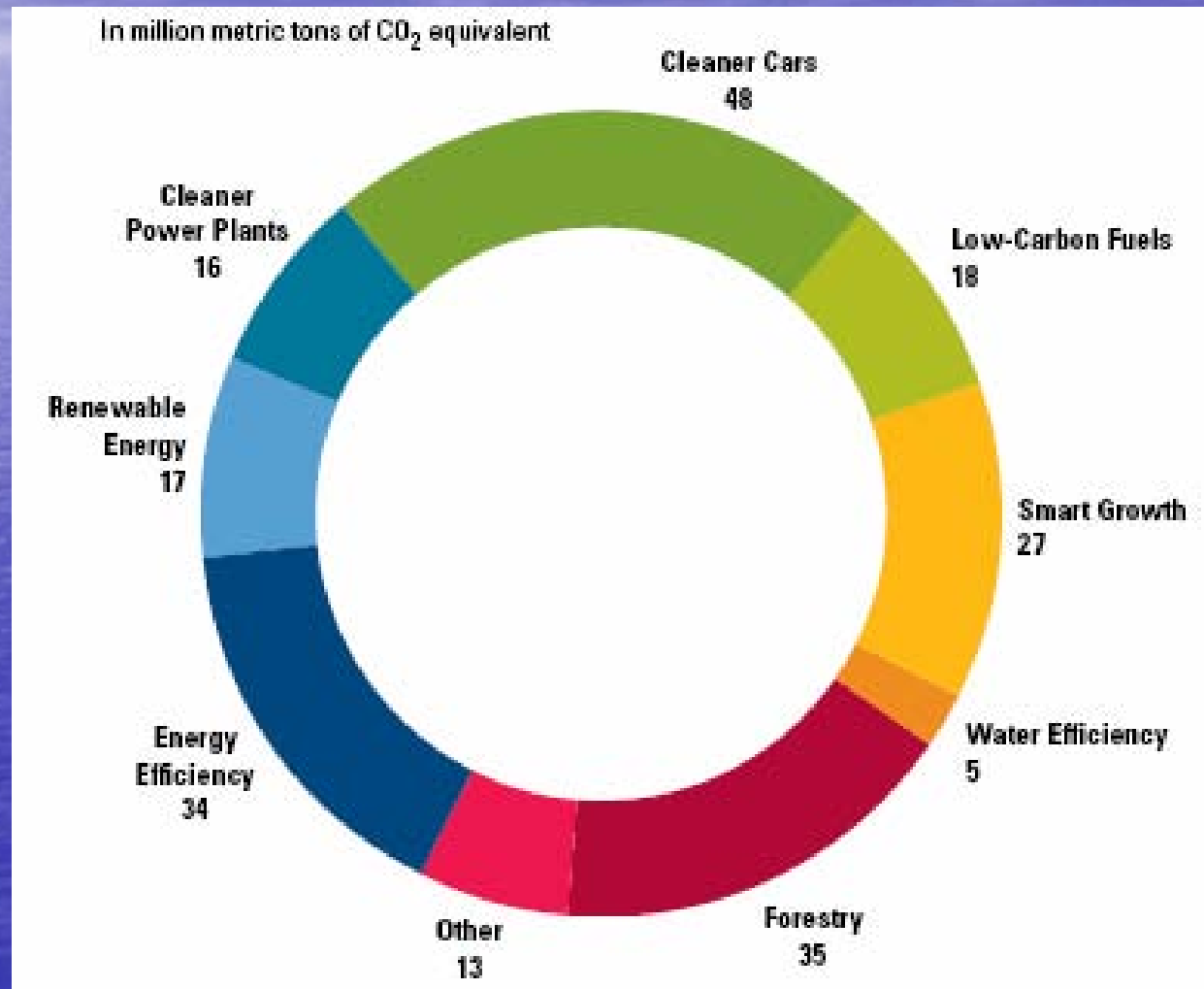
Jan. 1, 2010: Adopt regulations for early action measures

Jan. 1, 2011: Adopt regulations on emission limits and reduction measure which must be real, permanent, quantifiable, verifiable, and enforceable, in addition to cap, in same period

Jan. 1, 2012: Emission limits begin

Jan. 2, 2020: Emission reductions achieved and stay in force beyond 2020

Eight Strategies for Reducing California's Emissions



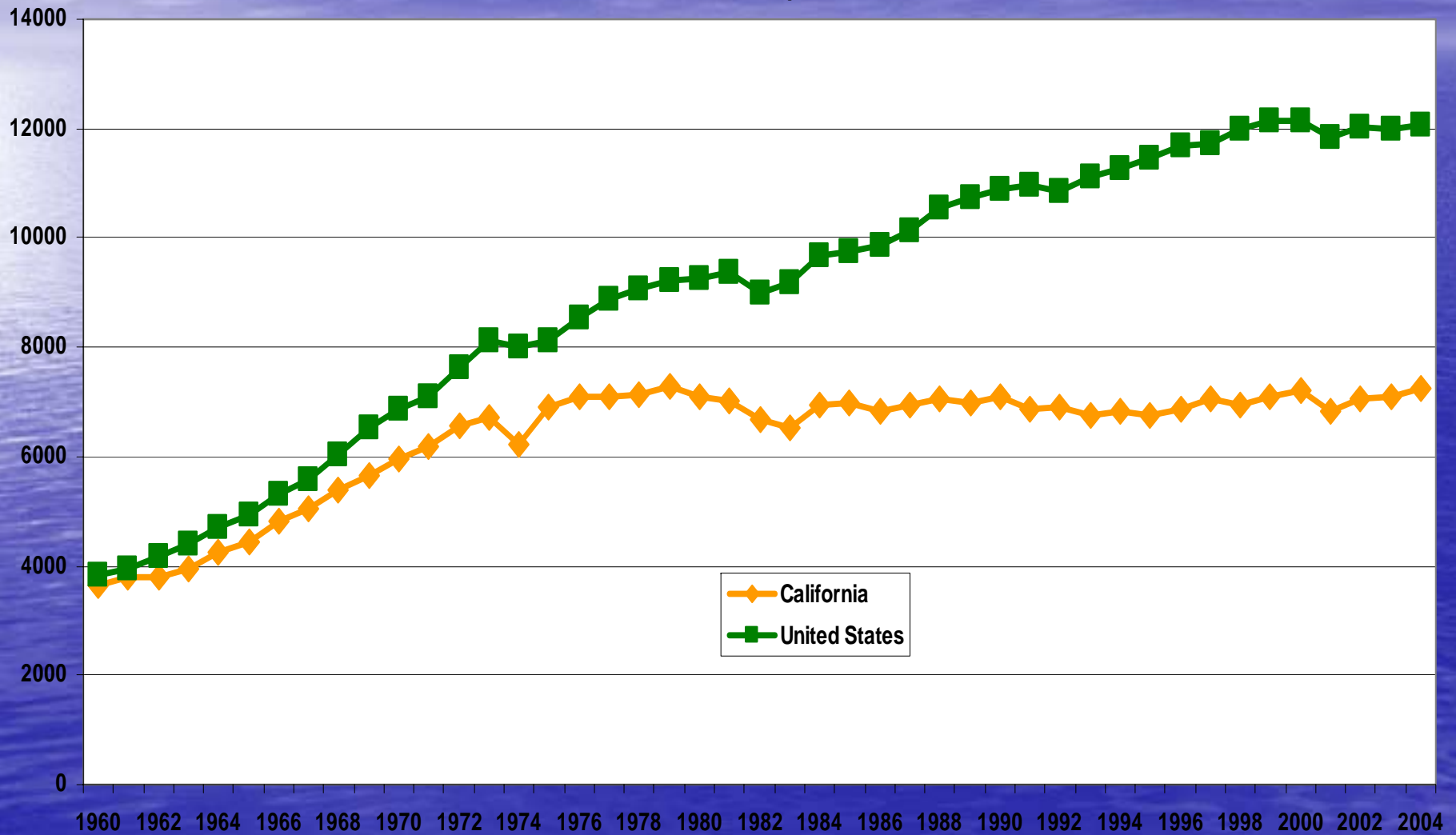
What Else is California Doing?

- Renewable Portfolio Standards - 20%
- Million Solar Roofs
- AB 1007 - Alternative Fuels
- Fuel Cell Partnership
- Local Government Actions
- Energy Efficient Appliances
- Green Building Designs
- SB 1368 (Greenhouse Gas Performance Standard)
- Low Carbon Fuel Standard
- Decoupling



Energy Efficiency Works

Per Capita Electricity Consumption
kWh/person



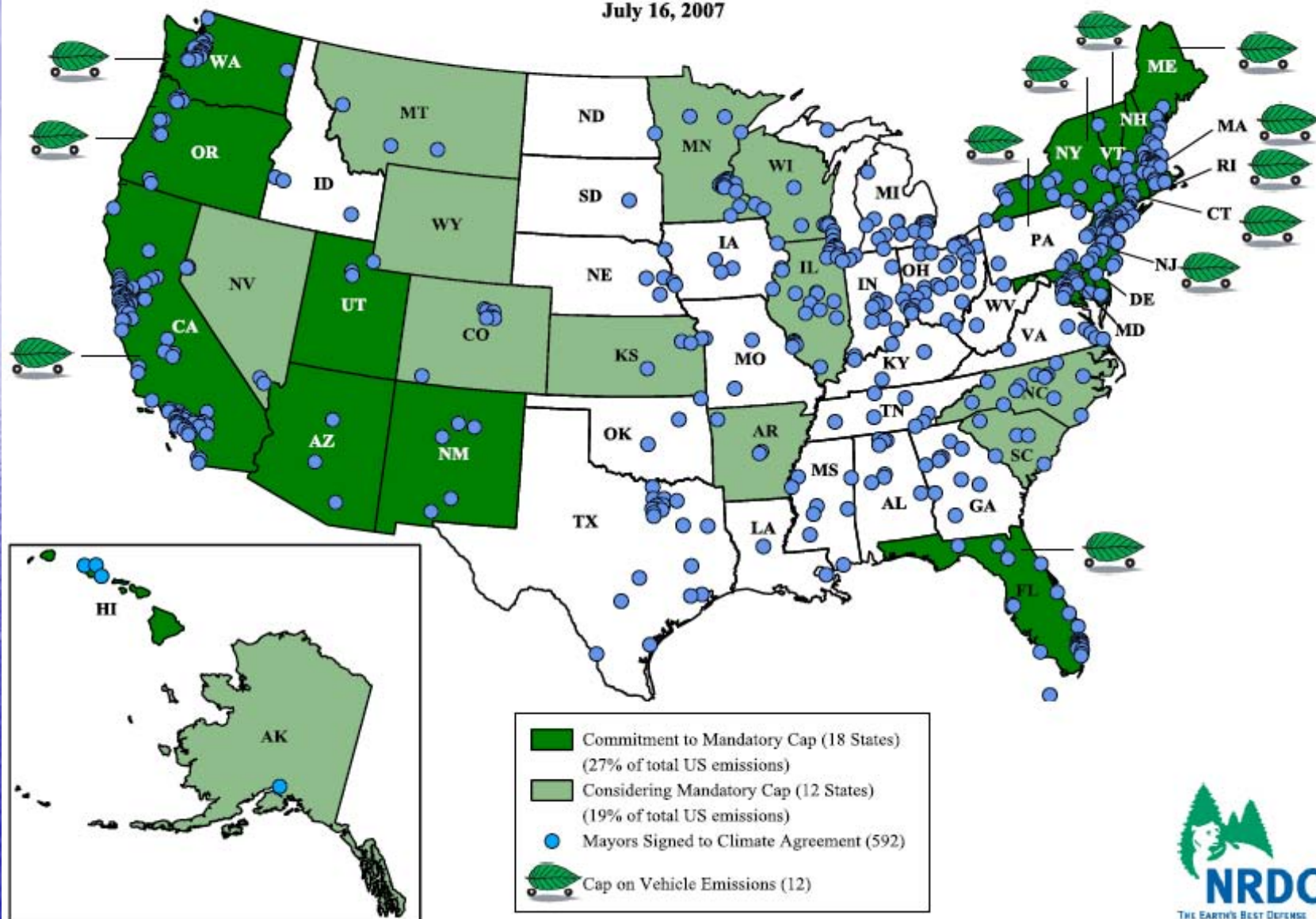
What's Driving Green-tech Investment?

- Rising cost of fuel.
- Economic expansion of China, India and other Asian nations.
- Growing concerns on global warming.
- War in the Middle East and too much reliance on foreign oil.
- Desire for a secure energy future.

AB 32 sends a strong signal to the market for clean technologies by adopting an enforceable cap.

The Rising Tide for Global Warming Solutions

July 16, 2007



The Costs of Inaction



- more powerful hurricanes
- sea-level rise
- reduced snowpack
- more droughts
- more floods
- more wildfires
- more heat waves
- agricultural shifts
- the spread of disease

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