

MS. PAVLEY: IT IS A PLEASURE FOR ME TO
8 ATTEND THE CONFERENCE, AND I HAVE TO TELL YOU, I'M
9 NOT A SCIENTIST AND I'M NOT AN ENGINEER, AND I HAVE
10 NO REALLY TECHNOLOGICAL BACKGROUND. THIS WHOLE PANEL
11 HERE TODAY, THE POLICY PEOPLE WHO ARE IMPLEMENTING
12 SOME OF THE WONDERFUL WORK THAT YOU HAVE DONE, AND
13 IT'S A CHALLENGE ON THE GROUND DEALING WITH THE
14 POLITICS OF MOVING FORWARD IN A CARBON-CONSTRAINED
15 ECONOMY.

16 ONE OF THE BILLS THAT MIKE ALLUDED TO WAS
17 THE ASSEMBLY BILL 1493. AND I WANTED TO UPDATE YOU
18 ON THIS, BECAUSE FOR CALIFORNIA, THIS IS VERY
19 IMPORTANT. CALIFORNIA, JUST BY WAY OF BACKGROUND,
20 HAS 38 MILLION PEOPLE, GROWING AT 500,000 PEOPLE A
21 YEAR. 58 PERCENT OF ALL OUR GREENHOUSE GAS EMISSIONS
22 COME FROM THE TRANSPORTATION SECTOR. OF THAT 41 OF
23 THAT 58 PERCENT COMES FROM OUR 25 MILLION
24 AUTOMOBILES.

25 TO IMPLEMENT AB 32, THE GLOBAL WARMING

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1 SOLUTIONS ACT, CARS ARE A BIG PART OF THAT. SO THIS
2 BILL, WHICH IS AMAZINGLY STILL ALIVE, THE LAW, IS KEY
3 AND CRITICAL TO HOW WE OBTAIN OUR REDUCTION BACK TO
4 1990 LEVELS. SO THIS WAS PASSED BACK IN 2002 BEFORE
5 GLOBAL WARNING WAS POLITICALLY A REAL POPULAR TOPIC,
6 FOUGHT AGAINST BY THE OIL COMPANIES, THE CAR
7 DEALERSHIPS, AND THE AUTOMOBILE MANUFACTURERS.

8 I WANT TO LET YOU KNOW THAT THIS WASN'T A
9 LEGISLATIVE REQUIREMENT TO REDUCE BY 30 PERCENT BY
10 2016. WE SET THE MANDATE TO THE RESOURCES BOARD TO
11 COME UP WITH COST-EFFECTIVE, TECHNOLOGICALLY FEASIBLE
12 REDUCTIONS. THEY HIRED SOME OF THE BEST AND
13 BRIGHTEST AUTOMOBILE ENGINEERS AND CAME UP WITH A
14 PACKAGE OF TECHNOLOGIES THAT COULD BE USED ON
15 DIFFERENT CLASSES OF VEHICLES. SO THAT'S HOW WE
16 BACKED INTO A 30-PERCENT REDUCTION BY 2016 IN THE
17 FRAMEWORK AS YOU SEE FORWARD. THEY ALSO ANALYZED, OF
18 COURSE, THE COST-EFFECTIVENESS TO THE CONSUMER, AND
19 IT IS COST-EFFECTIVE.

20 CALIFORNIA, AS YOU MAY KNOW, UNDER THE
21 FEDERAL CLEAN AIR ACT, HAS THE ABILITY TO PASS MORE
22 STRINGENT TAILPIPE EMISSION STANDARDS THAN THE
23 FEDERAL GOVERNMENT, AND THAT GAVE US THE OPPORTUNITY
24 TO DO JUST THAT. OTHER STATES AROUND THE COUNTRY
25 HAVE THE OPPORTUNITY TO EITHER ADOPT CALIFORNIA'S

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1 CLEAN CAR STANDARDS OR THE FEDERAL GOVERNMENT'S
2 STANDARDS, PROVIDING CALIFORNIA STANDARDS ARE MORE
3 STRINGENT THAN THE FEDERAL GOVERNMENT'S.

4 WELL, AS OF THIS WEEK, NOT ONLY DO WE HAVE
5 THOSE ELEVEN STATES UP THERE THAT HAVE ADOPTED THE
6 CALIFORNIA CLEAN CAR STANDARDS, BUT I WANT TO SHARE
7 WITH YOU, ON WEDNESDAY OF THIS WEEK, NEW MEXICO
8 VOTED, AND THEIR TWO COMMITTEES THAT HAVE TO APPROVE
9 IT HAVE NOW MADE IT THROUGH AN ADMINISTRATIVE
10 PROCESS, PART OF THIS LIST. SO 12 ADDITIONAL STATES
11 IN ADDITION TO CALIFORNIA, THAT'S OVER 40 PERCENT OF

12 ALL THE VEHICLES SOLD IN THE UNITED STATES.
13 WE'RE MAYBE GOING TO BECOME A WEDGE -- IN
14 YOUR DISCUSSION THAT I HEARD EARLIER -- THIS YEAR.
15 SO WE'RE ALMOST AT THE TIPPING POINT. OTHER STATES
16 WILL BE INTRODUCING THIS LEGISLATION, SUCH AS
17 ILLINOIS IN JANUARY, STATES LIKE FLORIDA. THE
18 GOVERNOR IS TAKING A LEAD SAYING THAT HE WILL ADOPT
19 THESE REGULATIONS BECAUSE FLORIDA IS ON THE FRONT
20 LINE WHEN IT LEADS TO CLIMATE CHANGE AND SEA LEVEL
21 RISE AND HURRICANE INTENSITY.

22 WE DID HAVE A FEW PROBLEMS ALONG THE WAY.
23 LIFE IS NEVER EASY. BUT THE AUTOMOBILE
24 MANUFACTURERS, NOT JUST THE AMERICAN AUTOMOBILE
25 MANUFACTURERS, BUT THE INTERNATIONAL ALLIANCE,

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1 INCLUDING COMPANIES FROM EUROPE, AS WELL AS JAPAN,
2 HAVE FILED SUIT IN THREE COURTS -- CALIFORNIA,
3 VERMONT, AND RHODE ISLAND -- TO BLOCK THE
4 IMPLEMENTATION OF THESE REGULATIONS, LOOKING AT A
5 VARIETY OF REASONS FOR THEIR LEGAL ARGUMENTS, BUT ONE
6 WAS THAT EPA DOES NOT HAVE THE AUTHORITY TO REGULATE
7 CO2 OR OTHER GREENHOUSE GASSES, AND THE OTHER ONE THEY
8 KEEP BRINGING UP IS ONLY THE FEDERAL GOVERNMENT CAN
9 SET FUEL EFFICIENCY STANDARDS, AND THIS IS SO
10 CALIFORNIA CANNOT ESTABLISH GREENHOUSE GAS EMISSION
11 REDUCTIONS FROM TAILPIPES.

12 AS WAS DISCUSSED THE FIRST DAY OF THE
13 CONFERENCE, A HUGE SUPREME COURT DECISION WAS
14 RENDERED IN APRIL OF THIS YEAR. THE SUPREME COURT
15 FOUND IN A 5-TO-4 DECISION THAT CO2 AND OTHER
16 GREENHOUSE GASSES ARE AIR POLLUTANTS.

17 THEY ALSO WENT ON TO SAY, DR. SPINRAD SAID
18 THAT THIS IS NOT A CONFLICT WITH FEDERAL CAFE
19 STANDARDS. THEY ALSO OPINED THAT THE DECISION NOT
20 ONLY REMOVES ANY OBSTACLES FOR THE EPA TO GRANT OR AT
21 LEAST LOOK AT GRANTING A WAIVER, BUT THE SUPREME
22 COURT ALSO SAID THAT IF THEY DENY THE WAIVER, THEY
23 HAVE TO HAVE SCIENTIFIC REASONS FOR THE DENIAL. SO
24 STAY TUNED TO THAT. SO FAR, THE EPA, THEY PETITIONED
25 FOR A WAIVER, THEY HAVE NOT MADE A DECISION, THE BUSH

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1 ADMINISTRATION SAYS IT WILL BE IN DECEMBER OF THIS
2 YEAR. JUST SO YOU KNOW, CALIFORNIA HAS APPLIED FOR A
3 WAIVER UNDER THE FEDERAL CLEAN AIR ACT 50 TIMES, AND
4 OVER THE LAST THREE DECADES, NONE HAVE BEEN DENIED.

5 THEN THERE WAS A LAWSUIT FILED BY THE
6 AUTOMOBILE MANUFACTURERS. VERMONT WAS PICKED FOR THE
7 FIRST TEST CASE. THE DECISION WAS RENDERED IN
8 SEPTEMBER OF THIS YEAR BY JUDGE SESSIONS, ESSENTIALLY
9 SAYING THAT HE HAD FOUND NO REASON WHY THE AUTOMOBILE
10 MANUFACTURERS COULD NOT MEET THE TECHNOLOGICALLY
11 FEASIBLE REDUCTIONS AS ENVISIONED IN AB 1493.

12 WELL, IN 2005, GOVERNOR SCHWARZENEGGER
13 ISSUED AN EXECUTIVE ORDER TALKING ABOUT GLOBAL
14 WARMING AND SAID THE DEBATE IS OVER AND WE WILL BE
15 MOVING FORWARD IN CALIFORNIA. AND HIS EXECUTIVE
16 ORDER ENDED UP BECOMING A CORNERSTONE IN A BILL THAT

17 I HAD AUTHORED IN 2005 WHICH WOULD REQUIRE THE
18 FOLLOWING THINGS:

19 NUMBER ONE, IT WILL MANDATE REPORTING OF
20 ALL SIGNIFICANT CONTRIBUTORS OF GREENHOUSE GAS
21 EMISSIONS -- TALKING ABOUT STATIONARY SOURCES --
22 BEGINNING IN JANUARY OF 2008; UTILITY POWER PLANTS,
23 OIL REFINERIES, CEMENT FACTORIES, LANDFILLS,
24 ET CETERA.

25 IT WILL REQUIRE THE CALIFORNIA AIR
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1 RESOURCES BOARD, WHO HAS THE JURISDICTION OF
2 IMPLEMENTING AB 32, TO CAP EMISSIONS AT 1990 LEVELS,
3 AND THAT IS ABOUT A 25-PERCENT REDUCTION OF BUSINESS
4 AS USUAL.

5 EMISSIONS WILL BEGIN IN 2012, ALTHOUGH WE
6 DO HAVE A SERIES OF EARLY-ACTION MEASURES THAT WILL
7 BE IMPLEMENTED SOONER THAN THAT, AND ACHIEVED BY
8 2020.

9 IN THE FINDINGS OF AB 32, WE ARE VERY CLEAR
10 THAT THIS DOES NOT SOLVE THE PROBLEM; THAT WE NEED TO
11 EVENTUALLY ACCOMPLISH AN 80-PERCENT REDUCTION BY
12 2050. BUT WE THOUGHT THIS WAS DOABLE, PRACTICAL,
13 WHERE SOME OF THE POLICIES THAT WE HAVE IN PLACE IN
14 CALIFORNIA, WE FEEL THAT WE DON'T HAVE TO CHOOSE
15 BETWEEN A HEALTHY ECONOMY AND A HEALTHY ENVIRONMENT,
16 THAT WE CAN DO BOTH, AS ENVISIONED IN AB 32.

17 A WIDE LIST OF SUPPORTERS, NOT ONLY FOR THE
18 CAR BILL, BUT ALSO FOR THIS ONE. AND WE HAVE PUBLIC
19 OPINION POLLS -- AND IF YOU HAVEN'T DONE ONE IN YOUR
20 STATE OR AREA, THEY'RE INTERESTING TO DO -- BUT IT IS
21 NOT A DIFFERENCE BETWEEN DEMOCRATIC AND REPUBLICAN
22 AND INDEPENDENT VOTERS; THEY ALL FEEL THAT WE SHOULD
23 BE MOVING AHEAD ON THIS TREMENDOUS ENVIRONMENTAL
24 ISSUE, PROBABLY THE BIGGEST CHALLENGE THAT WE'LL FACE
25 IN OUR LIFETIME; AND IN CALIFORNIA, WE SEE A REAL

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1 OPPORTUNITY ECONOMICALLY.

2 IF YOU WANT TO GO TO THE CALIFORNIA AIR
3 RESOURCES BOARD WEBSITE, THEY HAVE THIS INFORMATION
4 ON THE TIMELINE. THEY ALSO SHOW IN THEIR OPINION,
5 WAYS THAT WE CAN GET TO THE REDUCTIONS OF 25 PERCENT
6 BY 2020, BACK DOWN TO 1990 LEVELS, AND YOU CAN SEE
7 WHAT A BIG PIECE CARS ARE. THEY ENVISION A 5
8 PERCENT -- OR A REDUCTION OF ONLY 5 -- I'M NOT
9 SURE -- MEGATONS OF CARBON FROM WATER EFFICIENCY. WE
10 THINK THAT WILL BE A LOT MORE. IN CALIFORNIA,
11 20 PERCENT OF ALL THE ENERGY WE USE COMES FROM MOVING
12 OR TREATING WATER AROUND OUR BIG STATE. AND SO THAT
13 WILL BE PART OF THE PUZZLE.

14 WHAT ELSE IS CALIFORNIA DOING? WE DO HAVE
15 A RENEWABLE PORTFOLIO STANDARD, 20 PERCENT BY 2010,
16 WHICH IS SENDING A NICE CLEAR SIGNAL TO THE RENEWABLE
17 ENERGIES.

18 WE HAVE INITIATED THE MILLION SOLAR ROOF
19 PROGRAM, WITH A SURCHARGE ON OUR UTILITY BILLS TO
20 PROVIDE REBATES TO COMMERCIAL, AS WELL AS RESIDENTIAL
21 CONSUMERS.

22 AB 1007, ALTERNATIVE FUELS ANALYSIS, WAS
23 JUST COMPLETED BY THE ENERGY COMMISSION THAT LOOKS AT
24 THE FULL-LIFE CYCLE IMPACTS OF ALTERNATIVE FUELS SO
25 THAT WE DON'T PUSH IN THE DIRECTION, FOR EXAMPLE, OF

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1 CORN ETHANOL AND LOOK AT MORE
2 ENVIRONMENTALLY-FRIENDLY OPTIONS.

3 LOCAL GOVERNMENTS ARE STEPPING UP TO THE
4 PLATE.

5 AND I WILL SKIP DOWN TO SB 1368. THIS WAS
6 AN IMPORTANT PIECE OF LEGISLATION PASSED LAST YEAR IN
7 SACRAMENTO. CALIFORNIA WILL NOT BE EXTENDING OR
8 ADDING NEW LONG-TERM CONTRACTS FOR PURCHASE OF COAL
9 FROM OUT OF STATE. WE DON'T HAVE COAL-FIRED POWER
10 PLANTS IN CALIFORNIA. WE WILL NOT BE PURCHASING ANY
11 NEW COAL FROM OUT OF STATE, AND THIS IS SENDING A
12 SIGNAL TO OUT-OF-STATE COAL COMPANIES WHO ARE LOOKING
13 ACTUALLY AT WIND AND OTHER OPTIONS.

14 EFFICIENCY DOES WORK. SOMEONE HAD THE ART
15 ROSENFELD GRAPH UP THE OTHER DAY. WE'RE AT A
16 PER-CAPITAL CONSUMPTION THAT HAS LEVELED OFF THE LAST
17 30 YEARS; EFFICIENT APPLIANCES, LIGHTING FIXTURES,
18 GREEN BUILDING DESIGNS, ET CETERA. BUT WHAT'S REALLY
19 EXCITING IN CALIFORNIA IS THE INVESTMENT OF THE
20 VENTURE CAPITALISTS IN THE SILICON VALLEY AREA, IN
21 PARTICULAR, THE BUSINESS LEADERS. THEY STOOD UP AND
22 SPOKE OUT QUITE STRONGLY IN FAVOR OF AB 32. THEY
23 WANTED TO SEND A STRONG SIGNAL TO THE MARKET THAT
24 CALIFORNIA IS OPEN FOR BUSINESS IN A HOME OF CLEAN
25 TECHNOLOGIES AND ADOPTING AN ENFORCEABLE CAP.

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1 AND THE LAST SLIDE I WANTED TO SHOW YOU IS
2 THAT WHILE THE FEDERAL GOVERNMENT SEEMS TO BE TAKING
3 AN INORDINATELY LONG PERIOD OF TIME TO MOVE FORWARD,
4 STATES ARE MOVING FORWARD TOGETHER, NOT ONLY IN
5 ADOPTING CLEAN CAR STANDARDS, BUT EXPLORING THE
6 POSSIBILITY OF MANDATORY CAPS. OVER 20 STATES HAVE
7 RENEWABLE PORTFOLIO STANDARDS. OVER 30 STATES NOW
8 HAVE A CLIMATE REGISTRY PROGRAM. AND SO THE MOMENTUM
9 IS COMING FROM THE BOTTOM UP, AND I LOOK FORWARD TO
10 HAVING CALIFORNIA BE PART OF THE SOLUTION.

11 AND THANK YOU AGAIN FOR ALL YOUR WORK
12 BECAUSE THE IMPACTS FINANCIALLY WILL BE FELT AT THE
13 STATE LEVEL PERHAPS MORE SO THAN THE FEDERAL LEVEL.

14 THANK YOU VERY MUCH.

15