

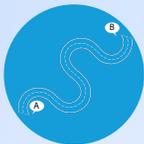
THE GLOBAL WARMING SOLUTIONS ACT: Assembly Bill 32



AB 32 Overview

The Global Warming Solutions Act, or AB 32, was passed in 2006 and directs the California Air Resources Board (ARB) to develop a set of measures to reduce statewide greenhouse gas (GHG) emissions to 1990 levels by 2020 (the “2020 emissions limit”). AB 32 authorized, but did not require, the ARB to adopt market-based compliance mechanisms such as cap and trade. AB 32 included the specific requirements described below that set in motion a series of actions to lower emissions from all sectors of California’s economy.

AB 32 Requirements:



The Scoping Plan

AB 32 directed the ARB to develop a roadmap, or Scoping Plan, for the state to meet the 2020 target. In 2008, the ARB adopted the original Scoping Plan that lays out a suite of measures, including a market-based mechanism which evolved into the cap-and-trade program, designed to achieve the 2020 Emissions Limit. AB 32 requires the ARB to update the Scoping Plan every five years. The ARB approved the first such update in May 2014.



2020 Emissions Limit

To establish the 2020 statewide GHG target, the ARB needed to determine the statewide GHG emissions level in 1990. To do this, the ARB performed an analysis of GHG emissions in the state and created the GHG Inventory. The GHG Inventory combines estimates that rely both on state, regional or national data sources, and on aggregated facility-specific emissions reports from the Mandatory GHG Emissions Reporting Regulation (MRR). The 2020 emissions limit is 431 million metric tons of CO₂ equivalent (CO₂e), about 15% below 2020 business-as-usual emission forecast of 509 million metric tons of CO₂e.



Mandatory Reporting of Greenhouse Gases

Under AB 32, the ARB was required to adopt regulations for the reporting and verification of statewide GHG emissions. The ARB adopted MRR in December 2007 which requires the largest emitters to report annual emissions to ensure accurate and consistent tracking of GHG levels. The MRR differs from the GHG Inventory in how emissions are reported and calculated: the MRR relies on facility and entity level reporting, while the GHG Inventory provides statewide estimates based on the regional, state, and national data sources, as well as aggregated facility-specific emissions reports.



Early Action Measures

Because AB 32 did not mandate the Scoping Plan implementation until 2012, AB 32 empowered the ARB to identify a number of discrete, early action measures to reduce GHG emissions. The ARB developed and adopted enforceable regulations around these measures, which include reducing compounds with considerable global warming potential (GWP).