Climate Change in California

January 19, 2006

Overview

- □ Background
- ☐ Emission Reduction Strategies
- □ Cap and Trade
- □ Scenario Analysis
- □ Overarching Recommendations
- □ Next Steps

Executive Order Established Statewide GHG Targets

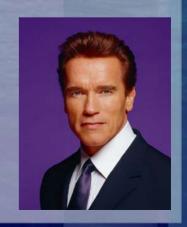
By 2010, Reduce to 2000 Emission Levels*

By 2020, Reduce to 1990 Emission Levels**

By 2050, Reduce to 80% Below 1990 Levels

* Equals 59 Million Tons Emission Reductions, 11% Below BAU

** Equals 145 Million Tons Emission Reductions, 25% Below BAU



Climate Action Team

- □CalEPA Secretary Chairs the Team
- □BT&H, CDFA, Resources, PUC, ARB, CIWMB, and CEC are Represented

Climate Action Team Report

- □ Action Oriented
 - Emission Reduction Strategies
 - Cap and Trade
 - Scenario Analysis
 - Environmental Justice Considerations
- □ Economic Analysis Draft Released
- ☐ Provides Direction for the Next Two Years

Emission Reduction Strategies

Cornerstone Strategies Underway

- ☐ Motor Vehicle Regulations
 - Transportation is the Largest Source of Emissions in the State
 - Reduce Emissions by 30 Percent by 2016
- □ Efficiency Measures
 - Despite Growing Energy Demands, Cal Per Capita
 Energy Use Has Remained Flat For 30 Years
- □ Renewable Portfolio Standard
 - Gov Schwarzenegger Accelerated RPS To 20% By
 2010 And Is Committed To 33% By 2020

CAT Recommended Strategies

- ☐ The CAT Recommends a Broad Range of Strategies including:
 - HFC Reductions
 - Forest Management
 - Water Use Efficiency
 - Appliance and Building Efficiency, Including LSEs and Municipal Utilities
 - Smart Land Use
 - Conservation Tillage

Based on Best Available Information to Date, Implementation of These Strategies will Achieve the Governor's Targets



Cap and Trade Benefits

- ☐ Emission Reductions Are Achieved At Least Cost
- ☐ The Cap Can Be Lowered Over Time
- ☐ Flexible Regarding How Best To Reduce Emissions
- □ Allows For Technological Innovation.
- □ Can Be Coordinated With Programs In Other Jurisdictions

Cap and Trade Challenges

- □ Leakage: Unilateral Adoption May
 Cause Activity To Shift To Neighboring
 States To Avoid The Cap; Emissions
 May Decline In California, Only To
 Increase In Neighboring States
- Not All Sources Can Be Covered In ACap And Trade Program
- ☐ Emission Trading May Lead To Environmental Justice Concerns

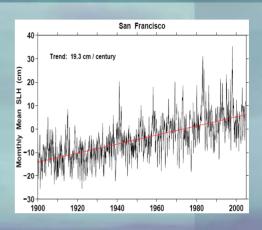
Going Forward on Cap and Trade

- □ Cap And Trade Can Be Integral To
 California's Strategy For Reducing Emissions
- □ A National Approach To Capping Emissions
 Within An International Framework Would Be
 Most Effective
- ☐ In The Absence Of National Action, California Can Lead By Example By Developing A Cap And Trade Program As A Model For National Action

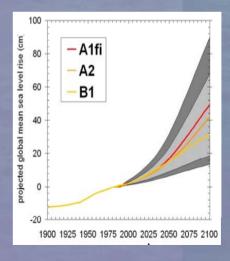


Coastal Sea Level

- □ Projections For The 2070-2099 Period
 - 5 To 24 Inches (B1)
 - 7 To 30 Inches (A2)
 - 8 To 35 Inches (A1fi)



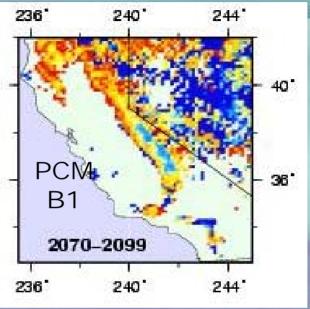
Observed Changes



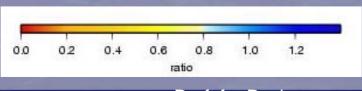
Projections of global mean sea level rise

Water Resources

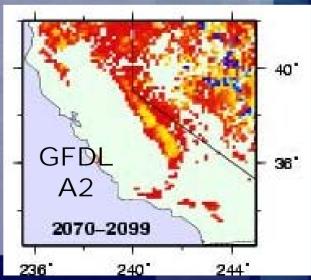
□ Declining Snow Pack
Will Aggravate The
Already
Overstretched Water
Resources In The
State



□ Potential Up To 90
Percent Reductions
Of April 1st Snow
Levels



Draft for Review



Agriculture

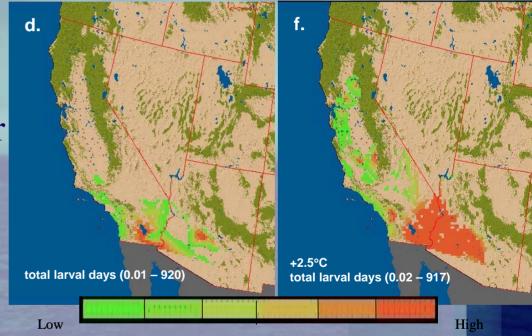
- ☐ Many Species Of Fruit

 Tress May Not Grown

 In The State Due The

 Lack Of Needed Winter

 Chill Hours
- ☐ Some Pests Such As
 The Cotton/Pink
 Bollworm (Pbw) Will
 Increase Their Ranges

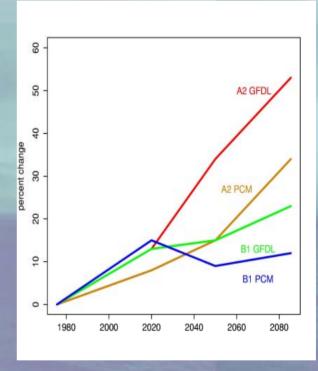


The effect of total seasonal pest PBW larval densities (larval days)

under current weather (d) and with 2.5 degrees C (f) increase in daily temperature

Forest and Natural Landscapes

- □ Changes In Vegetation Patterns
 Will Occur
- ☐ The Alpine And Subalpine Ecosystems Are Most Susceptible
- ☐ Increases In The Number Of
 Large Fires Almost By 35% By
 Mid-century And 55% By The
 End Of This Century Under
 The A2 Scenario
- ☐ Fire Impacts Are Less Severe
 Under The B1 Scenario (Lower
 Global Emissions)



Percent change in the expected minimum Number of large fires per year in California

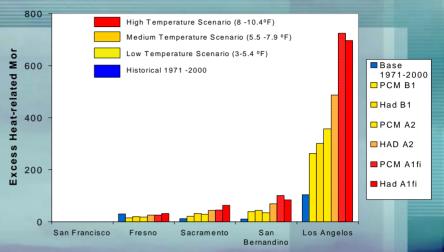
Public Health

- ☐ Increased Of Heat-related Mortality
- ☐ It Will Be More Difficult

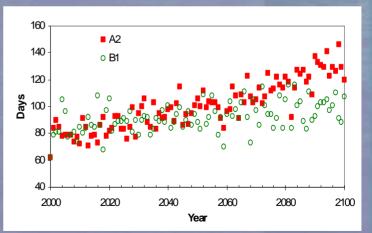
 To Comply With Ambient

 Air Quality Standards For

 Ozone



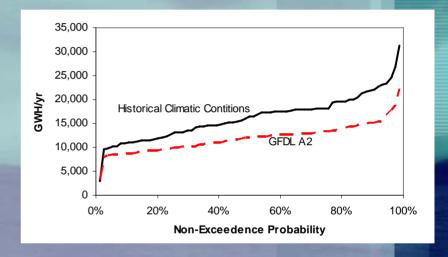
Projected annual heat-related mortality for 2070-2099 and historic mortality for 1971-200



Projected days with meteorology conducive to exceedances
Of the 1-hour state ambient air quality standard for ozone

Electricity

- □ Annual Hydropower
 Generation Will
 Decrease If Climate
 Change Reduces
 Precipitation Levels
- ☐ Electricity Demand Will Increase With Temperature From 3 To 20 % By The End Of This Century



Overarching Recommendations

Mandatory Emission Reporting

- ☐ Essential for Accounting and Tracking of Emission Reductions
- ☐ Track Progress Toward Meeting Governor's Targets
- □ Lay Foundation for Cap and Trade Program

Transportation Public Goods Charge

- ☐ Transportation is the Largest Source of Emissions in CA
- □ 2005 IEPR Includes a Public Goods Charge "to establish a secure long-term source of funding for a broad transportation program."
- □ Petroleum Uniquely Excluded at Present
- □ Funding Needed for Transportation Strategies
- □ Benefit to Public from Reduced Dependence on Petroleum and Economic and Environmental Consequences of Petroleum Dependence

Coordinated Investment Strategy

- ☐ State Investment Programs Reflect The Commitment And Recognize The Benefits Of A Low-carbon Footprint
- □ Provide Incentives For Industry To Develop Emission Reduction Technologies
- ☐ University Efforts To Train The Technicians
 Of The Future Would Also Be Encouraged
- ☐ Support The Growth Of California Businesses

Early Action Credit To California Businesses

- ☐ A Number Of California Businesses Are Supportive Of The Governor's Targets
- ☐ These Companies Have Registered Emissions & Reductions With California Climate Action Registry
- ☐ Ensure That Proactive Companies Are Not Penalized
- □ California's Companies Must Be Able To Participate In Joint Actions Leading To A National And International Cooperative Effort

Next Steps

- ☐ Two Additional Public Meetings In January
 - Jan 23 in Sacramento
 - Jan 24 in LA
- □ Release Report to Governor and Legislature mid February