

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: December 8, 2014

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 14-0002-S107
Assignment No: 14-12-0860

SUBJECT: Resolution (Koretz – Huizar – O’Farrell) to SUPPORT the implementation of AB 32 and related matters

CLA RECOMMENDATION: Adopt Resolution (Koretz – Huizar – O’Farrell) to include in the City’s 2015-2016 State Legislative Program SUPPORT for the full and timely implementation of AB 32 (Global Warming Solutions Act of 2006), including the inclusion of transportation fuels within the Cap-and-Trade program, and continuation of the program to achieve the City’s long-term climate goals.

SUMMARY:

Resolution (Koretz – Huizar – O’Farrell), introduced on November 26, 2014, states that California is the 12th largest emitter of greenhouse gas (GHG) emissions in the world. In 2006, the state Legislature adopted the Global Warming Solutions Act which established a comprehensive program to reduce GHG emissions from all sources throughout the state.

The Resolution follows that a scoping plan was established to develop a timeline for the introduction of the state’s Cap-and-Trade program which currently applies to large electric power plants and large industrial plants. In 2014, the Cap-and-Trade program generated nearly \$850 million in funding for projects and programs designed to reduce GHG emissions.

The Resolution states that in 2015, Cap-and-Trade funds will expand to include transportation fuels which are expected to increase the size of the state’s Cap-and-Trade program to more than \$1 billion annually.

The Resolution maintains that the City has been a leader on GHG emission reduction and will benefit from the inclusion of transportation fuels within the Cap-and-Trade program to make critical investments in transit infrastructure, affordable housing, renewable energy and green streets projects.

The Resolution further states that delaying or repealing the inclusion of transportation fuels within the Cap-and-Trade program would shortchange cities like Los Angeles which have shown

leadership on the issue; and would delay or eliminate funding needed to mitigate the impacts of air pollution.

Therefore, the Resolution requests support for the full and timely implementation of AB 32, including the inclusion of transportation fuels within the Cap-and-Trade program, and the continuation of the program to achieve the City's long-term climate goals.

BACKGROUND:

AB 32 requires regulated entities in the state to reduce GHG emissions to 1990 levels by 2020. Under the measure, the California Air Resources Board (CARB) is tasked with adopting regulations to achieve the maximum technologically feasible and cost-effective GHG emission reductions. Reductions in GHG emissions are intended to be achieved from a combination of policies, planning, direct regulations, market approaches, incentives and voluntary efforts.

CARB administers the Greenhouse Gas Reduction Fund (GGRF) which is used to fund a variety of projects that provide long-term reductions in GHG emissions. Funding for the GGRF comes from auction proceeds that are part of CARB's Cap-and-Trade program.

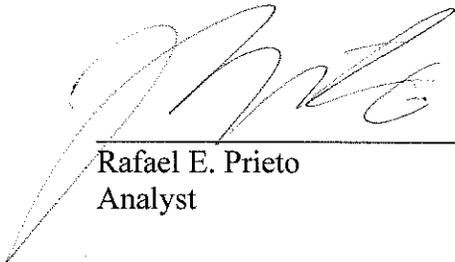
Prior City Positions

In August 2006, the City adopted a Resolution to support the Global Warming Solutions Act (CF# 05-0002-S114). The Resolution indicated that the City should be allowed to use its actual 1990 emissions baseline to meet the measure's provisions.

In August 2014, the City adopted a Resolution to oppose AB 69 (Perea) which sought to delay the inclusion of transportation fuels within the Cap-and-Trade program for three years (CF# 14-0002-S86). The Resolution stated that AB 69 would have limited AB 32's implementation and effectiveness.

DEPARTMENTS NOTIFIED

Department of Water and Power



Rafael E. Prieto
Analyst

Attachment: 1. Resolution (Koretz – Huizar – O'Farrell)

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the State of California is 12th largest emitter of greenhouse gases in the world; and

WHEREAS, in 2006, the California Legislature adopted the Global Warming Solutions Act (AB 32) which established a comprehensive program to reduce greenhouse gas emissions from all sources throughout the state; and

WHEREAS, alongside AB 32, a scoping plan was established to develop a timeline for the introduction of the state's Cap-and-Trade program; and

WHEREAS, this Cap-and-Trade program currently applies to large electric power plants and large industrial plants. In 2014, it generated nearly \$850 million in funding for projects and programs designed to reduce greenhouse gas emissions; and

WHEREAS, in 2015, Cap-and-Trade funds will expand to include transportation fuels which is expected to increase the size of the state's Cap-and-Trade program to more than \$1 billion annually; and

WHEREAS, Los Angeles has been a leader on greenhouse gas reduction and will benefit from the inclusion of transportation fuels within the Cap-and-Trade program to make critical investments in transit infrastructure, affordable housing, renewable energy, green streets projects and numerous other programs and projects; and

WHEREAS, delaying or repealing the inclusion of transportation fuels within the Cap-and-Trade program would shortchange cities like Los Angeles which have shown leadership on this issue and would delay or eliminate funding needed to provide important investments in communities most affected by air pollution; and

WHEREAS, AB 32 has proven effective in reducing carbon pollution while driving investments in our growing green economy; and

WHEREAS, the City of Los Angeles has previously adopted in its State Legislative Program opposition to AB 69 (Perea), which sought to delay the inclusion of transportation fuels within the cap and trade program for three years and would have limited the program's size and effectiveness;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that upon the adoption of this Resolution, the Los Angeles City Council hereby includes in its 2015-2016 State Legislative Program support for the full and timely implementation of AB 32, including the inclusion of transportation fuels within the Cap-and-Trade program, and continuation of the program as long as needed to achieve the City's long-term climate goals.

PRESENTED BY:



PAUL KORETZ

Councilmember Fifth District

NOV 26 2014

SECONDED BY:

