

# **Cap-and-Trade Coverage of the Transportation Sector**

**California Air Resources Board**

**December 2014**

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# AB 32's Multiple Objectives

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- ❑ **Achieve GHG emissions limits**
- ❑ **Enhance energy security and affordability**
  - Improve and modernize energy infrastructure
  - Maintain electric system reliability
- ❑ **Minimize costs and maximize economic benefits**
- ❑ **Maximize environmental co-benefits, including improving air quality**
- ❑ **Exercise leadership**

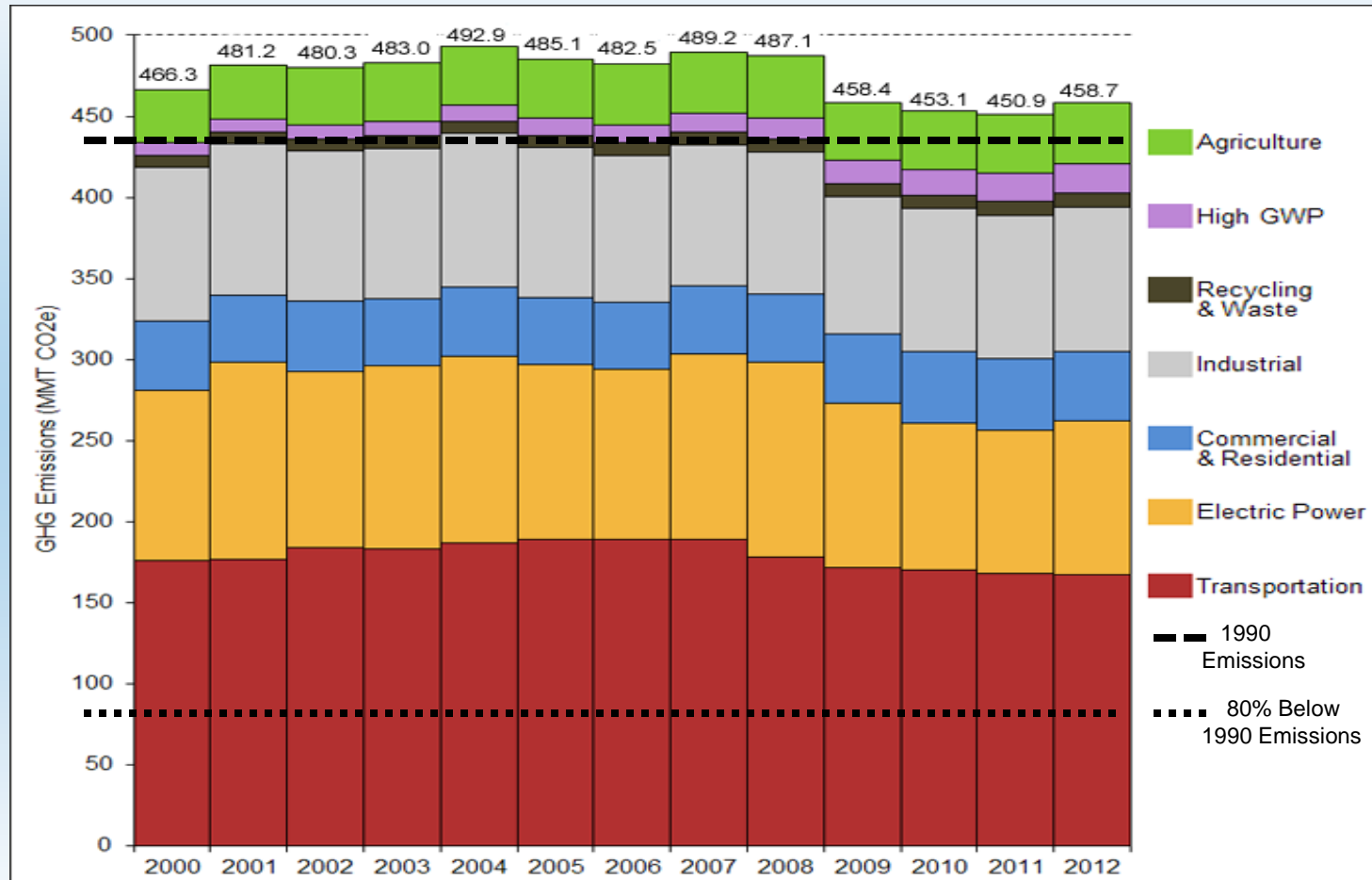
# California Climate Program

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- ❑ **Scoping Plan**
- ❑ **Reduce emissions to 1990 levels by 2020**
- ❑ **Programs:**
  - **Clean Cars**
  - **Low Carbon Fuel Standard**
  - **Renewable Portfolio Standard**
  - **Cap-and-Trade Program**
  - **Energy Efficiency**
  - **Others**
- ❑ **2050 Goal: 80% below 1990 levels**

# California Emissions Inventory and Goals



[http://www.arb.ca.gov/cc/inventory/data/graph/bar/bar\\_2000-12\\_by\\_scopingplan.htm](http://www.arb.ca.gov/cc/inventory/data/graph/bar/bar_2000-12_by_scopingplan.htm)

# Cap and Trade

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## □ Compliance Periods:

- 2013-2014
- 2015-2017
- 2018-2020

## □ Full Program Scope:

- Electricity
- Industrial
- Commercial and Residential Natural Gas
- Transportation Fuels: Gasoline and Diesel

# Types of Fuel Providers

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- ❑ Position holders delivering transportation fuel across terminal racks
- ❑ Refiners delivering fuel across racks at refineries and downstream pipeline terminals as the position holder
- ❑ Enterers (importers) importing fuel outside the bulk transfer/terminal system
  - Example: an importer delivering finished E85 blended in Nevada directly to California service stations

# Thresholds

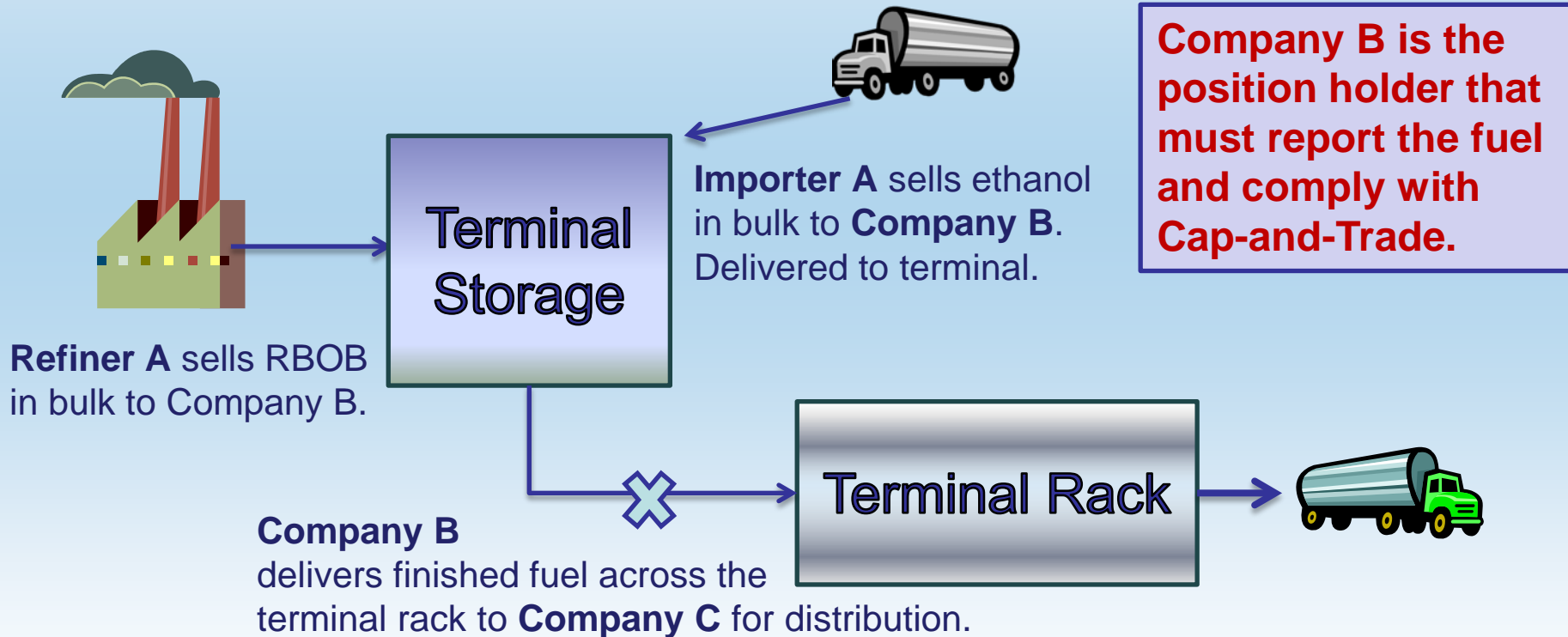
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- **Reporting: 10,000 MTCO<sub>2</sub>e**
  - RBOB: ~1.14 M gallons
  - Diesel #2: ~ 975 k gallons
- **Cap-and-Trade: 25,000 MTCO<sub>2</sub>e**
  - Third party verification required
  - RBOB: ~2.85 M gallons
  - Diesel #2: ~2.45 M gallons

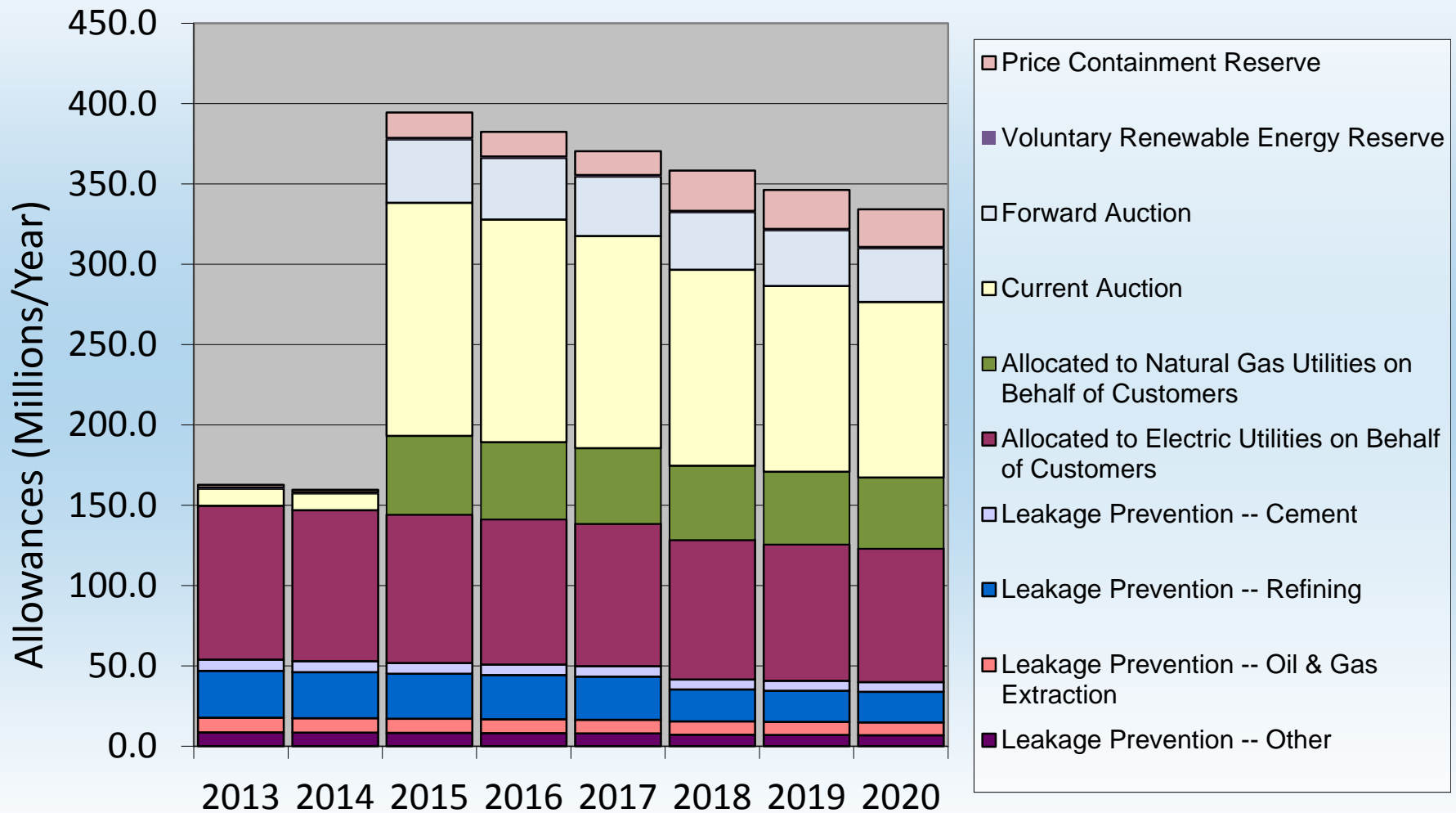
# Point of Regulation

The entity who has title to the fuel immediately upstream of the terminal or refinery rack must report the fuel removed from the rack

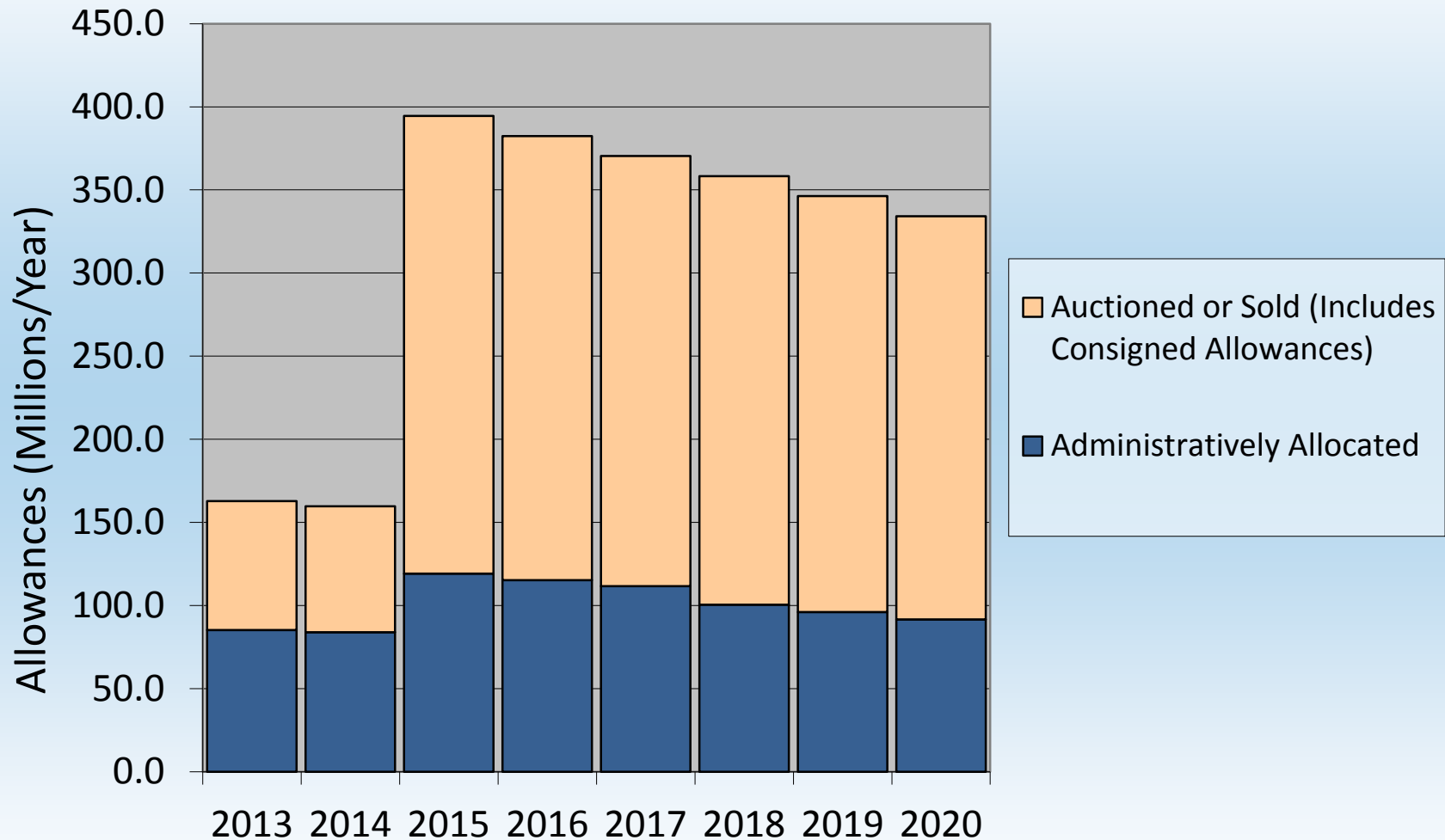




# Allowance Allocation



# Auction in Context



# Auction Proceeds: Fiscal 2014/15

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- ❑ **Low carbon transportation and transit**
- ❑ **Sustainable communities**
  - Affordable housing emphasis
  - Preservation of agricultural land
- ❑ **Energy Efficiency**
  - Low-income dwellings in disadvantaged communities
  - Agricultural energy and operational efficiency
  - Water-energy efficiency
- ❑ **Lands**
  - Wetlands and watershed restoration
  - Urban forestry
  - Waste diversion

# For Additional Information

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**ARB Climate Change Web Site:**

[www.arb.ca.gov/cc/cc.htm](http://www.arb.ca.gov/cc/cc.htm)

**California Climate Credit on Customer Bills:**

<http://www.cpuc.ca.gov/PUC/energy/capandtrade/climatecredit.htm>

**California Auction Proceeds Investment Plan:**

<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>

**California Auction Results:**

<http://www.arb.ca.gov/cc/capandtrade/auction/auction.htm>