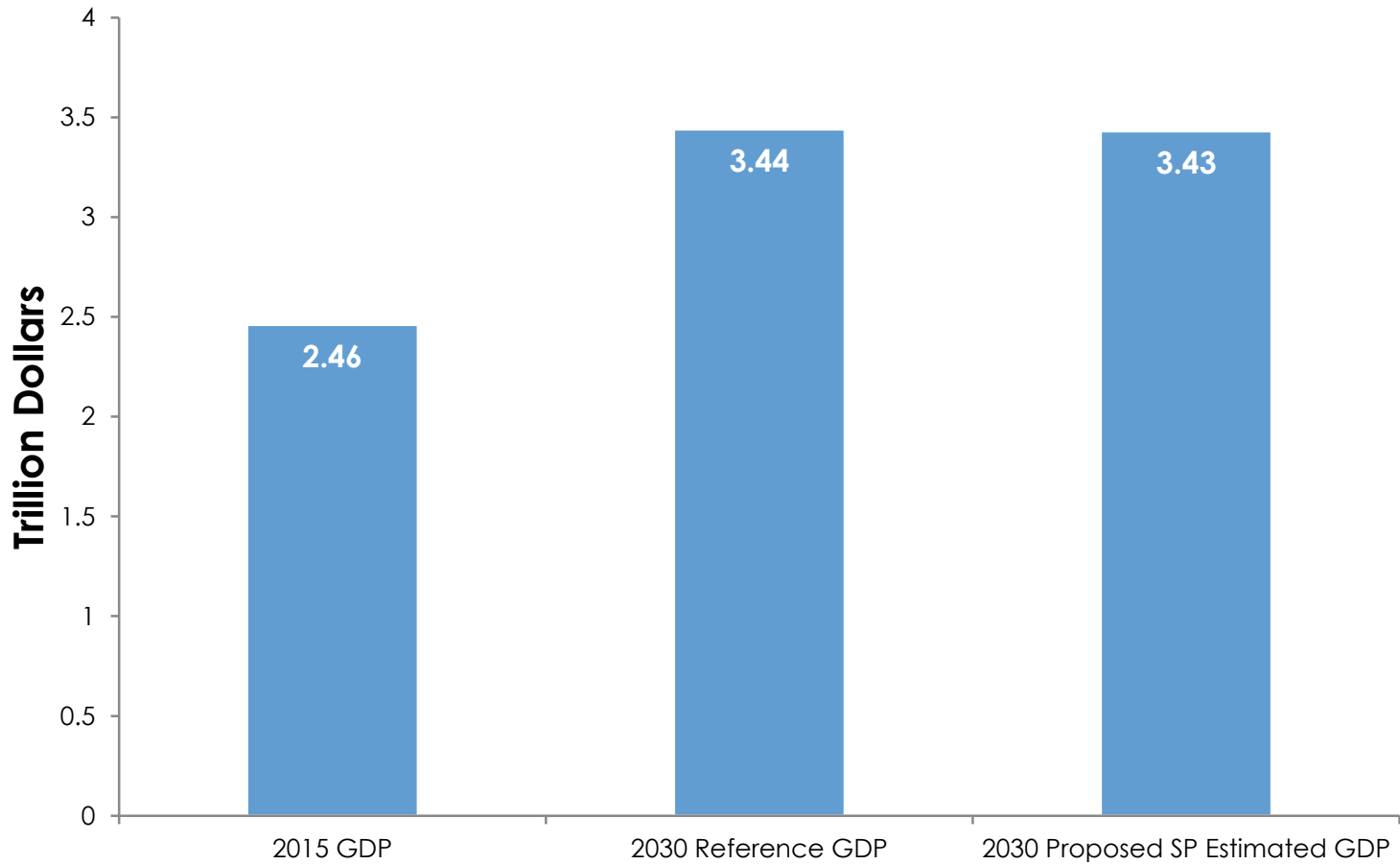


Joint Legislative Committee on Climate Change Policies

California Air Resources Board: Panel 2

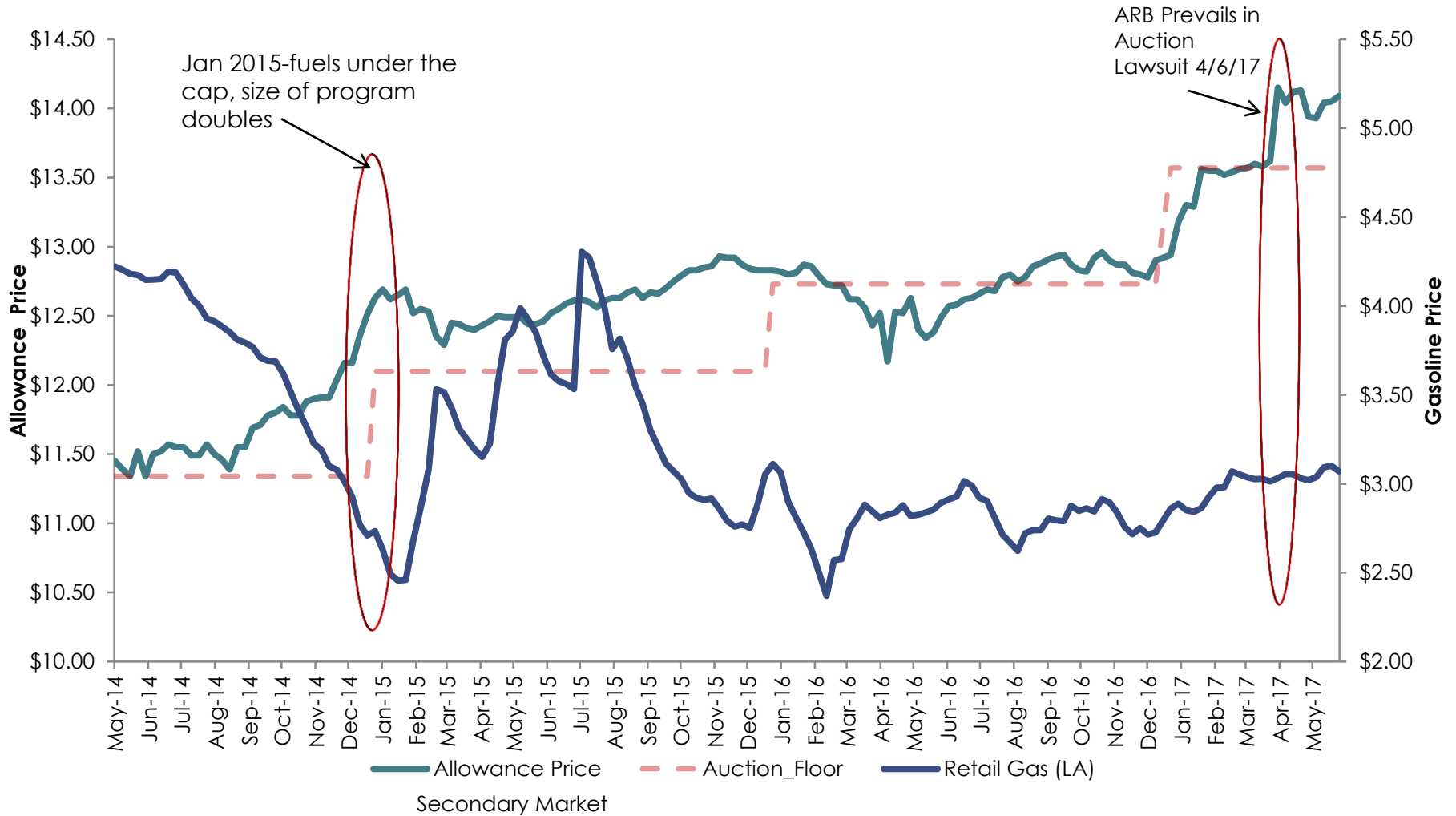
June 14, 2017

Economic Summary of the Proposed 2017 Scoping Plan



All numbers are modeled estimates.

Allowance and Fuel Price Trends



Cap-and-Trade Program Cost Containment Mechanisms

- ▣ Allowance Price Containment Reserve
 - ▣ APCR holds 120 million allowances (33% of 2020 cap)
 - ▣ Can increase to 220 million allowances (60% of 2020 cap)
- ▣ Banking of allowances
- ▣ Multi-year compliance periods
 - ▣ Smooths price volatility
- ▣ Compliance offsets
 - ▣ Maximum 8 percent of compliance obligation

Offset Program Detail

- Offset credits are tradable compliance instruments that represent verified GHG emissions reductions or carbon sequestration made in sources not covered by the Cap-and-Trade Program
 - Up to 8% of compliance obligation
- California has most rigorous offset program in the world to deliver real reductions
- Must meet AB 32 criteria: real, permanent, quantifiable, verifiable, enforceable, and additional
- Offset credits are issued directly by ARB, or a linked jurisdiction
 - 6 ARB compliance offset protocols: U.S. Forestry, Urban Forestry, Livestock Digesters, Ozone Depleting Substances, Mine Methane Capture, and Rice Cultivation (U.S. only)