



**California
Environmental
Protection
Agency**

CLIMATE CHANGE: STATE AND LOCAL PERSPECTIVES

Subcommittee on Energy and Air Quality of the Committee on Energy and Commerce
March 15, 2007, 11:00 a.m. – Room 2123
Rayburn House Office Building

Statement of
Linda S. Adams, Agency Secretary

Chairman Boucher and Ranking Member Hastert,

On behalf of Governor Arnold Schwarzenegger, thank you for inviting me to testify before your committee today. I will describe California's process for developing our climate initiatives and explain the various programs we have in place, or are developing, to meet our climate goals.

First and foremost, I want to commend the Committee for holding this series of hearings on climate change. Global climate change is one of the most pressing environmental and economic issues of our time. If unaddressed, the consequences are frightening. Addressing climate change is no small task. But the first step is political leadership. That's why I am thankful that this Committee, and Congress as a whole, is addressing this issue in such a serious manner.

California's climate initiative began with a similar act of political leadership. In June 2005, Governor Schwarzenegger signed an Executive Order laying out his goals for addressing climate change. He committed California to reduce its greenhouse gas emissions to 2000 levels by 2010, to 1990 levels by 2020 and 80% below 1990 levels by 2050. He also established the Climate Action Team, consisting of cabinet level decision makers from the State's various agencies that have the authority to reduce greenhouse gases from their respective jurisdictions. As Secretary of the California Environmental Protection Agency, I chair the Climate Action Team.

In March 2006, the Climate Action Team released a report that laid out a blueprint for how California could reach the 2020 goal of reducing greenhouse gas emissions to 1990 levels. I would like to submit a copy of

the executive summary of this report into the record. The report, known as the Climate Action Team Report, made a series of high-level recommendations including:

- Develop a multi-sector, market-based system to reduce greenhouse gas emissions in a cost-effective manner that both protects economic growth and encourages innovation;
- Mandate emissions reporting from the largest sectors;
- Conduct a macroeconomic analysis to inform policy makers on the most cost-effective measures to reduce greenhouse gas emissions;
- Accelerate regulatory measures, such as the renewable energy portfolio and energy efficiency standards;
- Educate the public to ensure that all citizens understand the significance of climate change and the steps they can take to mitigate it.

The report also laid out over 40 specific strategies that could be employed to reach the Governor's goal. The purpose of this exercise was not to commit California to each strategy. Instead, it was to demonstrate to the public and the Legislature that a combination of strategies could be implemented to achieve the Governor's ambitious goals.

As part of the Climate Action Team Report, a series of scenario analyses were included in the appendices to provide data on the potential impacts of climate change on California. These research documents were collected from some of California's most renowned climate scientists. In July 2006, these 17 scenario analyses were summarized in another important document, which I'd like to submit to the record. The document, "Our Changing Climate: Assessing the Risks to California," highlights the various effects of climate change on California, including:

- Potential loss of 70-90% of the Sierra-Nevada snow pack; which serves as our largest free water storage reservoir;
- Sea level rise affecting the livability and economy of coastal areas;
- Salt water intrusion into the California Bay-Delta, which supplies drinking water to 23 million Californians;
- Heat waves that worsen air pollution and jeopardize public health; and
- Significant damage to California's valuable agriculture industry.

This report demonstrated that there is a heavy toll to pay economically, environmentally and socially if we do not address climate change.

Assembly Bill 32 (Nuñez/Pavley) – The Global Warming Solutions Act of 2006

The California Legislature responded to the Governor's leadership by passing Assembly Bill 32, the Global Warming Solutions Act of 2006, to codify the Governor's 2020 goal of reducing our greenhouse gas emissions to 1990 levels. Assembly Bill 32 gave the California Air Resources Board responsibility to reduce greenhouse gas emissions from "significant sources." The bill was not overly prescriptive in terms of how the Air Resources Board would achieve the required emissions reductions; rather, it gave broad discretion to the Air Resources Board to implement the law. The bill allows market-based approaches and calls for emission reductions to begin in 2012. The legislation also required the Air Resources Board to set up two advisory committees, one to focus on environmental justice issues and one on economic and technological advancement.

The following is a summary of the timelines required by AB 32:

June 2006	Establish a list of Early Action Items;
January 2008	Establish the 1990 emissions baseline and develop rules for mandatory reporting;
January 2009	Develop a scoping plan, outlining a combination of market measures and regulations to reach 2020 target;
January 2010	Implement Early Action Items;
January 2011	Final approval of scoping plan proposals. A market could begin operation at this time;
January 2012	First enforceable caps come into place.

The Governor signed the bill in September 2006 and immediately focused on implementing the law. In October 2006, the Governor issued an Executive Order (S-20-06), calling on the Air Resources Board to develop a multi-sector, market-based compliance system that could permit trading between the European Union Trading System and the Northeast Regional Greenhouse Gas Initiative and others. It also called on me to create a Market Advisory Committee of national and international experts to advise the Air Resources Board, by June 2007, on the design of such a market-based compliance system. I announced the membership of the Market Advisory Committee in December 2006, and they have met twice already.

On a related note, I am very pleased to announce that on February 26, 2007, Governor Schwarzenegger joined with the Governors of Arizona, New Mexico, Oregon and Washington to sign an historic

memorandum of understanding that commits these five western states to jointly develop a regional greenhouse gas emissions cap and a market-based trading system in our region.

Strategies to Meet California's Climate Goals

To return to 1990 emission levels by 2020, we estimate that California has to reduce emissions by 174 million metric tons per year. This goal requires a comprehensive strategy. First and foremost, California will continue to pursue the types of successful greenhouse gas emission reduction programs that the state has employed for years. These include:

- Automobile tailpipe regulations;
- Mandatory recycling goals;
- Building standards;
- Utility investment in energy efficiency;
- Appliance efficiency standards; and
- Renewable energy portfolio and other incentives.

California's energy programs alone have allowed the state's per capita electricity use to remain level for the last three decades, while electricity demand in the rest of the country has increased 50%.

In addition, California has initiated another series of strategies that will also contribute to our emissions reduction goal, such as:

- Million Solar Roofs Initiative, to achieve an additional 3000 megawatts of solar power by 2017;

- Greenhouse gas standard for power generation, to require long-term energy contracts have greenhouse gas emissions profiles that are at least as clean as California's existing portfolio;
- Low Carbon Fuel Standard, to reduce the carbon content of transportation fuels 10% by 2020;
- Hydrofluorocarbons (HFC) reductions, to increase efficiency and minimize impacts of refrigeration units; and
- Forest preservation and management, to prevent wildfires, maximize carbon storage and minimize carbon release from harvesting.

California is pursuing a hybrid approach to reduce greenhouse gas emissions. Established regulatory programs and new regulatory strategies will be combined with market programs to meet our emissions reduction targets.

As Congress considers legislation to address global warming, I would recommend you consider several key principles.

- Set an overall cap on emissions.
- Design a system that allows all sectors of the economy to participate in the effort to reduce emissions. The lowest cost emission reduction strategies won't necessarily come from the industries that contribute the highest levels of emissions.
- Allow for market mechanisms that encourage every sector, indeed every citizen, to develop technologies or practices that reduce greenhouse gas emissions.

- Invest in scientific research. Additional science is needed both to determine potential mitigation strategies and to help the country plan for adapting to the changes that higher temperatures will bring.
- Promote public education to ensure that citizens understand the impacts of climate change and the steps to take to reduce their emissions.
- Remain open to new ideas and a new paradigm. Tackling climate change is a challenge of enormous scale. It requires us to reexamine systems for creating and delivering energy, mechanisms for transporting goods and services and beliefs on how we live our lives. It means we have to put old paradigms aside and refocus our intellectual energy on the task of reducing our carbon output while protecting and promoting economic growth.

Thank you, Mr. Chairman, for the opportunity to testify today. I look forward to answering any questions the Committee may have.