Here are four aspects of the 111d proposal of particular note to Legal Planet's home state.

(1) **California played a key role in helping to inspire — and to justify as lawful — EPA's building-blocks approach to setting state goals**. EPA frequently refers to California's suite of successful greenhouse gas mitigation programs as a partial model for the proposed rule (*see* pp. 99, 106-107, 150, 220, 267-68). By law, EPA's state goals must flow from emissions guidelines that are based on the "best system of emissions reduction" that has been "adequately demonstrated." The success and cost-effectiveness of California's programs were keys to EPA's finding that the combination of four building blocks is the *best*, *adequately demonstrated* system of emission reduction. This is exactly what California hoped for in designing its program, says California Air Resources Board Chair Mary Nichols. "Our goal has always been to make California a leader and help push action by the federal government." This is also another in a growing line of cases of states experimenting with environmental policies that, if successful, provide a model for broader adoption.

(2) **Flexibility**. California, along with RGGI states and others, have been pushing EPA for many months to structure this rule in a way that would allow them to use their existing climate-reduction strategies to achieve EPA's targets. As my fellow bloggers and others have discussed at length, one of the hallmarks of this proposal is the flexibility it gives to states to develop state plans that incorporate many tools. EPA names California's portfolio approach and its first-in-the-nation cap-and-trade program as the kinds of programs that could be included in state plans, so long as a state shows that those programs will result in emissions reductions from affected power plants. Because California's C&T program is not a perfect match for the 111d requirements, it will have some work to do to make its required showing, but the state got just what it wanted here.

(3) **Ambition of targets**: California will care about two aspects of the ambition of GHG targets: How ambitious are its own state targets, and how ambitious are the targets for the rest of the nation? On the first question, Georgetown's Climate Center has put together a great table showing how each state's proposed emissions goal compares with its comparable 2012 rate-based emissions intensity. It shows that California's state goal would require emissions reductions from affected EGUs of about 23% by 2030, compared to 2012 emissions, assuming EPA finalizes state goals based on all four building blocks.

To put this into context, California's recent update to its scoping plan contemplates an overall state GHG emissions-reduction goal of almost 40% by 2030, from 2012 levels. (I'm looking at ARB's language on 2030 targets on p.34 of the scoping plan update, and taking the 35%-below-1990-by-2030 level as the reference point.) It's an apples-and-oranges comparison to 111d because the state's overall GHG emissions goal takes in sectors much

broader than fossil fuel plants, but it's nonetheless telling that ARB characterizes this levels of reduction, in its scoping plan update, as consistent with current state plans. It writes:

> In fact, if California realizes the expected benefits of existing policy goals (such as 12,000 megawatts [MW] of renewable distributed generation by 2020, net zero energy homes after 2020, existing building retrofits under AB 758, and others) it could reduce emissions by 2030 to levels squarely in line with those [GHG reduction targets — again, referencing statewide reductions of about 40% below 2012 levels].

I'm sure folks at ARB and in other places across the state are doing much more sophisticated analyses of how California's proposed 111d target relates to California's own projections for affected EGUs under existing policies, and I look forward to seeing those analyses. For now and at first blush, the target seems like a comfortable fit.

On the question of the ambition of the targets set for other states, California's interest is in seeing emissions reduction programs in other states that are comparable in stringency to its own state programs, for reasons I talk about just below. It will balance this interest with a desire for EPA's program to withstand legal challenge. See Megan's excellent post today for a discussion of how California, and EPA, might be thinking about this balance. Generally speaking, California will be happy to see all four building blocks make it into EPA's final rule, along with the most ambitious targets for other states that can be justified.

(4) **Company's coming, break out the climate-regulation mix tape**: California enacted AB 32, its Global Warming Solutions Act, in 2006. Then and ever since, California leaders have been adamant about not wanting to go it alone on climate regulation in the U.S. And no wonder: The benefits of coordinated, multi-state climate responses are considerable. Those benefits include increased climate effectiveness (because the risk of emissions "leakage" to nearby states is lower if those states have similar emissions controls), reduced compliance costs (because the market for emission control technologies, and for allowances in a cap-and-trade system, is larger), and probably greater political resilience (because who wants to go it alone forever?).

With this federal rule, California's neighbors will join it in controlling greenhouse gases from the most significant stationary sources. That will benefit California in the ways outlined above, whether or not any state chooses to link with California's cap-and-trade program as a means of meeting its state goal. The proposal also would allow for multi-state cap-and-trade programs as a means of state compliance, so California C&T entities may get a lot of company, and a significantly larger trading market, in the years to come.