



Ethan [reported](#) the good news today that the California Assembly passed [SB 32](#), legislation that would extend California's landmark climate change legislation to 2030 and require deeper cuts in emissions. The original legislation, [AB 32](#), required that California cut its emissions to 1990 levels by 2020. SB 32 requires that the state achieve a 40 percent reduction of the state's greenhouse gas emissions below 1990 levels by 2030. The Assembly vote today to pass SB 32 was a huge (albeit narrow, by only one vote) victory — the Assembly [rejected the bill last year](#), though it has since been amended to eliminate a requirement that the state reduce petroleum usage by 50 percent by 2030. But SB 32 contains a very odd twist: as Ethan updated his post to note, the bill will not take effect, even if signed by the Governor, unless the Legislature also passes AB 197 before January 1, 2017.

And [AB 197](#) is, in some ways, where all the action is. The bill, authored by Assemblyman Eduardo Garcia (D-Coachella), would curb some of the authority of the California Air Resources Board to implement greenhouse gas emissions reductions. The original climate change legislation setting the 2020 target, AB 32, gave ARB a remarkable amount of power to figure out how to meet the goal. Though the legislation provided some guidance and some limitations, it largely left ARB to determine how the cuts would be made and from which sectors. ARB has enacted a [sweeping](#) set of policies that includes a cap-and-trade program but also a number of other ambitious programs, including a Low Carbon Fuel Standard for transportation fuels. AB 197 would limit ARB's authority in several ways. First, it would establish a legislative oversight committee to which the Chair of ARB would report once a year. Second, the bill would add two ex-officio members of the legislature to the air board and make the terms of voting members six years. And third, the bill would require ARB, in implementing the 40 percent target, to prioritize emissions reductions to:

consider the social costs of the emissions of greenhouse gases, and prioritize

(a) Emission reduction rules and regulations that result in direct emission reductions at large stationary sources of greenhouse gas emissions sources and direct emission reductions from mobile sources.

This last provision is particularly important and controversial. As the LA Times [reported](#) yesterday, the provision reflects concerns among environmental justice advocates about the cap-and-trade program, which allows emitters to decide where and how they will reduce emissions or purchase additional allowances and continue to pollute. The AB 197 provision is designed instead to get ARB to give preference in setting policy to require reductions directly from large emitters like power plants and refineries. The intent of requiring direct reductions is that by reducing greenhouse gas emissions, large polluters will also reduce conventional air pollutants, reductions that will protect low-income communities. But industry, especially the Western States Petroleum Association and the California Manufacturers and Technology Association, oppose the provision on the grounds that direct controls will be more expensive and less flexible. The Times also reports that ARB's current Chair, Mary Nichols, does not want the agency's authority curtailed.

AB 197 has passed the Senate but still needs to be adopted by the Assembly. Until and unless that happens, the fate of California's climate policy remains in doubt. Indeed concerns about whether the state will continue its climate leadership and extend its cap-and-trade program led this week to the second [worst results the state has experienced](#) in its auction in terms of the number of cap-and-trade allowances sold (though the program's price floor keeps prices from collapsing and the auction does not affect the environmental success of the program). AB 197 won't settle the concerns about the future of cap-and-trade; indeed, it may exacerbate them by requiring ARB to consider and prioritize direct emissions controls on large emitters. Moreover, as Cara explained [here](#), without a two-thirds vote of the Legislature to extend the cap-and-trade program uncertainty about its legality remains. So, to reiterate, while the Assembly's passage of SB 32 is a huge step in the direction of extending California's global leadership on climate policy, it is not the last step. Without AB 197, SB 32 will not become law. And if AB 197 passes in its current form, the shape of California's regulatory efforts will not be clear for some time, though the state will have committed to reduce its overall emissions dramatically by 2030. August 31 is the last day of the legislative session. Between now and then a lot could happen to shape the state's climate future.