



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

EXECUTIVE ORDER S-20-06

10/18/2006

WHEREAS California has taken a leadership role in reducing greenhouse gas emissions through its motor vehicle emission standards, the Renewable Portfolio Standard that requires 20 percent electricity to be supplied by renewable power by 2010, world leading energy efficiency standards and programs, solid waste diversion and reuse programs, expanding the use of alternative fuels and investing in the Hydrogen Highway; and

WHEREAS California collaborated with the United Kingdom and signed an historic agreement to partner and work collaboratively to address climate change and promote energy diversity; and

WHEREAS California, through the Western Governors' Association, has urged the President, Congress, the U.S. Department of State, and other federal agencies to include the interests and expertise of the states as part of any national debate on the impacts of and efforts to reduce greenhouse gas emissions to ensure fully coordinated policies; and

WHEREAS on June 1, 2005, Governor Schwarzenegger signed Executive Order S-3-05 which established the following climate change emission reduction targets for California: By 2010, reduce emissions to 2000 levels; By 2020, reduce emissions to 1990 levels; and By 2050, reduce emissions to 80 percent below 1990 levels; and

WHEREAS the Secretary for Environmental Protection, in order to achieve the climate change emission reduction targets created the Climate Action Team in June 2005. The Climate Action Team is composed of the Secretary of the Business, Transportation and Housing Agency, Secretary of the Department of Food and Agriculture, Secretary of the Resources Agency, Chairperson of the Air Resources Board, Chairperson of the State Energy Resources and Conservation Development Commission and President of the Public Utilities Commission. The Climate Action Team issued a report to the Governor and the Legislature in March 2006; and

WHEREAS on August 27, 2006, Governor Schwarzenegger signed Assembly Bill 32, Núñez and Pavley, Health and Safety Code, Division 25.5., and which requires a cap on greenhouse gas emissions by 2020, mandatory emissions reporting, and the development of a market-based compliance program to achieve the emissions cap in the most cost effective and technologically feasible manner with the least impact on California consumers and business; and

WHEREAS numerous studies, including studies conducted by the University of California, Berkeley, Stanford University, and the Pew Center on Global Climate Change, have determined that market-based mechanisms, including emissions trading, provide an important means for California to reduce greenhouse gas emissions in the most efficient and effective manner possible; and the University of California, Berkeley released a report on the economic benefits of climate action in California and specifically found that regulatory and market-based strategies are complementary; and

WHEREAS existing law directs the Secretary for Environmental Protection to coordinate greenhouse gas emission reduction activities in the State, and the requirements contained in Assembly Bill 32, Health and Safety Code, Division 25.5 will require maximum coordination and input to ensure successful and timely implementation; and

WHEREAS the California Climate Action Registry has developed greenhouse gas emission reporting and/or reduction protocols that ensure accurate reporting of emissions, and the members of the California Climate Action Registry have demonstrated their commitment to reducing greenhouse gas emissions.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the

power vested in me by the Constitution and statutes of the State of California, do hereby order effective immediately:

1. The Secretary for Environmental Protection shall continue to be the statewide leader for California's greenhouse gas emission reduction programs, shall work with the Climate Action Team, and shall coordinate with the State Air Resources Board in the development of all ongoing efforts related to the implementation of greenhouse gas emission reduction policies and Assembly Bill 32, Health and Safety Code, Division 25.5; and
2. The Secretary for Environmental Protection shall coordinate with the State Air Resources Board, State Energy Resources and Conservation Development Commission, Public Utilities Commission, Integrated Waste Management Board, Resources Agency, Department of Forestry and Fire Protection, Department of Water Resources, Department of Food and Agriculture, Business, Transportation and Housing Agency, and State and Consumer Services Agency to further implement the recommendations in the March 2006 Climate Action Team report; and
3. The Secretary for Environmental Protection shall create a Market Advisory Committee of national and international experts to make recommendations to the State Air Resources Board on or before June 30, 2007, on the design of a market-based compliance program; and
4. The State Air Resources Board shall work with the Secretary for Environmental Protection and the Climate Action Team to bring both regulatory measures and market-based mechanisms forward on a concurrent and expeditious schedule; and
5. The State Air Resources Board shall collaborate with the Secretary for Environmental Protection and the Climate Action Team to develop a comprehensive market-based compliance program with the goal of creating a program that permits trading with the European Union, the Regional Greenhouse Gas Initiative and other jurisdictions. The State Air Resources Board shall consider the recommendations of the Market Advisory Committee in the development of the market-based compliance program; and
6. The Secretary for Environmental Protection will oversee the transition of the greenhouse gas emission inventory development responsibilities and the California Climate Action Registry responsibilities from the State Energy Resources and Conservation Development Commission to the State Air Resources Board; and
7. The State Air Resources Board in coordination with the Secretary for Environmental Protection shall work with the California Climate Action Registry to develop reporting and reduction protocols, including reporting and reduction protocols for local governments and agriculture, and shall support the California Climate Action Registry efforts to develop a multi-state registry; and
8. The State Air Resources Board shall consult with the California Public Utilities Commission and the State Energy Resources and Conservation Development Commission as they develop regulations that will affect electricity and natural gas providers in order to avoid duplicative or inconsistent regulatory requirements. The Secretary for Environmental Protection will facilitate and coordinate these efforts; and
9. The Secretary for Environmental Protection and the Climate Action Team shall coordinate with the State Air Resources Board to develop an economic analysis of efforts to reduce greenhouse gas emissions, including a cost-effectiveness analysis; and
10. The Secretary for Environmental Protection shall coordinate with the Climate Action Team to develop a plan by June 1, 2008, which is based on input from the Economic and Technology Advancement Advisory Committee, that will incentivize investment and compliance, enhance research, and develop and demonstrate greenhouse gas emission reduction technologies through a variety of options including, but not limited to: research tax credits, monetary and non-monetary incentives, public/private partnerships, investment tax credits, and accelerated depreciation.

This Order is not intended to create, and does not create, any right or benefit, whether substantive or procedural, enforceable at law or in equity against the State of California, its agencies, departments, entities, officers, employees, agents, or any other person.

I FURTHER DIRECT that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Order.



IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of October 2006.

