

AB 32 Administrative Fee Regulation

Concept Workshop

**Office of Climate Change
California Air Resources Board
January 27, 2009
Sacramento**

Outline

- Overview
- Concept
- Responsibilities
- Revenue Needs
- Methodology
- AB 32 Funded Agencies
- Tentative Timeline

Overview

- Authorized by AB 32, HSC section 38597
- Included in the Scoping Plan and approved by Board
- Required by 08/09 Budget
- Collected revenues shall be used to administer and implement AB 32 programs
 - ARB and other State agencies
 - Support Scoping Plan
 - Funding to be secured beginning with 09/10 Budget
 - Repay loans

Overview (cont.)

ARB's proposed approach:

- “Upstream” sources
- Broad-based, economy-wide
- Predictable
- Simple to administer
- Based on existing data

Concept

Applicability

The fee would apply to four fuels:

- Gasoline
 - Diesel
 - Coal
 - Natural Gas
- and

Process emissions from refineries and cement manufacturers

Concept (cont.)

Affected Entities

The fee would be paid by:

- Refineries
- Natural gas utilities and/or direct purchasers of natural gas
- Facilities that burn coal
- Cement manufacturers
- Gasoline and diesel importers

Entity Responsibilities

Annual Reporting Requirement

- Affected entities would be required to report to ARB on fuel used/sold in California or process emissions, on an annual basis
 - ARB will verify data
- Affected entity will be required to pay annual fee based on submitted data

ARB Responsibilities

Annually:

- Determine revenue needs based on approved State budget
- Calculate affected entities' individual fee amounts
- Receive funds

Revenue Needs

- Sum of AB 32 expenditures budgeted for Fiscal Year for all State agencies
- Repayment of startup loans to ARB and CalEPA, totaling approximately \$57 Million

Calculation Methodology

ARB will annually calculate a cost per unit CO₂E, based on the following:

- Total revenue requirement
- Quantities of reported fuels and emissions
- Emissions from specified fuels and processes based on ARB's inventory
- Fuel emissions factors

ARB will calculate a Fee Rate for each fuel

Calculation Methodology (cont.)

Cost per unit CO₂E=

Total Revenue Requirement (\$)

Total CO₂E from fuel burned and process emissions

Calculation Methodology (cont.)

ARB will annually calculate affected entities' fees based on:

- The Fee Rate and the affected entities' reported quantities of fuel sold/used in California, and
- The cost per unit CO₂E and the direct process emissions
 - Refineries
 - Cement
 - Others

Calculation Methodology (cont.)

- For fuels:

$$\text{Fee} = \text{Fee Rate} \times \text{Quantity of Fuels}$$

- For process emissions:

$$\text{Fee} = \text{Cost per unit CO}_2\text{E} \times \text{Quantity of Process Emissions}$$

Proposed First-Year Schedule for Administration of Fee

December 2009

Affected entities
report information to
ARB

January 2010

ARB sends bills to
affected entities

March 2010

Entities send fees to
ARB

Tentative Timeline

Jan. 27, 2009	Initial Concept Workshop
Feb. 25, 2009	Workshop to present and discuss draft regulation
April 2009	Release staff report and begin 45 day public comment period
April 2009	Workshop on proposed regulation
May 28, 2009	Board hearing

Questions or Comments?

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