



**Climate Action
Council**

Economywide Strategies Subgroup Meeting 6

August 22, 2022

*Slides are created for discussion and do not
reflect any specific recommendation or opinion*

Workgroup Overview

- > This subgroup will provide further evaluation and guidance regarding the three economy-wide approaches identified in the Draft Scoping Plan.

Meeting 6 Agenda

- > Overview of discussion structure for discussing, drafting, and agreeing upon a recommendation to the CAC
- > Public comment preview
- > Priorities for an economywide program discussion
- > Sectoral considerations
- > Clean Energy Supply Standard
- > Summary of meeting takeaways & prep for Meeting 7

Level Setting

- > This is an invitation only subgroup.
- > Participation in all meetings is encouraged.
 - The team will be flexible to the extent possible.
- > State staff will be responsive to questions but not participate in the discussion.
- > Chatham House rule will guide our discussions.
- > Notes and presentations from the meeting will be posted to the website within one week.
- > Alternative options and perspectives will be considered should consensus not be achieved.

Workplan

Meeting Date	Meeting Focus
Meeting 1 – June 27 2:00-3:30 PM	Setting the Table for the Work Ahead/Refining and Prioritizing Criteria
Meeting 2 – June 29 9:30 – 11:00 AM	RFF Presentation/Identifying Further Clarity Needed
Meeting 3 – July 20 9:00 – 11:00 AM	Rationale Discussion/Finalizing & Applying Criteria (Emissions)
Meeting 4 – July 25 2:00 – 4:00 PM	Applying Criteria (Certainty and Sufficiency of Funding and Use of Proceeds and Consistency with Other Regulatory Programs; Equity)
Meeting 5 – August 8 2:00 – 4:00 PM	Applying Criteria (Economic; Incorporating Multi-Jurisdictional Programs and Maintaining Administrative Simplicity)
Meeting 6 – August 22 2:00 – 4:00 PM	Setting Priorities for an Economywide Policy
Meeting 7 – August 29 2:00 – 4:00 PM	Comparing and Contrasting Potential Approaches/Incorporating Public Comment
Meeting 8 – September 12 2:00 – 4:00 PM	Finalizing Recommendation



Questions or Suggestions?

Public Comment: Economywide Policy Related Feedback

Economywide Policy Related Feedback

- > Comment review is still being wrapped up. Initial themes highlighted below.
- > Overall, commenters that addressed economy-wide policies were generally in support of an economy-wide policy and validated the subgroup's efforts to discuss a recommendation in more depth.
- > Individual Commenters
 - Commenters noted a particular interest in establishing a mechanism that sets a price on carbon across all sectors, and specifically suggested that the price gradually increase over time and the proceeds be redistributed to DACs or LMI households.
 - Specific carbon price mechanisms were not a focus of most comments; we have a few in which there was a specific mechanism identified. Additional details on those comments are to follow.
- > On Behalf of Organizations
 - Similarly to the individual commenters, comments submitted on behalf of organizations favor a carbon pricing mechanism as a way to meet the goals of the CLCPA faster and more cost effectively.
 - Almost all of the comments that reference a Clean Energy Supply Standard relate to specific sectoral policies, specifically hard-to-electrify sectors. California's low carbon fuel standard was stated as a potential model to replicate.

Questions or Reactions?

Priorities for an Economywide Program Discussion

Setting Priorities for an Economywide Policy Recommendation

> If we were to implement an economywide program, what criteria (top ~5) would you prioritize as key considerations in the program's design and why?

- Emissions
 - Certainty of emission reductions to comply with state limit
 - Potential for minimizing carbon price and/or maximizing abatement/\$
 - Application economy wide or to specific sectors
 - Reduction of co-pollutant emissions
- Economic
 - Price certainty
 - Mitigating risk of leakage
 - Supporting economic development and innovation
 - Maintaining affordability for consumers/businesses
 - Regional equity
- Equity
 - Prioritizing emissions and pollutant reductions in DACs/avoiding hotspots
 - Affordability and avoiding regressive impacts
- Programmatic
 - Certainty and sufficiency of funding and use of proceeds
 - Incorporating multi-jurisdictional programs
 - Consistency with other regulatory programs
 - Maintaining administrative simplicity

High-Level Design of an Economywide Policy

- > What high-level design features could be included to advance these top priorities?

Sector Considerations

Sectoral Considerations

> How should we deal with difficult to cover sectors?

Sectoral Considerations

> How should we address leakage?

Sectoral Considerations

> How should deal with electricity given RGGI and CES?

Clean Energy Supply Standard

Clean Energy Supply Standard

- > Should we continue considering a Clean Energy Supply Standard as an economywide policy or should we think of it as complementary sector specific policies?

Key Takeaways

Prep for Meeting 7

- > Monday, August 29; 2:00 – 4:00 PM
- > Overview and discuss potential approaches for each economywide policy
- > Incorporation of full public comment feedback

Thank You!

