

OFFICE OF THE CITY MANAGER

April 28, 2008

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: IMPLEMENTATION OF THE GLOBAL WARMING SOLUTIONS ACT OF 2006 (AB 32).

RECOMMENDATION:

This report is being provided for information only.

BACKGROUND:

In late 2006, Governor Schwarzenegger signed Assembly Bill (AB) 32, the "Global Warming Solutions Act of 2006," which required the California Air Resources Board (CARB) to implement regulations by 2012 to achieve a reduction of state greenhouse gas ("GHG") emissions to 1990 levels by 2020. As part of the rulemaking process, the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) made initial recommendations to CARB for the electricity generation and natural gas sectors.

These recommendations include:

- a cap-and-trade system;
- the auctioning of GHG allowances; and
- the expansion of energy efficiency and renewables programs for both investor-owned utilities and municipal utilities.

Important Future Dates:

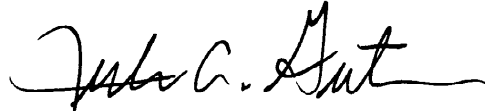
January 1, 2009: CARB adopts a plan by indicating how emission reductions will be achieved from significant GHG sources via regulations, market mechanisms and other actions.

January 1, 2011: CARB adopts regulations to achieve the maximum technologically feasible and cost-effective reductions in GHGs, including provisions for using both market mechanisms and alternative compliance mechanisms.

FISCAL IMPACT:

Depending on which recommendation and plan is adopted by the State to comply with AB 32, decisions regarding "allowance" allocations and/or auctions will have significant financial implications and challenges for Pasadena Water and Power and Pasadena ratepayers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bernard K. Melekian", written in a cursive style.

for BERNARD K. MELEKIAN
City Manager