



CALIFORNIA CLIMATE POLICY FACT SHEET: EMISSION REDUCTION POLICY

California's climate policy centers on the statewide emission reduction goals established in three key pieces of landmark legislation. Since 2000, these laws have required state agencies to develop strategies to track and reduce the state's greenhouse gas emissions across all sectors, and the California Air Resources Board (CARB) and other state agencies have used this authority to implement a suite of programs—such as the cap-and-trade program—to achieve this goal. The full suite of programs is broad, touching nearly all aspects of California's economy and environment. This California Climate Policy Fact Sheet outlines the basics of the state's emission reduction goals and identifies some key components of the strategy devised to achieve them.

Key California Emission Reduction Statutes and Targets:

- [Senate Bill 1771](#) (Health & Safety Code § 42800 et al.) establishes the California Climate Action Registry to track greenhouse gas emissions, adopt standards for reporting and verifying emissions, and set baselines and reduction goals.
- [Assembly Bill 32](#) (Health & Safety Code § 38500 et seq.) tasks CARB with adopting rules to achieve technologically feasible and cost-effective statewide greenhouse gas emission reductions of 1990 levels by 2020. The law does not require CARB to follow any specific regulatory path, instead allowing flexibility in the measures used to achieve this reduction, but it does require CARB to consult with key state energy agencies and account for equity, health, and economic considerations.
- [Senate Bill 32](#) (Health & Safety Code § 38566) increases and extends the emission reduction mandate to 40 percent below 1990 levels by 2030.
- [Executive Order B-55-18](#) set a target of statewide carbon neutrality by 2045.

Key California Emission Reduction Program Features:

- Pursuant to AB 32, CARB developed (and periodically updates) [California's Climate Change Scoping Plan](#), which lays out California's strategy for meeting its emission reduction goals, including targets and standards for clean energy, clean transportation, energy efficiency, land use and agriculture, industry, and other key sectors.
- CARB enforces mandatory [reporting](#) of greenhouse gas emissions by electricity generators, fossil fuel refineries, large industrial sources, vehicle fuel suppliers, and other major sources of greenhouse gas emissions.
- CARB introduced California's [cap-and-trade program](#) in 2012 as a core means to achieve state emission reduction goals. Under the program, CARB sets a declining cap on statewide emissions in accordance with emission reduction targets and generates a number of emission credits equal to the cap. CARB then requires entities in the electricity generation, industrial, and fuel supply sectors to purchase credits in an amount equal to their specific level of emissions, either at an initial CARB-run auction or from another covered entity. A limited number of credits are also distributed as [free allowances](#), and covered entities may achieve a limited portion of their compliance via [offsets](#) like investments in qualifying afforestation programs. The proceeds from the program go toward opportunities for GHG reduction via the Greenhouse Gas Reduction Fund and the [California Climate Investments](#) program.

Key California Emission Reduction Policies:

A number of other key California climate policies support the state's greenhouse gas emission reduction mandate and/or were created pursuant to AB 32 and SB 32, including:

- The [Renewables Portfolio Standard](#), which sets a minimum level of carbon-free renewable energy the state's electric utilities must procure each year.
- The [Green Building Standard](#), which requires commercial and residential buildings to meet minimum energy efficiency standards.
- The [Low-Carbon Fuel Standard](#), which requires suppliers of vehicle fuels to reduce the lifecycle carbon intensity of their products.
- The [Advanced Clean Cars Program](#), which supports the introduction of low-emitting and zero-emitting cars such as hybrids and electric vehicles.

The state has also enacted a number of laws that enhance or shape implementation of AB 32, SB 32, and the cap-and-trade program, including:

- [Assembly Bill 398](#) (Health & Safety Code § 38562 et al.), which extended authorization of the cap-and-trade program through 2030, adding a credit price ceiling and limiting local authorities' ability to require further reductions.
- [Assembly Bill 617](#) (Health & Safety Code § 42705.5 et al.), which requires CARB to conduct a [program](#) of enhanced air quality monitoring and protection for communities most affected by harmful air pollution.
- [SB 1383](#) (Health & Safety Code § 39730.5 et al.), which requires CARB to set specific emission reduction standards for short-lived climate pollutants such as methane that are responsible for a disproportionate share of climate-warming influence and public health impacts.
- [SB 535](#) and [AB 1550](#) (Health & Safety Code § 39713 et al.), which require a minimum percentage of cap-and-trade revenues to go to programs located in or benefiting disadvantaged communities disproportionately affected by environmental hazards or adverse economic conditions.

Key Outcomes and Next Steps for California Emission Reduction Policy:

[According to CARB](#), in 2017 (the most recent year for which complete data are available) statewide greenhouse gas emissions were 424.1 million tons of carbon dioxide equivalent, slightly below the 2020 target (and 1990 level) of 431 million tons. California [will need to reduce](#) statewide emissions another 170 million tons to meet its 2030 statutory target of 260 million tons per year (40 percent below 1990 levels). The state will need to cut annual emissions by a further 175 million tons to meet its 2050 goal (set by executive order) of 85 million tons per year (80 percent below 1990 levels). California's ambitious emission reduction goals have spearheaded not only the suite of state policy efforts described above but also an [international coalition](#) to fight climate change at the sub-national level. In addition to implementing and strengthening existing programs, California leaders are beginning to tackle a range of [additional climate challenges](#) from methane emissions to plastic production. Persistent and enhanced efforts across all relevant policy areas, which are outlined in the other [fact sheets](#) in this series, will be necessary to achieve these goals.