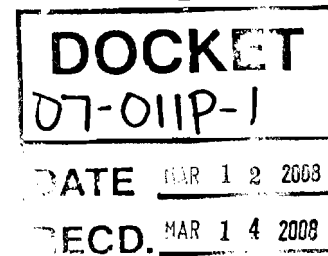


**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

**WEBSITES**

Main website: [www.energy.ca.gov](http://www.energy.ca.gov)  
Children's website: [www.energyquest.ca.gov](http://www.energyquest.ca.gov)  
Consumer Information: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)



STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket: 07-OIIP-1
	)	
AB 32 Collaborative Proceeding	)	Adoption Order 08-0312-5
	)	
	)	
	)	

**I. BACKGROUND**

AB 32 (Stats. 2006, ch. 488) requires the California Air Resources Board (ARB), after consulting with all state agencies with jurisdiction over sources of greenhouse gases, including the California Public Utilities Commission (CPUC) and the Energy Commission, to adopt a greenhouse gas (GHG) emissions cap on all major sources to reduce statewide emissions of greenhouse gases to 1990 levels. In addition to other benchmark requirements, AB 32 directs ARB to adopt regulations by January 1, 2008 regarding the reporting and verification of statewide GHG emissions. The Energy Commission has been collaborating with the CPUC to craft recommendations to ARB for the electricity and natural gas sectors, including how best to report and verify GHG emissions.

On August 21, 2007, the Energy Commission's AB 32 Collaboration Committee (Committee), consisting of Chairman Jackalyne Pfannenstiel as the Presiding Member and Commissioner Jeffrey D. Byron as the Associate Member, participated with Commissioners from the CPUC in an en banc hearing regarding potential designs for an electricity sector greenhouse gas emissions regulatory program.

After considering information presented at the en banc hearing, materials in the record, and comments filed by the parties in this proceeding, the Committee, together with its counterpart at the CPUC, drafted and issued an "Interim Opinion on Greenhouse Gas Regulatory Strategies," on February 8, 2008, which provides recommendations to the ARB regarding what type of regulatory program would best accomplish the reductions required under AB 32 for the electricity and natural gas sectors. The Interim Opinion recommends a mix of direct mandatory/regulatory requirements and a cap-and-trade system for the electricity and natural gas sectors. After receiving comments on the proposed decision, a revised version was issued on

March 11, 2008. The CPUC will consider adoption of the proposed recommendations on March 13, 2008.

## II. ACTION TAKEN

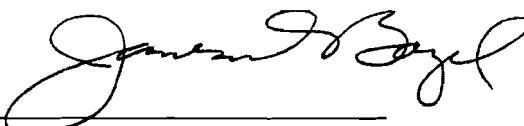
At a regularly scheduled business meeting on March 12, 2008, the Energy Commission, after discussing the item, voted to adopt the revised Interim Opinion on Greenhouse Gas Regulatory Strategies, including clarifying language proposed by Commissioner Douglas and errata.

It is hereby ordered that this document shall be provided to the ARB and made available to the public.

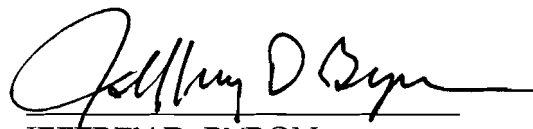
Dated: March 12, 2008


### STATE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

  
\_\_\_\_\_  
JACKALYNE PFANNENSTIEL  
Chairman

  
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Commissioner

  
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JEFFREY D. BYRON  
Commissioner

  
\_\_\_\_\_  
KAREN DOUGLAS  
Commissioner