AB 32 Cost of Implementation Fee Regulation

Background information
On September 27, 2006, Assembly Bill 32 (AB 32), the California Global Warming Solutions Act of 2006 was signed into law. AB 32 established a first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, and cost-effective reductions of greenhouse gas (GHG) emissions needed to reach 1990 levels by 2020. AB 32 also authorized the Air Resources Board to adopt a schedule of fees to be paid by sources of GHG emissions. These fees are used to fund costs directly related to state agencies' development, administration, and implementation of AB 32 programs that reduce GHG emissions.

The AB 32 Cost of Implementation Fee Regulation (Fee Regulation) was adopted to clarify and make specific the requirements of the law, to define terms, and to describe the process by which fees are assessed and paid. The Fee Regulation became effective on July 17, 2010 and was subsequently amended in 2011, 2012, and 2014 to better align it with the Mandatory Greenhouse Gas Reporting Regulation and the California Greenhouse Gas Cap-and-Trade Regulation.

Who pays the AB 32 fee?
- Cement manufacturers
- Electricity importers and in-state generating facilities
- Facilities that combust coal, coke, or refinery fuel gas
- Natural gas utilities and suppliers
- Oil and gas producers
- Producers and importers of gasoline and diesel fuel
- Refineries

How many entities/facilities pay the fee?
There are approximately 250 fee payers.

How much money is collected by the fee?
Money is collected by the fee to pay for approved program costs. Based on 2014 costs, the total required revenue for fiscal year 2014-15 was $42 million. Previously, the total required revenue also included repayment of program start-up loans.

How much does each entity/facility pay?
The range of fees paid varies among the fee payers based on a common carbon cost (CCC). Historically, the fee has ranged from approximately 14.5 –18.0 cents per metric ton of CO_2 emissions. In 2014, the CCC was approximately 12.1 cents per metric ton of CO_2 emissions. The CCC is lower in 2014 because the start-up loans have been repaid and are no longer included in the total required revenue.

What does the revenue generated from the fee pay for?
The revenue provides funding for approved program costs regarding development and implementation of programs to reduce the State's GHG emissions and improve air quality – such as programs that improve energy efficiency in households and buildings, vehicles, and provide lower-carbon transportation fuels.

For more information on the state agencies funded through the Cost of Implementation Fee Regulation, see the Funding and Common Carbon Cost in the California Budget Act for Fiscal Year 2014-15 web page at: www.arb.ca.gov/adminfee