

REQUEST FOR EFFECTIVE ON FILING EFFECTIVE DATE

Pursuant to Government Code section 11343.4(c), the Air Resources Board (ARB or Board) requests that the Office of Administrative Law (OAL) prescribe an "earlier effective date" for the Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms that were first heard by the Board on December 18, 2014 and adopted by the Board at the June 25, 2015 public hearing and submitted to OAL for review and approval on September 9, 2015. The following demonstrates "good cause" for OAL to allow the regulations to be effective on November 1, 2015.

DEMONSTRATION OF GOOD CAUSE

In this rulemaking, the Board adopted amendments to the Cap-and-Trade Regulation (Regulation) to respond to stakeholder concerns about supply in the offset market of the cap-and-trade regulation (title 17, Cal. Code Regs. §95802 *et seq.*) Specifically, the Board approved the expansion of the forestry protocol to include sections of Alaska and added a new protocol type, rice, to address these concerns. For this expansion and new protocol to be as effective as possible in creating a vibrant and robust offset market with environmental integrity, the protocols need to be in place as early as possible to begin generating credits for compliance purposes. More offset credits in the market create additional stability in the prices of allowances and offsets, which stakeholders have indicated is important for long-term compliance investments.

Moreover, with the expansion of the cap-and-trade program in January 2015 to include fuels and natural gas suppliers under the cap, ARB anticipates demand for offset credits will increase. By making the amendments effective on November 1, 2015, the offset credits generated under these new protocols will allow regulated entities to consider offsets to the maximum extent possible for compliance planning.

For these reasons, ARB hereby requests that OAL approve these amendments to be effective on November 1, 2015.

Date:

9/8/15



Nicholas Rabinowitsh
Senior Attorney