

MEMORANDUM

TO: Members of the Independent Emissions Market Advisory Committee (IEMAC)

FROM: Ashley Conrad-Saydah, Deputy Secretary for Climate Policy
California Environmental Protection Agency

DATE: June 20, 2018

SUBJECT: CalEPA Staff Recommendation for IEMAC Process

In preparation for the first meeting of the Independent Emissions Market Advisory Committee (IEMAC or Committee), we have prepared the following brief description of the laws and considerations applicable to the Committee. Staff from the California Environmental Protection Agency (CalEPA) will also be available to answer questions at the meeting.

Legislative Authority for the IEMAC:

The provisions specific to the Committee are set out in the Health and Safety Code [in this context, “the state board” refers to the California Air Resources Board.]:

Section 38591.2.

- a) The Independent Emissions Market Advisory Committee is hereby established within the California Environmental Protection Agency.
- b) (1)(A) The committee shall be composed of at least five experts on emissions trading market design appointed according to the following:
 - (i) Three members appointed by the Governor.
 - (ii) One member appointed by the Senate Committee on Rules.
 - (iii) One member appointed by the Speaker of the Assembly.(B) The committee shall include a representative from the Legislative Analyst’s Office.
- (2) The committee members shall meet all of the following requirements:
 - (A) Have academic, nonprofit, and other relevant backgrounds.
 - (B) Lack financial conflicts of interest with entities subject to the regulation adopted by the state board pursuant to subdivision (c) of Section 38562.
- c) The committee, at least annually, shall hold a public meeting and report to both the state board and the Joint Legislative Committee on Climate Change Policies on the environmental and economic performance of the regulation adopted by the state board pursuant to subdivision (c) of Section 38562 and other relevant climate policies.
- d) This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

Section 38562

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(c)(2)(J)(i) the state board shall... Report to the Legislature, in consultation with the Independent Emissions Market Advisory Committee, established pursuant to Section 38591.2, if two consecutive auctions exceed the lower of the price containment levels established pursuant to subparagraph (B). The report shall assess the potential for allowance prices to reach the price ceiling for multiple auctions.

Meeting Format:

- Meetings and discussions among the members must be conducted according to Bagley-Keene Open Meeting Act. (See attachment for additional information.)
- CalEPA staff plan to arrange presentations to the IEMAC on California's climate policies, including publicly available environmental or economic information that indicates the performance of those policies. At the meetings, Committee members will have an opportunity to comment on the presentations and on the environmental and economic performance of the Cap and Trade regulation and other relevant climate policies.
- CalEPA staff recommend that the Committee select a Chair and Vice-Chair to facilitate discussion at IEMAC meetings. Selection of the IEMAC Chair and Vice-Chair would be by a nomination process and vote at the initial IEMAC meeting and thereafter as necessary. The IEMAC Chair, or Vice-Chair if the Chair is unavailable, will facilitate the meetings.
- A court reporter, present at each meeting, will prepare a full transcript of each meeting.

Report to the Joint Legislative Committee on Climate Change Policies and California Air Resources Board:

- To facilitate the Committee's report to CARB and the Legislature, CalEPA staff plan to provide a summary of meeting presentations and discussion following each IEMAC meeting. CalEPA staff recommend that the final IEMAC report be a compilation of the meeting transcripts, staff summary, and any comments, responses, or additions from individual IEMAC members.
- CalEPA would also post IEMAC Reports and meeting materials on the CalEPA Climate Change Programs webpage (<https://calepa.ca.gov/climate/>).

Meeting schedule:

- As noted, meetings of the Committee will be held at least annually.
- Committee members will not be compensated for their time, but travel expenses will be reimbursed.