
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Allen, Chair

2021 - 2022 Regular

Bill No: SB 1203
Author: Becker
Version: 3/24/2022
Urgency: No
Consultant: Jacob O'Connor

Hearing Date: 4/27/2022
Fiscal: Yes

SUBJECT: Zero net emissions of greenhouse gases: state agency operations

DIGEST: Establishes the intent of the Legislature that all state agencies achieve zero net greenhouse gas (GHG) emissions by January 1, 2035 and requires them to develop and publish plans to achieve this goal. Requires the multiagency Climate Action Team to develop a framework for analyzing state emissions, evaluate the decarbonization plans of the state agencies, and report progress to the Legislature.

ANALYSIS:

Existing law:

- 1) Establishes the Air Resources Board (ARB) as the air pollution control agency in California and requires ARB, among other things, to control emissions from a wide array of mobile sources and coordinate, encourage, and review the efforts of all levels of government as they affect air quality. (Health and Safety Code (HSC) §39500 et seq.)
- 2) Requires ARB to reduce greenhouse gas emissions (GHG) to 40% below 1990 levels by 2030. (HSC §38566)
- 3) Requires ARB to annually update the statewide inventory of anthropogenic GHG emissions. (HSC §39607.4)
- 4) Establishes, under Governor Schwarzenegger's Executive Order S-3-05, the Climate Action Team (CAT) that coordinates California's statewide climate efforts across its 22 state agency members.
- 5) Establishes the Department of General Services (DGS) to centralize the business management services and functions of state government. (Government Code (GOV) §14600 et seq.)
- 6) Requires each state agency listed in the CAT Report, to submit each year to the Secretary for Environmental Protection: (GOV §12892)

- a) A list of all measures taken to meet GHG reduction targets and a status report on actual GHG emissions reduced by those measures;
 - b) A list and timetable for adoption of any additional measures needed to meet GHG emission reduction targets; and
 - c) An estimate of the department's own GHG emissions.
- 7) Requires CalEPA to compile and publish this information each year as a state agency GHG emission reduction report card.
 - 8) Requires each state agency to conduct an independent audit and verification every three years of the actual and proposed GHG emissions reductions achieved by that state agency to ensure it is achieving its emission reduction targets. (GOV §12893)

This bill:

- 1) Defines, for the purpose of this legislation:
 - a) "Scope 1 emissions" as all direct emissions from sources that are owned or controlled by the state agency, including but not limited to, emissions from onsite fossil fuel combustion and fleet fuel consumption; and
 - b) "Scope 2 emissions" as all indirect emissions from sources that are owned or controlled by the state agency, including but not limited to, emissions that result from the generation of electricity, heat, or steam purchased by the state agency from a utility provider.
- 2) Declares it is the intent of the Legislature that all state agencies aim to achieve zero net emissions of GHGs, including Scope 1 and 2 emissions, by January 1, 2035.
- 3) Requires each state agency to develop and publish by January 1, 2025 a plan that describes its current GHG emissions inventory, planned actions for achieving this new goal, and an estimate of the associated costs.
- 4) Requires each state agency to develop and publish on June 30, 2027, and every two years thereafter until the net zero goals are met, an updated plan that includes:
 - a) An updated GHG emissions inventory using a framework developed by CAT;

- b) A description of its progress towards interim emission reduction goals set by CAT; and
 - c) Any changes to its planned actions to reduce emissions.
- 5) Requires state agencies to submit a draft of their updated plan to CAT for review and feedback prior to publishing.
- 6) Requires each state agency to incorporate the plan into its budgeting process, subject to appropriation by the Legislature.
- 7) Allows a state agency to not develop and publish a plan if their emission inventory and reduction plan is already included and published in a different state agency's inventory and plan.
- 8) Requires CAT to:
- a) Develop a framework for determining and reporting GHG emissions inventories of state agencies that is consistent with the current statewide annual GHG inventory;
 - b) Assist state agencies in establishing interim GHG emission targets to ensure they are making adequate progress towards the goal of zero net GHG emissions by January 1, 2035;
 - c) Review and provide feedback to the state agencies on their plans to meet emission reduction goals and help ensure that they include a thorough accounting of GHG emissions and planned actions that could reasonably be expected to meet the emission reduction goals; and
 - d) Monitor the progress of the state agencies in achieving these goals.
- 9) Directs the Office of Sustainability within DGS to provide information, training, coordination, best practices, and other technical assistance to state agencies and local governments on how to reduce their GHG emissions in a cost-effective manner and meet emission reduction goals.
- 10) Requires CAT and the Office of Sustainability, starting September 30, 2025, and for every two years thereafter until emission reduction goals are met, to report to the Legislature progress towards meeting those goals. The report must include:
- a) The overall GHG emissions from all state agencies and a summary of actions taken by state agencies since the last report; and

- b) Barriers identified by state agencies that are hindering progress and suggested actions that the Legislature could take to reduce those barriers.

Background

- 1) *Greenhouse Gas (GHG) emissions in California.* The primary duties of ARB are to protect the public from the harmful effects of air pollution and develop programs and actions to fight climate change. ARB is tasked with the ambitious goal of achieving a 40% reduction of GHG emissions below 1990 levels by 2030 as set by SB 32 (Pavley, Chapter 249, Statutes of 2016). In order to meet this goal, California will need to reduce its GHG emissions by ~4% each year, but during the latest year emission data are available the state reduced its GHG emissions by only 1.6% (2021 California Green Innovation Index). In order to increase the rate of GHG emission reduction ARB will need to engage in far-reaching rulemaking and regulation.
- 2) *Emission Scopes 1, 2, and 3.* The “scope” framework was introduced in 2001 by the World Resources Institute (WRI) and World Business Council for Sustainable Development as part of their Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The goal was to create a universal method for companies to measure and report the emissions associated with their business. The three scopes allow companies to differentiate between the emissions they emit directly into the air, which they have the most control over, and the emissions they contribute to indirectly.

Scope 1 covers direct emissions from owned or controlled sources, such as fuel combustion, company vehicles, or fugitive emissions. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company’s value chain, such as purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, transportation and distribution, investments, and leased assets and franchises.

- 3) *Net zero GHG emissions.* Achieving net zero GHG emissions – a state where GHG emissions either reach zero or are entirely offset by equivalent atmospheric GHG removal – is essential in all scenarios that would keep Earth’s average temperature within 1.5 °C of its historical average. Net zero GHG emissions is also often used interchangeably with “carbon neutrality,” however net-zero GHG emissions implies the inclusion of GHGs other than those that contain carbon, such as nitrous oxide, as defined by AB 32 (Nuñez,

Chapter 488, Statutes of 2006). The sooner net zero GHG emissions is reached globally, the less warming will be experienced.

The Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5 °C from 2018 established that global net zero GHG emissions needs to be achieved by 2050 to avoid the worst impacts of climate change. According to the UNEP 2020 Emissions Gap Report, which provides an annual update on global progress towards emissions reduction, the consensus is that, globally, we are not on track to meet that goal. However, the report does state that, “the growing number of countries committing to net-zero emissions goals by mid-century is the most significant climate policy development of 2020. To remain feasible and credible, these commitments must be urgently translated into strong near-term policies and action.”

- 4) *The Climate Action Team.* The CAT is comprised of 22 state agencies including CalEPA, the California Natural Resources Agency, DGS, and several other departments and agencies. The CAT is tasked with developing, evaluating, and implementing climate change emission reduction strategies in accordance with the California Global Warming Solutions Act of 2006. The progress made in implementing CAT’s strategies is tracked through the State Agency Greenhouse Gas Reduction Report Card.
- 5) *Office of Sustainability.* Governor Brown’s Executive Order B-18-12 requires state agencies reduce GHG emissions and dependence on grid-based energy purchases. Existing law requires new and existing state buildings or parking garage projects to include solar energy equipment when feasible. In response to these mandates, DGS’s Executive Office of Sustainability supports state agencies in sustainability initiatives including policies, strategies, programs, and projects for state buildings. Key program areas to meet customer needs include: renewable clean energy generation (solar and wind), energy retrofits in existing facilities, zero net energy building policy development, elective vehicle supply equipment infrastructure, benchmarking, and recycling.
- 6) *State Agency Greenhouse Gas Reduction Report Card.* Existing law requires CalEPA to annually prepare a report describing state agency actions to reduce GHG emissions. CalEPA compiles and organizes this information in the form of a “Report Card” and posts it on the CalEPA internet website. This Report Card includes a list of measures adopted and implemented by the state agency with the actual GHG emissions reduced because of measures taken, a list and timetable for adoption of any additional measures needed to meet GHG emission reduction targets, a comparison of the reductions from actions taken or proposed to be taken by a state agency to that agency’s GHG emission

reduction targets, and an estimate of the GHG emissions from each agency's own operations and activities.

Starting with the January 2010 Report Card, CalEPA began compiling GHG inventories prepared by CAT member agencies. These inventories were each prepared independently using The Climate Registry's General Reporting Protocol.

- 7) *State agencies account for approximately 0.3% of California's emissions.* According to the 2020 Report Card, in 2019 California state agencies were responsible for approximately 1,300,000 million metric tons of carbon dioxide equivalent (MMTCO₂e) emissions. According to ARB in 2019 California's total emissions were approximately 418,200,000 MMTCO₂e. The bulk of state agencies' GHG emissions stem from the use of electricity and natural gas in state buildings, whose compliance obligation in California's climate program lies with the electricity producer and natural gas provider, not the end use. These emissions will be reduced as providers move toward cleaner energy sources as a result of policies such as the Renewable Portfolio Standard and Cap-and-Trade Program. The other major source of emissions from state agencies comes from the combustion of vehicle fuel, which the Low Carbon Fuel Standard is working to reduce.

Comments

- 1) *Purpose of Bill.* According to the author, "California has been leading the world in reducing our greenhouse gas emissions and has set a goal for the whole state to be net-zero by 2045. We are asking our companies and our citizens to figure out how to reduce their emissions dramatically in order to hit that target. I believe we in the state government need to lead by example. We need to show how to get to net-zero before we ask everyone else to do it. SB 1203 requires all of our state agencies to aim to achieve net-zero from their own operations by 2035, 10 years ahead of the state as a whole. That means reducing emissions from state agencies' buildings and vehicles and from the electricity that they consume. It requires agencies to put together plans to identify what would be required to get to net-zero by 2035 and how much it will cost, and it directs them to include those actions in their planning processes and budget requests. To allow agencies to achieve net-zero as cost-effectively as possible, the bill provides maximum flexibility in the approaches available and directs DGS' Office of Sustainability to act as a center of expertise to assist other agencies for planning and execution.

“Once agencies have developed their plans and we have a better understanding of the feasibility and cost of achieving the net-zero goal, the legislature will have the opportunity to decide how far and how fast to go through future budget appropriations. Passing this bill is not making a legally binding commitment to net-zero by 2035 or committing to unknown future budget expenditures. However, it will be an important first step toward understanding what it is going to take to get to net-zero and having the whole state government start heading in that direction.”

- 2) *Legislative emission requirements have fallen behind executive targets.* In the California Global Warming Solutions Act of 2006 (AB 32, Núñez) the Legislature established the goal for the state to reduce GHG emissions back to 1990 levels by 2020, a goal that California met in 2016. In 2016 the Legislature updated this goal to reducing GHG emissions to 40% below 1990 levels by 2030 (SB 32). Two years later Governor Jerry Brown issued Executive Order B-55-18 which established a state-wide goal to achieve net-zero or lower carbon emissions by 2045. This target would have been affirmed by the Legislature last year by AB 1395, but it failed passage. As such, there is currently no state-wide statutory requirement to achieve net-zero GHG emissions. This bill is a step forward in providing guidance from the Legislature on state emissions reduction targets.
- 3) *State agencies as leaders.* State agencies make up a small portion of overall emissions in the state. However, the state has a unique ability to coordinate action on a large scale, such as through the implementation of regulations and making bulk purchasing decisions. By setting more ambitious goals for decarbonization of state agencies than the rest of the state’s economy, the state can help carry the burden for high prices in a developing green economy. It can also help provide examples of strategies to businesses on how to achieve emission reductions at large operational scales. However, any information gained by having state agencies move first will not be more valuable than time lost by not encouraging the rest of the economy to take action. This is an important step forward, but should be seen as complimentary to and not compensatory for legislative action to curb emissions state-wide.
- 4) *Existing GHG reporting requirements.* Many state agencies already have extensive requirements for the annual reporting of GHG emissions and reduction strategies with an independent emission audit every three years. This bill expands these requirements to all state agencies as well as adding a requirement to publish updated plans for lowering emissions every two years. *The author should continue to work with state agencies, especially CalEPA, to ensure that reporting timelines and details align as much as possible with*

existing requirements to prevent unnecessary duplication of work, perhaps by changing the reporting requirements from every two years to every three years.

Related/Prior Legislation

AB 1395 (Muratsuchi and Garcia, 2021) would have declared the policy of the state both to achieve net zero greenhouse gas emissions as soon as possible, but no later than 2045. The bill was ordered to the inactive file after failing to pass on third reading by a vote of 14-12.

SB 613 (Stern, 2021) would have required a state agency's estimation of their GHG emissions to include an estimate of the emissions related to the agency's food purchases. The bill was held in the Assembly Appropriations Committee.

AB 1322 (Rivas, 2021) would have required ARB to develop a plan to reduce GHG emissions from aircrafts in the state to be net-zero by 2045. The bill's hearing in the Senate Environmental Quality Committee was canceled at the request of the author.

SB 100 (De León, Chapter 312, Statutes of 2018) sets a 2045 goal of powering all retail electricity sold in California and state agency electricity needs with renewable and zero-carbon resources.

SB 32 (Pavley, Chapter 249, Statutes of 2016) requires ARB to ensure that statewide greenhouse gas emissions are reduced to 40% below the 1990 level by 2030.

AB 32 (Nuñez, Chapter 488, Statutes of 2006) requires ARB to ensure that statewide greenhouse gas emissions are reduced to the 1990 levels by 2020.

DOUBLE REFERRAL:

This measure was heard in Senate Governmental Organization Committee on April 5, 2022, and passed out of committee with a vote of 9-3.

SOURCE: Author

SUPPORT:

350 Bay Area Action
350 Humboldt: Grass Roots Climate Action

350 Silicon Valley
California Climate Reality Coalition
California Efficiency + Demand Management Council
California Environmental Voters (formerly Clcv)
Carbon Free Palo Alto
Carbon Free Silicon Valley
Clean Power Campaign
Clean Water Action
Climate Reality Project Riverside County Chapter
Climate Reality Project, San Fernando Valley
Elders Climate Action, Norcal and SoCal Chapters
Environment California
Environmental Defense Fund
Friends Committee on Legislation of California
Menlo Spark
Natural Resources Defense Council
Nextgen California
Silicon Valley Youth Climate Action
The Climate Reality Project: Silicon Valley

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the Natural Resources Defense Council, “California has long been a climate leader, but the climate crisis is accelerating. California state agencies can lead by example in slashing climate pollution on a timeline that reflects the urgency of this escalating crisis. Actionable plans to achieve net-zero emissions from state operations can show other jurisdictions and the private sector how to reach critical climate goals across sectors, while spurring demand for new clean technologies.

“SB 1203 requires all of our state agencies to aim to achieve net-zero from their own operations by 2035, 10 years ahead of the 2045 goal set for the state under Governor Brown’s Executive Order B-55-18. That means reducing emissions from state agencies’ buildings and vehicles and from the electricity that they consume. Doing so will help demonstrate how net-zero can be achieved, create myriad public health and air quality benefits, drive early demand for the solutions that the whole economy will need eventually, and reduce the costs of those solutions so that getting to net zero by 2045 will be less expensive for the state’s residences and businesses.”

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