



SUMMARY

This is the first publication produced as part of the California Council on Science and Technology's (CCST's) **California's Energy Future - Policy (CEF-P)** project, a study designed to help inform the policy-related decisions California state and local governments must make in order to achieve California's ambitious goals of significantly reducing total greenhouse gas (GHG) emissions over the next four decades.

This report discusses pricing policy reforms that would facilitate achieving California's decarbonization and electrification goals.

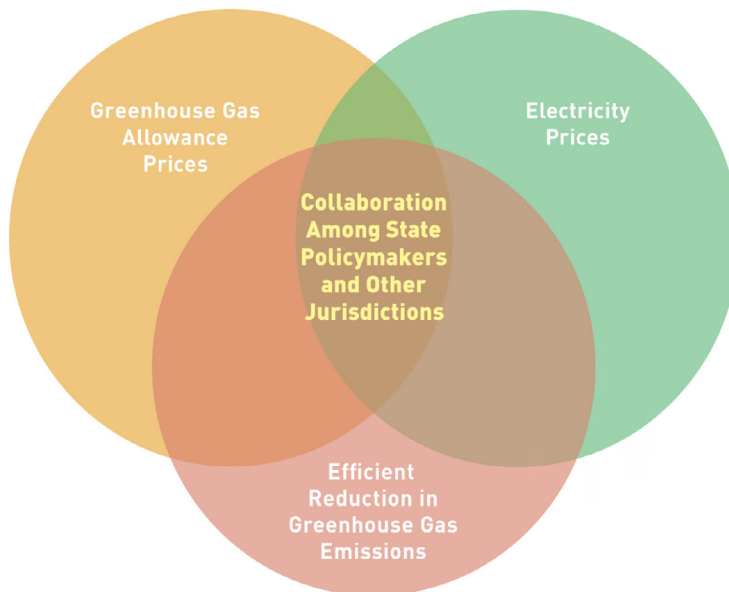


Figure: See the Executive Summary, page 2 for more detail.

BACKGROUND

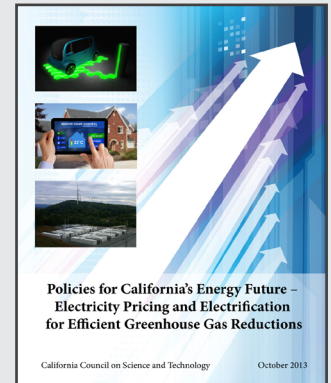
In order to reduce GHG emissions, California needs to consider changes not only in the ways that it produces energy, but the ways in which its population uses energy as well. Policies being implemented to reduce emissions, including the state's **AB 32 cap-and-trade program**, are steps in the right direction. However, there is substantially more that remains to be done.

Cap-and-trade is a system designed to reduce pollution by setting limits on emissions and allowing industries to trade unused emission allowances. An important part of the cap-and-trade program is its linkage with comparable jurisdictions. California's system was intended to become integrated with other jurisdictions

having similar programs and goals, including Washington and Oregon.

There are actions consumers could take to reduce emissions, but under current pricing regulations there is little incentive for them to do so. The price of electricity, for example, is fixed over time for most consumers, while the cost of service varies by many multiples over the seasons, and even hours of the day. Implementing varying rates for consumers could help encourage the use of electric vehicles.

This report provides an overview of various related pricing reforms, and how they might impact the state's GHG emissions.



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For the findings, conclusions and recommendations, see the **FULL REPORT** on our website: ccst.us/publications-projects

This report is part of the **California's Energy Future - Policy** project.

AUTHOR:

Lee S. Friedman, PhD
UC Berkeley

CONTACT CCST:

Sarah Brady, PhD
Deputy Director, CCST
sarah.brady@ccst.us



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