

# Calif. leads by example on climate change

By Associated Press

SACRAMENTO – As the U.S. and China – the world’s top two polluting nations – turn to implementing new rules aimed at curbing climate change, the countries can look to the most populous U.S. state as an example of the costs and challenges of fighting global warming.

California already has imposed some of the world’s toughest air quality standards as it moves aggressively to lower emissions.

The state’s cap-and-trade program, launched nearly three years ago, offers one of the few real-world laboratories on how to reduce carbon emissions. The state has opted to impose extra costs on businesses that emit pollutants.

Next year, the program will be expanded to include companies that produce gasoline and other fuels, prompting predictions that consumers will see a spike in prices to cover the costs.

Gov. Jerry Brown, a Democrat, has been unapologetic about the program, saying there needs to be a completely new way of thinking if the world is going to curb carbon emissions.

“California has the most integrated response and strategy to deal with climate change of any political jurisdiction in the world,” Brown said in an interview with the Associated Press before he was re-elected this month. “What happens here doesn’t stay here, it goes all around the globe.”

Brown also said he intends to push for even tougher greenhouse gas emission reduction goals that will be far more difficult to meet by 2030. The current goal is to reduce emissions of

heat-trapping gases to 1990 levels by 2020.

California's carbon emissions law already has cost industrial polluters nearly \$2.3 billion in permit fees. Starting next year, the law will include fuel distributors in the same cap-and-trade marketplace as utilities and major manufacturers.

"California is the living experiment right now," said Jay McKeeman, a California Independent Oil Marketers Association vice president. "They are, as far as I know, the only government entity that's fully engaging on a variety of fronts regarding greenhouse gas reductions."

The state is also a leader in setting building and appliance energy efficiency standards, requiring the use of renewable energy and setting low carbon fuel standards.

The state's cap-and-trade program has grabbed the most recent attention. It limits, or caps, the amount of heat-trapping gases companies can emit by requiring companies to pay for each ton of pollution emitted. The price is set at an auction. Polluters that cut emissions below the cap can sell their leftover pollution permits to companies that produce more pollution.

Including fuels such as gasoline, natural gas, propane and heating oil under the program has McKeeman and others predicting it will bump prices at the pump next year, though estimates vary widely and gasoline prices otherwise have been on a steep decline.

Mary Nichols, chairwoman of the California Air Resources Board, which regulates the cap-and-trade law, has said oil companies are not required to pass on the costs to consumers and should absorb the cost of the allowances.

Cap-and-trade is a key component of AB32, the landmark law signed by former Gov. Arnold Schwarzenegger, a Republican, in 2006. But other provisions, such as requiring energy

efficiency, renewable energy and lower-carbon fuels, also are intended to promote changes in Californians' transportation and energy consumption habits.

Adrienne Alvord, California and western states director of the Union of Concerned Scientists, said California's success has happened at the same time the economy is growing.

"There was a prediction that our energy costs would be prohibitive and industries would be leaving the state," she said. "We just haven't seen that."

Brown has tried to be a leader in promoting the state's climate change programs internationally, signing agreements with China and officials in other nations.

China this week set a target for its emissions to peak by about 2030, while President Obama set a goal to cut U.S. emissions.

Catherine Reheis-Boyd, president of the Western States Petroleum Association, was pleased with the international agreement in part because she is concerned that California's go-it-alone policies will harm consumers and businesses while having little practical impact.

She noted the state produces less than 1 percent of the world's greenhouse gas emissions. But she warned that widespread adoption of some California requirements, like low-carbon fuels, could lead to shortages of products that meet those standards.