



ENVIRONMENT

California Votes to Extend Landmark Cap-and-Trade Program—While Allowing Big Polluters to Get Away With Murder

The new legislation makes huge concessions to the fossil fuel industry.

By [Reynard Loki](#) / [AlterNet](#)

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There's no doubt that California has established itself one of the world's climate leaders, setting aggressive goals for clean economy jobs, clean transportation, emissions reductions, renewable energy adoption by utilities, energy efficiency in existing buildings and climate resiliency. Governor Jerry Brown has cast himself as the nation's greenest elected executive, delivering a stern rebuke to climate-denying President Trump in his State of the State speech earlier this year, saying that the Golden State would be a "[beacon of hope to the rest of the world.](#)"

But Brown and many of the state's lawmakers are now being rebuked by environmentalists for compromising with the fossil fuel industry in their vote on [Assembly Bill 398](#) to extend California's centerpiece cap-and-trade program to 2030, which is set to expire in 2020.

Specifically, AB 398:

- directs local air districts to develop and implement plans for communities that have high cumulative emissions burdens to achieve reductions from both mobile and stationary sources; each plan will be required to have reduction targets, specific reduction measures, and an implementation schedule;
- requires industrial emitters to retrofit their emissions equipment to a standard that is reflective of current advancements in technology;
- adjusts pollution penalties (that haven't been amended since the 1970s) to keep pace with inflation; and

- creates uniformity across California in terms of reporting, verification, and technology standards for air quality.

Assemblyman Eduardo Garcia (D-Coachella) authored the bill to continue policies implemented under AB/SB 32, the [Global Warming Solutions Act of 2006](#). He said that AB 398—along with its companion bill, [AB 617](#), which speeds up efforts to reduce industrial air pollution— "establish a comprehensive, statewide program to keep us on track to achieve our climate goals, all while retaining industry jobs, ensuring equity, addressing vital issues of air quality and public health issues in disadvantaged communities severely impacted by pollution."

Following several hours of negotiations Monday, the state assembly finally voted 55 to 21 to send the bill to Gov. Brown's desk. Passing with a supermajority in both the Assembly and the Senate, the bill is now insulated from any potential legal challenges.

"Tonight, California stood tall and once again, boldly confronted the existential threat of our time," Brown said in a statement on Monday. "That's what good government looks like."

But looks can be deceiving. On the face of it, the pioneering program looks good. It sets a limit on greenhouse gas emissions, requiring refineries and factories to buy and sell permits for the right to pollute the atmosphere with carbon dioxide.

The plan is aimed to help deliver goals set by California law (AB/SB 32, signed by Brown last year) requiring the state to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030—a significantly more aggressive target than the previous one of achieving 1990 levels by 2020, and the most aggressive goal of any state in the nation. And while the cap-and-trade program meant to help achieve that laudable goal has created the world's second largest carbon market after the European Union's, it makes sense that California should be promoting such an aggressive plan. Of all the states, California is the second biggest producer of carbon dioxide through the combustion of fossil fuels, after Texas.

Business leaders across California extolled Monday's vote. "Businesses depend on market certainty to invest, grow and hire new workers," said

Mary Solecki, Western States Advocate for the national, nonpartisan business group E2. "No legislation is perfect, but this vote provides much-needed certainty to California's clean energy businesses and investors and the nearly 520,000 Californians they employ." She argued that the deal "establishes a foundation that other states can build upon as governors and state legislatures lead on climate action when the Trump administration has abandoned any federal initiatives."

Some environment groups celebrated the vote. "This package solidifies California's pathway to a low-carbon future," said Alex Jackson, legal director of NRDC's California climate project. "As President Trump retreats from U.S. climate commitments, California's actions today will provide much needed resolve for other states and regions looking to fill the void. ... The package of bills contains essential new protections to ensure that even as California looks outward to confront the global crisis of climate change, no community is left behind."

Michael Lynes, director of public policy at Audubon California, said AB 398 and AB 617 represent "the necessary next step in California's effort to step up to the challenge of climate change."

But dig deeper and the program's true nature emerges, causing many environmentalists to slam it as a compromise with polluters, as it protects industry from certain regulations. For one, it will make local and state air boards powerless to regulate carbon pollution, which would endanger the health of local communities located near refineries and other polluters.

Additionally, the bill gives polluters tens of billions of dollars worth of free emission allowances. It also permits polluters to use additional carbon offsets in order to comply with their legal obligations, which ultimately means they don't actually have to reduce their own carbon emissions. Moreover, the legislation leaves the door open to the establishment of international forest carbon credits, which the nonprofit environmental group Friends of Earth argues "are scientifically dubious and associated with a host of indigenous rights impacts."

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"It's a shame that state lawmakers settled for a compromise with Big Oil when Californians overwhelmingly support a more ambitious approach

to tackling the climate crisis," said Masada Disenhouse, 350.org's U.S. organizing coordinator and a co-founder of SanDiego350. "If Governor Brown wants our state to be a global climate leader, we need to do much, much better. That starts with taking away Big Oil's seat the negotiating table and replacing it with a seat for the communities most impacted by this crisis....With such widespread support for bold climate action across the state, there's no need to be giving handouts to Big Oil."

In the face of Monday's vote, Disenhouse noted the increased urgency of state lawmakers to pass SB100, a bill that seeks to achieve 100 percent renewable energy by 2045, saying that the governor and supporters of the cap-and-trade package "have assured communities that it won't let refineries and other major polluters off the hook. Now they need to find concrete ways to make good on that promise — or bear full responsibility for the health and climate impacts that result from allowing these facilities to continue to operate next door to homes and schools."

There's another wrinkle to AB 398, which has to do with how and where funds are spent. The state's portion of the cap-and-trade auction proceeds are deposited in the Greenhouse Gas Reduction Fund, and used to advance the goals of the California Global Warming Solutions Act of 2006 (AB 32). To date, nearly [\\$3.4 billion](#) has been appropriated by the state legislature to state agencies implementing projects to reduce greenhouse gas emissions.

"Taken together, these provisions leave grave doubts about AB 398's impact on the low-income communities of color that suffer most from pollution and have the most urgent need for clean energy jobs," said Alvaro Sanchez, environmental equity director at the Greenlining Institute.

"Officials must make sure that cap-and-trade revenues go to projects that will quickly help clean the air and create opportunities in disadvantaged neighborhoods, and that they adequately fund implementation of [AB 617](#) to enhance air pollution monitoring and planning, and do so with new revenues, not cap-and-trade proceeds." Sanchez called on the state to study the impact of the updated cap-and-

trade program on California's most vulnerable communities and act to correct any negative effects.

"The California legislature has passed a climate deal for billionaires that targets the most vulnerable while giving handouts to Big Oil," said Michelle Chan, vice-president of programs at Friends of the Earth, adding, "With this vote, Californian elected officials have covered themselves in an oily sheen while doing little to address California's emissions."

Assembly Speaker Anthony Rendon (D-Lakewood), while supporting AB 398, acknowledged it's not perfect. "Is cap-and-trade a silver bullet on climate change? No. But it is a workable system that can help us reach our emission reduction goals in conjunction with our other climate programs."

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