

Here's why progressives aren't thrilled with Gov. Brown's cap-and-trade plan

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While rolling out their plan to extend California's cap-and-trade program, Gov. [Jerry Brown](#) and legislative leaders have portrayed their proposal as a win on two fronts: reaching the state's ambitious climate goals and tackling local air pollution.

But beyond the triumphant rhetoric, there is ambivalence about the proposal, largely from progressive lawmakers and environmental advocates. Meanwhile, more conservative legislators and industry groups have stopped short of embracing the plan, throwing the swift passage Brown hoped for in doubt.

The reactions to the proposal underscore a key tension in the debate over California's self-styled role as a national and international climate leader, particularly as [President Trump](#) slashes environmental regulations in Washington: How to balance aggressive action with broad political appeal.

The state is responsible for a tiny fraction of the world's greenhouse gas emissions, meaning its only hope of influencing global warming is modeling policies that can be embraced elsewhere, including in more conservative states. Cap and trade, a system that requires companies to buy permits to release greenhouse gases, is seen as a more business-friendly alternative to other methods that would dictate how polluters such as refineries reduce their emissions.

"Being able to show that [emissions] reductions can happen, that the economy can continue to thrive with this ambitious climate commitment, that's going to be critical for this model being replicated around the world," said Erica Morehouse, a senior attorney with the [Environmental Defense Fund](#), a national environmental group that quickly backed Brown's plan.

But other green advocates want the state to set an example with the most stringent possible regulations, and blanch at the concessions that oil companies and other industries have extracted from Brown, who has been pressing for a deal before lawmakers break for summer recess July 21.

“Brown wanted to declare victory on something and go home, and that's what he's doing — unfortunately he's doing so at the expense of our state's climate goals,” said R.L. Miller, president of the grassroots group Climate Hawks Vote.

[Gov. Brown and Democratic leaders offer plan to extend cap and trade, with aim for approval this week »](#)

The climate package, which was unveiled late Monday, received a lukewarm reception among lawmakers across the ideological spectrum Tuesday. Progressive Democrats worried the design of the cap-and-trade system was too friendly to industry. Republicans, whose votes Brown has courted, want tweaks on tax relief for manufacturers and for certain landowners currently paying for fire prevention that was written into the measure. They also want more clarity on how the revenues from the cap-and-trade auctions will be spent.

Brown and his allies want a two-thirds vote to extend cap and trade, the threshold for passing tax increases, to insulate the program from legal challenges. Democrats narrowly hold the necessary supermajorities in each house, but a substantial bloc is aligned with business interests, making it difficult to push a purely progressive measure through the Legislature.

Despite California's reputation as a green leader, environmental groups often struggle to become the driving force in the Capitol, said Fabian Núñez, the former Assembly speaker who shepherded landmark legislation on climate change in 2006.

"There's a difference between protest politics and governance," he said. "The environmental community has difficulty transferring from one to the other."

The disappointment among some environmentalists stands in stark contrast to their major victory last year with legislation setting an ambitious target for slashing emissions by 2030. With the goal enshrined in state law, they hoped to have more leverage over industry groups when it came to negotiating the future of the cap-and-trade program.

Brown said the business community was "going to plead" to extend the program to avoid more costly regulations. Brown's prediction, in a sense, was borne out: Now, industries that have tried to undermine the program in the past are now seeking its extension, touting it as the most cost-effective way to reach the state's goals.

Although clean energy businesses were quick to tout the plan released Monday, other sectors, including oil and agriculture, have so far kept quiet.

"Given the magnitude of the importance of this, we only have one shot to get this right," said Rob Lapsley, president of the California Business Roundtable. "We support cap and trade, and we are all trying to figure out how we can build a balanced plan we can support that reduces greenhouse gases and grows our economy."

The implications of cap and trade's future extend beyond California's borders. Dean Florez, a member of the California Air Resources Board, said the governor needed to make a market-friendly proposal to show China and others considering climate change policies that a large economy could develop a measure that was environmentally sound and allowed for economic growth and flexibility.

"If the governor did anything differently with this, he wouldn't have been a credible person on the international stage," Florez said. "It would be seen as this wacky proposal."

Industry's hand was strengthened at the beginning of June when oil companies teamed up with powerful building trade unions, which have contracts at refineries, to block climate legislation backed by progressive lawmakers and some environmentalists.

The State Building and Construction Trades Council, the umbrella group for construction unions, said Tuesday it supports Brown's plan. Cesar Diaz, the group's legislative director, said the state needs a "balanced approach."

"Our members are working at these refineries," he said, adding that if they started shutting down or scaling back, "our members would suffer."

Besides the split between labor and environmentalists, green groups have also struggled to reach a consensus among themselves. Increasingly ambitious environmental justice advocates, who are focused more on addressing local pollution, are generally opposed to cap and trade, while other more established national organizations back the policy.

Meanwhile, oil companies worked with other industries, such as manufacturers and agriculture interests, to create their own detailed proposals, which aligned in part with the legislation introduced Monday.

Perhaps no issue has caused as much angst with the environmental justice faction as an industry request that would limit state and regional regulations on greenhouse gas emissions. The plan would prohibit air quality regulators from adopting carbon-cutting rules for refineries and other so-called fixed pollution sources that are also subject to cap-and-trade.

A Bay Area Air Quality Management District official criticized that provision as a giveaway to the Western States Petroleum Assn., the industry group that has led the charge against the district's efforts to regulate greenhouse gases from refineries.

That element of the bill is "specifically designed to prevent the adoption of progressive, tough air quality regulations by agencies like the Bay Area air district against refineries," said Tom Addison, senior policy advisor for the Bay Area district.

The provision was similarly criticized by environmental justice advocates.

Diane Takvorian, who heads the San Diego County-based Environmental Health Coalition and sits on the state Air Resources Board, called the limitation “a direct attack on ARB's proposed refinery reduction measures.”

"We just can't tie the hands of our state and local regulatory agencies like this," Takvorian said.

For now, negotiations continue at their wearying pace, as backers strive for a vote by the week's end. Well into Tuesday evening, the governor's office was still hosting meetings with Republicans and other interested parties on the package.

Times staff writer Liam Dillon in Sacramento contributed to this report.