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California Takes Step to Limit Emissions

By [JOHN M. BRODER](#)

WASHINGTON — California has taken a major step toward creating a broad-based trading system to limit emissions of pollutants blamed for harmful [climate change](#).

The California Air Resources Board, often a trailblazer in environmental regulation, released a draft rule on Tuesday establishing a [cap-and-trade](#) program that sets a declining ceiling on emissions of greenhouse gases and allows companies to buy and sell permits to meet it.

California's goal is to reduce greenhouse gas emissions to 1990 levels by 2020. The proposed system would begin in 2012 with 600 major sources of global warming pollutants, including power plants, refineries and concrete factories.

Similar proposals to reduce emissions are stalled in Congress with little hope of moving through this year. And next month, world governments will assemble in Copenhagen to discuss the issue but are not expected to produce any binding agreements on how to reduce greenhouse gas emissions globally.

Gov. [Arnold Schwarzenegger](#) said the new rules would help California address a serious environmental problem, while giving companies flexibility in meeting clean-air goals.

The proposed rule also includes reductions in emissions from industrial and transportation fuels beginning in 2015.

California joins a number of other states and regions, including the 10 states of the Northeast, in moving ahead with programs to address global warming as Congress debates a nationwide program. One point of dispute in the legislation is whether the federal government will pre-empt these local and regional efforts and create a single national cap-and-trade program.

California, the world's eighth-largest economy by some measures, was one of the first states to recognize the potential effects of a changing climate. State scientists have identified reduced snowpack in the Sierra Nevada, prolonged droughts, increasing wildfires and growing infestation of pests as some of the results of the warming.

The draft of the California program dodges one of the toughest issues in designing any cap-and-trade system: how to allocate permits that allow companies to emit carbon dioxide and other greenhouse gases. A bill that passed the House in June distributes roughly 85 percent of the permits to various parties and industries free in the early years of the program, with more of them auctioned in later years.

[Mary D. Nichols](#), the chairwoman of the Air Resources Board, said her preference was for virtually all of the California permits to be auctioned from the start.

“Congress started this, you know, as a political exercise to see how many allowances you had to give out to which groups to get them to buy into the program,” Ms. Nichols said in a briefing for reporters, according to Reuters. “We know how many emissions we have to reduce. The question is how do we do it in a way that costs less.”

The resources board has scheduled months of hearings and public comment on the rule before it is to be finalized next October.

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