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Global warming solutions: do your homework

By Shelly Sullivan

Shelly Sullivan is the executive director of the AB 32 Implementation Group, a coalition of businesses working with state regulators on climate change.

We join the vast majority of Californians in supporting a balanced, cost-effective strategy to implement California's landmark Global Warming Solutions Act (AB 32) in a way that reduces greenhouse gas emissions while protecting California jobs and the health of our economy.

Later this month, the public will get its first glimpse of the AB 32 Scoping Plan which will be the state's blueprint for meeting the AB 32 goals of reducing California's greenhouse gas (GHG) emissions to 1990 levels by 2020.

GHG emission reductions need to occur on a global level if we truly intend to make a difference in climate change, yet AB 32 remains important symbolically; and may serve as a role model for other states and the country in how to address global warming. However, with this leadership comes the responsibility of making sure that the state does its homework. We must fully understand the environmental, economic and social impacts of the AB 32 plan so we can avoid unintended consequences that could hurt California communities and families.

One recent example of this kind of unintended consequence is corn-based ethanol. Not too many years ago ethanol was being touted as the solution to global warming and the federal government mandated that billions of gallons of it be added to gasoline. Today, however, studies have shown that corn-based ethanol generates six times more GHG emissions than conventional gasoline, increases smog-forming emissions and has contributed to higher food costs.

These kinds of mistakes and unintended consequences can be avoided by an open and comprehensive decision-making process. A process that takes the time necessary to understand the actual environmental and economic impacts of potential measures. Rigorous economic analyses must also be conducted to fully comprehend how tools implemented through AB 32 would affect California's economy.

Ultimately, AB 32 and other global warming laws will likely mean higher energy costs for electricity, natural gas and transportation fuels. At the federal level, the estimated cost of the proposed Lieberman-Warner global warming legislation is more than one trillion dollars. Estimates of costs vary for AB 32. However, they could be very significant. For example, Los Angeles officials have estimated that one plan to implement AB 32 could increase electricity costs by nearly one billion dollars a year for Los Angeles ratepayers alone. Statewide this so-called auctions plan would force companies to buy permits to emit GHG emissions that could cost up to \$39 billion a year. This \$39 billion hidden tax likely would be passed on to California consumers.

CARB staff have suggested that traditional command and control regulations will account for more than half of the emission reductions required to meet AB 32's GHG emission reduction goals. The rest of these emission reductions should come from market-based compliance mechanisms such as a cap-and-trade system. Experts agree that cap-and-trade programs not only lower costs, but are actually more effective at achieving environmental goals than traditional command and control regulations.

Well-designed cap-and-trade systems have been successfully used to phase out leaded gasoline and ozone depleting substances. The Clean Air Act's SO₂ Allowance Trading Program cut sulfur dioxide emissions in half with a savings of \$1 billion a year.

Leadership on global warming will be California's legacy for years to come. Some have suggested that the state should simply forge ahead with drafting this plan and let the economic, social and environmental consequences sort themselves out later. That's not the kind of leadership on global warming that California should provide. Let's lead by making sure our plan is based on sound science and robust economic analysis so the public knows the full story and public officials can make the best possible decision. That's the kind of smart leadership California can be proud of.