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Firms seek clarification of new emissions laws

Uncertainty amongst industry leaders could lead to job cuts, delay in business investments

by Samantha Young, Associated Press

SACRAMENTO - Uncertainty over how California will implement new regulations seeking to cut greenhouse gas emissions could delay business investments and force companies to cut jobs, industry leaders told state regulators Monday.

The uncertainty stems from the broad mandate in the state's new global warming law. The law, which passed with great fanfare last year and took effect Jan. 1, imposes an economy-wide cap on greenhouse gas emissions but leaves open how much individual companies, industries and sectors must reduce their emissions.

Developing regulations to implement the law by the state Air Resources Board could take three years or longer. That's too long for companies writing business plans, said Dorothy Rothrock, vice president of the California Manufacturers and Technology Association.

"If you're a company and you're making an investment decision of any kind -- expanding, modernizing, switching over to new processes -- it would be nice for them to be able to factor in how they will be treated," said Rothrock, who leads a coalition that will lobby for businesses as the state begins to implement the law.

Rothrock and other business leaders urged the agency to set guidelines this year for utilities, refineries, cement manufacturers and others that will be affected by the law.

Monday's meeting was the air board's first public workshop focused on how the state's greenhouse gas law might be implemented. The law imposes the country's first statewide cap on emissions, aiming to reduce heat-trapping gases by an estimated 25 percent by 2020 -- an estimated 174 million metric tons.

The law is one of the key ways California seeks to combat the effects of climate change. Scientists and experts in various state agencies say climate change threatens California's water supply, agriculture, forests and coast line.

Among the first challenges in imposing the emissions cap is a directive by the Legislature to create initial steps industries can take to reduce emissions before the caps take full effect in 2012.

As part of that initial surge, Gov. Arnold Schwarzenegger this month proposed that the air board adopt regulations promoting the use of low-carbon fuels. The governor last week signed an executive order mandating that California refineries reduce the carbon content of passenger vehicle fuels 10 percent by 2020.

The air board, which has jurisdiction over vehicle emissions, is considering implementing the proposal. Where the other early emission reductions could happen and how companies might get credit are key parts of the debate.

The law provides little clarity on that point. But Catherine Witherspoon, executive director of the Air Resources Board, assured business leaders their efforts would be taken into account.

"It's worthwhile to reduce greenhouse gas emissions now because at the very least it minimizes the reductions that are coming," she said.