Where it starts (or ends)

Cara asks if cap-and-trade skeptics like me still get excited at California's Mini-Me version. The short answer (for me, at least) is yes. I'm all in favor of California rolling out its own version, and my hope has always been that the California Air Resources Board could develop a successful program that EPA could eventually build on, if the federal politics ever change. And a success in California could help change those federal politics by removing concerns about how these programs work in practice.

The primary difference with the two programs (state and federal) is obviously about scale, but it's also institutional. First, California *only* has to regulate 360 sources (600 facilities), compared to 7400 sources (plus the two billion tons of offsets) in the proposed federal version. Although proportionally it may not make a huge difference, it does mean the state has a more manageable effort on its hands, which could make it harder for companies to get away with gaming and fraud. Second, the California effort has been devised by a regulatory agency with a more open and deliberative process, whereas the federal version came out of the sausage factory of Congress (for gruesome details, see Jonathan's post on the New Yorker story covering the Kerry-Obama debacle).

The other reason why I like cap-and-trade in California is that it's not the state's only weapon against climate change. The program is part of a suite of measures proposed by CARB, along with the low carbon fuel standard, energy efficiency measures, land use programs, and other policies. I wish the Obama Administration had taken the same approach to tackling climate change and devised a strong transportation policy to go along with cap-and-trade, given how our transportation priorities have contributed so greatly to the problem. We'll see what happens with the transportation bill in next year's Congress.

But I still have concerns about cap-and-trade in general. For example, setting the cap is critical, and it depends on accurate information about the greenhouse gases currently being

emitted by the covered sources. But are the emissions data reliable enough in the first place? California has a mandatory reporting program for greenhouse gas emissions, but ensuring the accuracy of this data may be an impossible task. And with offsets, we're plagued by the unavoidable doubt associated with this concept: how do we ever truly know if reductions are additional or would have happened anyway? In some instances, it may be impossible to tell, particularly when eligible offset sources may cover a vast geographical area and many different types.

So let's see if the sky falls or not with cap-and-trade (perhaps a bad metaphor given the topic). If California can lead the country with green jobs, less pollution, more housing options, energy independence, and lower utility bills through improved efficiency, even climate deniers will have a challenge spinning that success. Although I'm sure they'll try.