The results of the recent elections in California and elsewhere suggest that the Golden State may be flying solo for many years when it comes to regulating greenhouse gas emissions. While Congress and elected officials in most states have grown even more partisan and climate-theory skeptical, Californians have soundly rejected efforts to cut back on climate regulation. As a result, concerns about "leakage" are likely to grow. Leakage is the term often used to describe an environmental policy in one jurisdiction that just chases pollution to another place, rather than creating a net environmental benefit.

The poster child for concerns about leakage is likely to be the Four Corners coal plant in New Mexico (Much of the factual information here comes from a ClimateWire article on November 12,2010). The Southern California Edison Company owns 48 per cent of the capacity in Units 4 and 5, totaling 738 megawatts of generating capacity. Because of California's climate laws, Edison feels compelled to cease its capital investment at Four Corners. However, rather than shutting down the capacity it owns, Edison has announced its intention to sell it to the Arizona Public Service Company (APS), which owns and operates Units 1 through 3 (older facilities, capable of generating 560 megawatts). APS says that it will shut down Units 1-3, which otherwise would require about $600 million in environmental improvements.

The complex ownership interests controlling Units 4 and 5 would make it difficult for Edison to just lock the door and throw away the key. However, the sale of Edison's portion, if approved by regulators, makes it more likely that those units would keep burning coal for the indefinite future. APS would trade 560 megawatts of capacity for 738 megawatts of somewhat cleaner capacity, but it is uncertain that APS would have made the enormous investment needed to keep the older units running, anyway.

The bottom line is that with the proposed sale, the emissions from Units 4 and 5 would become someone else's trouble, but they would not cease to exist. To the contrary, APS reportedly sees a long term role for Four Corners in “supporting” its effort to comply with Arizona’s standard of 15% renewable power by 2025. That’s right –APS would fill in the gaps from intermittent solar and wind production with coal-fired power. Since coal plants do not quickly make the transition from a cold start to full production, APS likely would keep the boilers stoked around the clock. And what would happen with the excess coal-fired power available when the wind blows and the sun shines? Expect APS to sell it on the spot market to utilities in other leaky states. It is also quite likely that at least some of the power would find its way back to Edison’s territory, or elsewhere in California.

Fear of leakage should not be used to stop California from implementing its climate program, but it should inform the California Public Utilities Commission when it considers whether to approve the sale. It should cause the next governor to redouble efforts to create a comprehensive climate program across the West. ClimateWire points out that Arizona walked away from the current Western Climate Initiative earlier this year. California should use its oversized economic and political clout to help get Arizona back on the team. Which brings up perhaps the most important point – although neighboring states might leak carbon dioxide, it’s California that is the elephant in the garden. California exports much of its pollution to other states, through purchases from facilities like Four Corners, and serves as the economic engine to keep those polluting plants up and running. Stop sending those dollars, and businesses in other states will stop building polluting facilities to serve California. And California – the magnet drawing half of the power consumed in the West, can take the high ground in spreading responsible climate policy across the nation.