Whether or not Californians focused on climate change in voting on Proposition 23 (as Ann and Sean discuss), their rejection of 23 means full steam ahead on climate change regulation. Notably, while the rest of the country leaps back from cap and trade (here's Obama throwing it under the bus in his post-election comments), California is moving ahead with cap and trade policy. Under the state's overall plan for reducing greenhouse gases back to 1990 levels by 2020, the proposed cap-and-trade program is the means by which the state plans to achieve just under 20% of those reductions. And we have a pretty good sense now of what the program will look like.

In the days before the election, the Air Resources Board released what will likely be the final draft of its cap and trade regulations, up for approval by the Board in December. Michael Wara of Stanford has a good first-blush take on the contours of the program here. Basically, ARB is proposing lots of free allowances to start (following the urging of Gov. Schwarzenegger — see this letter — and in contrast to the advice of its own Economic and Allocation Advisory Committee); a fairly stringent limit on the use of offsets; and a cap set with the aim of avoiding overallocation problems that have plagued other cap-and-trade programs.

Assuming that the program isn't tripped up by Proposition 26 constraints (see Jonathan's view here, with which I basically agree), we will soon see the closest thing yet to an economy-wide GHG cap in the US. Even if you hate cap and trade (I'm talking to you, Ethan), don't you get a little excited about our laboratories of democracy?