California's cap-and-trade program for greenhouse gas emissions has gotten some interest here at the climate change negotiations in Durban.

At a discussion of Australia's new carbon pricing program, panelists discussed how Australia considered California's economic modeling of cap-and-trade during the development of Australia's system.

And a panel on linking between different carbon and offset markets, California's upcoming emissions trading market was a hot topic. California may link with provinces in Canada in future years under the Western Climate Initiative, and could conceivably link with other international markets.

Linking refers to the idea that a facility in California could purchase emission allowances from, for example, the EU or Australia markets and those international allowances then be retired in the California system. Clearly, in that scenario, there must be trust and communication between the distinct regulatory system. We would need some way to verify that the international allowance is "real" in that there is an enforced cap with appropriate regulatory enforcement and oversight. And there must be a way to track and retire that allowance across systems—that is the communication aspect. Local environmental justice groups, however, will be wary of any linking system that exports actual emission reductions overseas, mainly because of the fear that California would thereby lose out on potential co-pollutant reduction benefits that can accompany actual GHG emission reductions.

Finally, the U.S. delegation observed that California emission trading program, if successfully launched, could serve as the foundation or impetus for a new attempt at a national GHG emissions trading program in the U.S. Of course, we are several years and one presidential election away from that possibility. In the meantime, California's emission trading program has the potential to serve as not just a model to the U.S., but as a model for other countries' trading programs as well. And given the current negotiating stance of the U.S. at COP17, California's program may be one of the few highlights in U.S. climate policy.