The 25th United Nations Conference of the Parties (COP) in Madrid ended largely in failure on Sunday, with the parties unable to come to agreement on provisions governing a potential international carbon market. How big a deal is that failure?

Like my UCLA Law colleagues, I attended the conference in Madrid and witnessed similar dynamics that they described. I’ve been a skeptic of these UN processes since as long as I’ve worked in the climate field. On one hand, the UN COPs can serve as useful, politically galvanizing events that can offer networking, idea-sharing, and important media coverage to highlight this issue for the public.

But on the other hand, any success at a UN COP may instill a false sense of optimism that international leaders are solving the problem, when in fact, even with successes like the agreement achieved at the Paris COP in 2015, the real action happens among decision makers largely absent from these international discussions. For example, state and provincial leaders typically set rules for electricity grids that determine their carbon emissions, and local officials often are responsible for planning cities that sprawl or not and decide whether to fund transit over automobile infrastructure; they also often permit new factories and industrial facilities in their jurisdictions.

Me in the COP 25 "Blue Zone" for negotiators & observers

So in that context, any progress at the Madrid COP wasn't likely to make a significant dent in worldwide greenhouse gas emissions, unless it translates effectively and urgently to decision-makers down the chain. In short, a failure at any given COP to reach an agreement is often more of a symbolic blow than an actual policy setback, while the opposite remains true: success is only pyrrhic without follow-up action by decision makers across the globe, at all levels.

But more specific to this year's COP focus in Madrid (the provisions related to a potential global carbon market under Article 6 of the Paris agreement), carbon markets by themselves are unlikely to be a key solution on emissions. Even in a state like California, which is one of the world's leaders on decarbonization, the cap-and-trade program is marginal at best in terms of impact. Allowances trade for near the price floor, with no real evidence that the program is the *but-for* cause of any emission reductions at regulated facilities. Meanwhile, the auction proceeds from the sale of allowances under the program generate upwards of a few billion dollars a year for programs like high speed rail, building weatherization, and transit-oriented development projects.

In short, California's carbon market functions as a low-level carbon tax that generates funds for some carbon-reducing projects but is not responsible (as best we can tell) for any meaningful emission reductions.

I don't mean to slam the carbon trading program – it can be a useful tool for government to employ. And it's partly been a victim of the success of California's rapid decarbonization in other sectors.

Which leads to the real heart of California's climate program: its mandates. Specifically, mandates for utilities to procure renewable energy and energy storage, for automakers to produce zero-emission vehicles, and for appliance manufacturers and home-builders to apply energy efficiency standards to their products. Without these and other mandates, as well as the various state incentives that typically accompany them, California would not have seen its great success over the past decade reducing emissions so quickly that the state met its 2020 greenhouse gas goal four years early.

Had any of these other programs failed – specifically the renewable energy program, which was the most responsible for state emission reductions – the cap-and-trade program would have taken on more importance. But the fact that we did not need carbon trading in California means that other nations and states can achieve emission reduction success through a similar recipe: decarbonize electricity and transportation, focus on industrial and agricultural emissions, and do everything possible to reduce short-lived climate pollutants.

Side panel at the U.S. Pavilion in Madrid

Going forward, perhaps following a change in federal leadership in the U.S., the real action at these international gatherings may take place at smaller venues such as the G20 (attended by the leaders of countries responsible for 75% of global emissions). And perhaps one day the COPs can transition to a more sectoral focus. For example, I’d love to see a UN COP focused exclusively on advancing zero-emission vehicle technologies or a decarbonized electricity grid. We could potentially make significant and meaningful global progress by focusing on the technology solutions we know we need to deploy widely right away.

So without success in Madrid this past week, the world is still left where it essentially always was and would have been anyway, with or without carbon markets under Article 6: in dire need of strong national, state and local action to decarbonize key economic sectors as quickly as possible. A global carbon market could potentially help with that effort, but it will not be sufficient by itself.

The real progress on climate change will now once again take place in city halls, state legislatures, and parliaments and other decision-making bodies around the globe.