Cap & Trade still doesn't work after all these years

Instead of simply setting standards requiring phase-in of clean energy for all energy sectors, California adopted Cap & Trade in 2011.

- Carbon Trading didn’t work in Europe, and we knew that before California adopted it.
- Cap & Trade still doesn’t work in California.
- And LA’s RECLAIM Nitrogen Oxide trading had to be shut down because it didn’t work.
- Other pollution trading (back east) had the same problems.
- Why do states outside California now want to repeat its failures?
- It’s the money honey. Polluters have to pay instead of cutting pollution, generating money for the state and municipalities (in some years), corrupting politicians. The state supports the illusion of progress.

What didn’t US or EU trading work?

- Too many free or very cheap credits in the system, & allowing banking credits for the future
- Oversupply of cheap credits means polluters don’t have to take action, or polluters pay others to do little or nothing. Cheap credits are baked into the politics -- the whole justification for Cap & Trade is to cut costs.

What do greenhouse gas emissions really show?

“The cap is likely not having much, if any, effect on overall emissions in the first several years of the program.”

Legislative Analyst’s Office - 2017-2018 Budget, C&T

The LAO found two likely factors caused emissions to go down, including the Great Recession of 2008, and other state environmental policies (but not Cap & Trade). (For example, the Renewable Portfolio Standard for electricity required ramping up renewable energy to 33% by 2020.)

Only the Electricity sector had big emissions cuts because of phaseout of out-of-state coal, and phasing-in solar and other renewable electricity (not because of Cap & Trade). Other sectors either increased emissions after the end of the Great Recession, or made no progress (including transportation, industrial, and others). Residential emissions went down because of less heating needed due to weather.

California Greenhouse Gas Emissions for 2000 to 2017 Trends of Emissions and Other Indicators (pp. 5 and 14) bear this out:

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1: 2009, Columbia Journal of Envir. Law, Overallocation Problem in Cap-and-Trade
3: 2017, Northeast’s carbon trading system works quite well. It just doesn’t reduce much carbon; Failure of RGGI
4: 2019, Tracking banking in Western Climate Initiative cap-and-trade program, overallocation and banking harms
5: 2019, Why Carbon Credits for Forest Preservation may be worse than nothing, ProPublica
6: 2020, Decommissioning California Refineries, Karras, Petroleum fuel chain emissions increased under C&T, p. 53
Does Cap & Trade actually do harm? YES

- Cap & Trade allows refineries and oil drilling to expand in severely impacted communities of color and low-income communities in addition to failing to address catastrophic Climate Change.

- For example, Wilmington/Carson/West Long Beach (WCWLB) has the largest concentration of refineries on the West Coast (5 refineries), one of the largest urban oil fields and largest ports complex in the nation, and extreme diesel trucking. This >95% people-of-color community has high asthma and cardiovascular impacts, low income, low health care access, and is vulnerable not only to local air pollution, but climate change heat waves. The South Coast Air Quality Management District (SCAQMD) pulled together a local air emission inventory for the area in the WCWLB Community Emission Reduction Plan (Sept. 2019). Seven out of ten largest Cap & Trade emissions source are refineries.

- SCAQMD’s inventory found WCWLB refinery & related emissions are frequently even larger than transportation emissions. Since transportation emissions are huge, that is saying something.
  - VOCs – “The largest contribution to VOC emissions are from petroleum production and marketing, due to presence of several petroleum refineries in this community.” p. 3b-6
  - PM2.5 – Fine particulate matter comes mostly from industrial and petrochemical process fuel combustion. (PM2.5 causes premature deaths for vulnerable people.) p. 3b-3
  - NOx – Petroleum refinery operations are the 2nd largest source, (including sulfur recovery and hydrogen plants). Ocean-going vessels are the largest (but these also include many oil industry vessels delivering crude oil to the refineries.) p. 3b-2

- Cap & Trade allows local refineries like the Tesoro/Marathon refinery to expand their local polluting operations, including by paying someone out of state to cut an “equivalent” amount of greenhouse gases. Tesoro/Marathon in Wilmington / Carson bought millions of offsets (the weakest form of Cap & Trade allowances) during its major oil refinery expansion. (See other side – why this doesn’t work.)

- Will Covid19 get rid of refineries? Some refineries did close -- but not in the WCWLB region. But we can take advantage of the temporary cuts in fossil fuels by planning for clean energy.

Is there a realistic alternative to Cap & Trade? OF COURSE - A straightforward phaseout of fossil fuels to Clean Energy is technologically and economically feasible!

- There is no escaping that we must begin to phase out Oil Refineries, Oil Drilling, gasoline & diesel. The planet is facing catastrophe.

- Multiple studies found this is feasible using existing technologies, without changing behavior, ranging in costs up to only 2% of GDP. The Technology Path to Deep Greenhouse Gas Emission Cuts by 2050 . . .

- This involves 1) aggressive energy efficiency, 2) decarbonizing electricity (already happening), and 3) decarbonizing transportation. (We have only started to ramp up electric vehicle numbers.)

- We need to ensure this is carried out through a Just Transition plan, with equitable access to clean energy for severely impacted communities, and planning for high road green jobs transitions. (This could include training -- to cap idled oil wells, installing electric charging stations, or in other fields such as health care training Canada carried out).

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