

## Little Unity Over California's Cap-And-Trade Program

Businesses and environmentalists remain deeply divided over California's landmark carbon cap-and-trade program, with industry calling it a job-killing nightmare and clean energy proponents saying it has positioned the state as a global leader in tackling climate change.

The strong feelings over the policy were on display at a conference in Sacramento, where business groups and environmentalists repeatedly clashed over the market-based program, a key component of the state's effort to roll back its output of heat-trapping gases to 1990 levels by 2020. While environmentalists say the effort is already attracting clean energy businesses to the state, industry argue it could drive them away.

"My manufacturers are now living their worst fears," said Dorothy Rothrock, vice president of government relations at the California Manufacturers & Technology Association, which represents 600 businesses in the state. Without immediate fixes to the program, like giving away all of the program's carbon permits to businesses for free, some of her members may eventually need to raise prices, lay off workers, or flee the state, she said. "My companies are saying, 'What are we supposed to not pay for in order to pay this new cost?'" she said.

The success or failure of the 2-month-old program will have broad ramification for the concept of cap and trade, a policy where the government sets a limit on the amount of greenhouse gas emissions that businesses can produce. It then either sells or hands out for free a dwindling number of carbon permits, also known as "allowances."

The allowances can be used for compliance with the regulation or, if the company can reduce its emissions on its own, can be sold to businesses that need them.

Read more: <http://www.foxbusiness.com/industries/2013/03/06/little-unity-over-california-cap-and-trade-program/#ixzz2PH2l76KJ>

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### Assembly Republican Leadership Team Takes Shape

Assembly Republican leader **Connie Conway**, R-Tulare, has named nine members to the lower house's GOP leadership team for the 2013-2014 legislative session. Here is a list of the appointments:

- Assistant Republican Floor Leader: **Curt Hagman**, R-Chino Hills
- Deputy Republican Floor Leader: **Donald Wagner**, R-Irvine
- Assembly Republican Caucus Chair: **Brian Jones**, R-Santee
- Assembly Rules Committee Vice Chair: **Scott Wilk**, R-Santa Clarita
- Assembly Budget Committee Vice Chair: **Jeff Gorell**, R-Camarillo
- Assembly Appropriations Committee Vice Chair: **Diane Harkey**, R-Dana Point
- Chief Republican Whip: **Dan Logue**, R-Marysville
- Republican Whips: **Brian Maienschein**, R-San Diego; **Marie Waldron**, R-Escondido

Read more here: <http://blogs.sacbee.com/capitolalertlatest/2013/03/assembly-republican-leadership-team-takeshape.html#storylink=cpy>

## *Energy Boom Begins to Ripple Through US Economy*

The boom in new oil and natural gas flowing through U.S. pipelines is beginning to ripple through the wider American economy. Just ask Edrick Smith. In September, Smith traded temp agency jobs for full-time employment with Baltimore-based Marlin Steel Wire Products, which makes wire baskets for industrial customers. An experienced machinist, Smith is now expanding his skills by learning to set up and operate factory robots. "Knowing each and every machine in here gives me an opportunity to make good money, and to educate myself more," he said. "This is my career."

Smith's hiring was just one of thousands of openings created indirectly by a new boom in domestic oil and natural gas drilling – a bounty so rich that it has even caught energy industry insiders by surprise. In part 2 of our four-part "Power Shift" special report, we examine how the explosion in drilling in places like North Dakota and West Texas is spreading through the general economy – despite controversy over the potential environmental impact of the new industry practices.

Marlin Steel Wire, for example, has expanded its payroll and invested in high-tech equipment to keep up with a steady pick-up in orders from other U.S. manufacturers. Orders are rising, said owner Drew Greenblatt, because his customers are receiving a widening discount in the price of natural gas and electricity.

"That's making U.S. companies that used to be at a price disadvantage now uniquely positioned to win contracts they never won in the past -- or haven't for a while," he said. "Everyone talks about what's going on in North Dakota, but it's filtering down now to conventional factories throughout America."

Some analysts believe the energy cost savings for businesses, factories and consumers will last for decades.

"This is not going to be a one- or two-year thing," said Ross Eisenberg, head of energy and resources policy at the National Association of Manufacturers. "We're going to see lower natural gas prices for a long, long way into the future."

To read this article in its entirety go to: <http://www.nbcnews.com/business/economywatch/energy-boom-begins-ripple-through-us-economy-1C8877092#/business/economywatch/energy-boom-begins-ripple-through-us-economy-1C8877092>

## **WILL CALIFORNIA'S CAP-AND-TRADE STIFLE LOW-CARBON INNOVATION?**

Under AB32's carbon cap design, universities and colleges that emit fewer than 25,000 tons of GHGs a year will not own the carbon reductions that their investments in energy efficiency will deliver. Instead, their upstream utility providers will have a presumptive claim on these carbon reductions, and their associated market value. The same claims would affect other institutions and businesses that might wish to make aggressive energy efficiency investments, and whose emissions were less than 25,000 tons a year. One potential solution is for utilities, voluntarily or with encouragement from the state, to explicitly transfer the near-term carbon rights in question back to these universities and other small emitters, allowing those entities to then sell the carbon reductions to companies like Chevy that are investing in these pioneering efforts (and retiring the carbon to benefit the planet).

There is a clear, mutually advantageous, business case to support this approach: Such carbon funding could contribute up to a 50 percent return on the incremental capital required to spur these campuses' clean energy investments — while, beyond the market lifetime of these credit projects, the carbon value could profitably accrue back upstream to the utilities as reductions under their cap. While California's cap-and-trade program is an important tool to reduce carbon emissions, absent a resolution to ownership of carbon reductions from implementing organizations below the emission threshold, it risks adversely impacting those voluntary, additive, innovative investments that are often driven by organizations working out on the leading edge of the clean energy economy.

Let's hope California's cap-and-trade program does not, paradoxically, subtract from the potential incremental reductions that can be supported by the voluntary carbon markets, but rather works in concert with voluntary markets and the innovative efficiency investments it supports.

By David Tulauskas, Patrick Nye and Sue Hall, Published March 11, 2013. This article was also co-authored by Angus Duncan, president of the Bonneville Environmental Foundation.