



June 2, 2008

Members of the United States Senate  
United States Senate  
Washington, DC 20510

Dear Honorable Senator:

As you begin the floor debate on the Lieberman-Warner Climate Security Act (S.2191), please be aware that environmental justice organizations and advocates in California, in response to the Global Warming solutions Act of 2006 (AB 32), stand in strong opposition to the use of trading and offsets as policy tools to reduce green house gas emissions. Environmental Justice organizations and advocates from around the country have joined us in our stand against trading and offset use. As we all have acknowledged the failure of trading and offsets as policy approaches, we stand in opposition to their use in federal climate change legislation.

We have taken this position because, as the communities on the front line of the devastating impacts of climate change, we demand our government use only policy tools that will lead to real reductions in green house gases. History has clearly proven that the so called "cap-and-trade" approach does not actually result in emissions reductions. While we strongly support a cap, our opposition to trading extends to "cap-and-dividend" and "cap-and-auction" approaches as each incorporates trading as a core strategy.

Attached to this letter is a copy of *The California Environmental Justice Movement's Declaration Against the Use of Carbon Trading Schemes to Address Climate Change* and its accompanying factsheet *The Cap and Trade Charade for Climate Change*. These documents state our reasons for standing against trading and offsets. You can find more information about our position, the reasons, and support for it at [www.ejmatters.org](http://www.ejmatters.org).

Clearly, it is critically necessary for the United States to take steps to swiftly and effectively reduce its green house gas emissions. Action is required both to protect health in low-income communities of color and to protect our planet. We support policies that will fundamentally change the way we make and use energy, for such policies are the only possible hope for saving our communities and our planet. In addition to numerous other problems, numerous studies have shown that trading slows or blocks innovation and without innovation, efforts to reduce green house gases will fail.

Do not hesitate to contact me to discuss our position on trading and offset use as well as tools that can be used to effectively and justly address climate change.

Sincerely,

  
Angela Johnson Meszaros  
Director of Policy and General Counsel

**Advisory Board\***

**Felipe Aguirre**  
*Comité Pro Uno*

**Martha Dina Arguello**  
*Physicians for Social Responsibility  
Los Angeles*

**Cynthia Babich**  
*Del Amo Action Committee*

**José Carmona**  
*The Verde Group*

**Bahram Fazeli**  
*Communities for a Better  
Environment*

**Shabaka Heru**  
*Society for Positive Action*

**Marlene Grossman**  
*Pacoima Beautiful*

**Linda Kite**  
*Healthy Homes Collaborative*

**Jesse N. Marquez**  
*Coalition for a Safe Environment*

**Deborah Milligan**  
*Athens Park Concerned Citizens*

**Denise Ng**  
*Denise Ng Consulting, Inc.*

**Robina Suwol**  
*California Safe Schools*

**Jane Williams**  
*California Communities  
Against Toxics*

\* Affiliations Provided for  
Identification Purposes Only

**The California Environmental Justice Movement's  
Declaration Against the  
Use of Carbon Trading Schemes to Address Climate Change**

1. **Whereas**, the climate system of the planet and the energy choices we make are inextricably linked to a looming ecological and social catastrophe; and
2. **Whereas**, the United States and all other countries of the world face a moment of great promise and great peril regarding our energy production and use, including: 1) our overdependence on fossil fuels such as oil, natural gas, and coal; 2) the production and use of bio-fuels with dubious sustainability attributes; and 3) the resurgence of domestic and international nuclear power development; and
3. **Whereas**, Asian, Black, Latino, and Native American communities in the United States, as well as indigenous and poor people around the world, disproportionately bear the negative economic, environmental, and health impacts of the fossil fuel economy at every stage of its life cycle including its exploration, extraction, production, refining, distribution, consumption, and disposal of its waste; and
4. **Whereas**, global climate change caused by burning fossil fuels, resulting in the release of carbon dioxide, other green house gases, and associated co-pollutants into our oceans, air, soil, and vegetation jeopardizes the planet's ability to maintain a livable climate and causes grave health problems in poor communities, communities of color, and indigenous communities around the world; and
5. **Whereas**, the international scientific community predicts that climate change will cause great human suffering, the brunt of which will be borne by the world's poor, developing nations, disenfranchised indigenous communities, the infirm, and peoples of color that have been historically discriminated against at global, national, and local levels; and
6. **Whereas**, the best available science indicates that the planet is warming more rapidly than we understood when the Kyoto Accord was ratified and that reductions in greenhouse gases must be undertaken more quickly and with greater urgency than previously recognized; and
7. **Whereas**, many of the nations that ratified the Kyoto Accord are failing to meet the treaty's requirements for greenhouse gas emission reductions; and
8. **Whereas**, the policy cornerstone of the Kyoto approach is a market-based system to allow nations to establish emissions "rights" and trading of "rights" to emit carbon, known as cap & trade under the European Union Emission Trading Scheme (EU- ETS); and
9. **Whereas**, the EU-ETS created transferable "rights" to dispose of carbon into the air, oceans, soil, and vegetation far in excess of the capacity of these systems to absorb it; and
10. **Whereas**, economic globalization steers international commodity markets to manufacture and privatize the "right" to dispose of green house gases and their co-pollutants into the air, oceans, soil, vegetation and human bodies and is in direct conflict with the true human rights of people and respect for our planet; and
11. **Whereas**, Phase 1 of the EU-ETS has been documented as giving billions of dollars worth of these "rights," free of charge, to the biggest corporate emitters of greenhouse gases who are responsible for causing the global warming crisis and thereby created one of the largest transfers of wealth from low- and middle-income people to private corporations in the modern industrial era; and
12. **Whereas**, carbon trading under Phase 1 of the EU-ETS benefited fossil-fuel intensive corporations and stands in the way of the transition to clean renewable energy technologies and energy efficiency strategies that are critically necessary to substantially reduce greenhouse gas emissions; and
13. **Whereas**, the Clean Development Mechanism (CDM) under the Kyoto Accord, as well as voluntary private sector trading schemes, encourages industrialized countries and their corporations to finance or create carbon dumps in the Developing World as lucrative alternatives to reducing greenhouse gas emissions in Developed Countries; and
14. **Whereas**, the EU-ETS and the CDM sanctions the continued exploration, extraction, refining, and burning of fossil fuels and finances projects such as private industrial tree plantations and large hydro-electric facilities that appropriate land and water resources jeopardizing the livelihoods of local communities in the Developing World as carbon dumps for industries in the Developed World; and

15. **Whereas**, the EU-ETS and CDM fail to address and further deepens entrenched social inequalities, irresponsible development trends, inadequate hazard reduction policies, and are silent on confronting disaster vulnerability of populations worldwide; and
16. **Whereas**, carbon trading is undemocratic because it allows entrenched polluters, market designers, and commodity traders to determine whether and where to reduce greenhouse gases and co-pollutant emissions without allowing impacted communities or governments to participate in those decisions; and
17. **Whereas**, the political power of the major global polluters has resulted in carbon trading schemes that include inadequate reporting systems, are impossible for the public and regulatory agencies to monitor, allow gaming of the system by market participants, and lack meaningful penalties for failure to comply; and
18. **Whereas**, greenhouse gases will be substantially reduced only through a transition to greater energy efficiency and sustainable energy technologies that do not rely on fossil fuels; and
19. **Whereas**, capturing energy from the wind, sun, ocean, and heat stored within the Earth's crust builds the health and self-reliance of people and our communities, protects the planet, creates jobs, and expands the global economy; and
20. **Whereas**, global energy transformation is the politically unifying and inclusive principle that affirms the rights of all people--including the poor, women, rural and indigenous communities--to have access to affordable and sustainable energy and the enhanced quality of life that such access affords; and
21. **Whereas**, the EU-ETS, including the CDM, is often portrayed as a necessary first step toward establishing an effective international climate change plan and has been presented as a model for California's efforts to reduce greenhouse gas emissions;

**The California Environmental Justice Movement DECLARES** that the EU-ETS, including the CDM, is a step in the wrong direction; and

**The California Environmental Justice Movement FURTHER DECLARES** that we will fight at every turn all efforts to establish a system of carbon trading and offset use in California; and

**The California Environmental Justice Movement FURTHER DECLARES** that our demands for real changes in the way we make and use energy will not be silenced by promises of money or token adjustments to the fundamentally flawed trading and offsets approach; so

**BE IT THEREFORE, RESOLVED**, that the California Environmental Justice Movement stands with communities around the world in opposition to carbon trading and offset use and the continued over reliance on fossil fuels; and

**BE IT FURTHER RESOLVED**, that the California Environmental Justice Movement will support conservation, regulatory, and other measures to address greenhouse gases only if they directly and significantly reduce emissions, require the shift away from use of fossil fuels and nuclear power, and do not cause or exacerbate the pollution burden of poor communities of color in the United States and developing nations around the world; and

**BE IT FURTHER RESOLVED**, that the California Environmental Justice Movement will oppose efforts by our state government to create a carbon trading and offset program, because such a program will not reduce greenhouse gas emissions at the pace called for by the international scientific community, it will not result in a shift to clean sustainable energy sources, it will support and enrich the state's worst polluters, it will fail to address the existing and future inequitable burden of pollution, it will deprive communities of the ability to protect and enhance their communities, and because if our state joins regional or international trading schemes it will further create incentives for carbon offset programs that harm communities in California, the region, the country, and developing nations around the world.

**THEREFORE**, We, the undersigned organizations and individuals, affirm our solidarity with the California Environmental Justice Movement, poor, and indigenous people around the world.

**Signatories to  
The California Environmental Justice Movement's Declaration on  
Use of Carbon Trading Schemes to Address Climate Change**

**ORGANIZATIONS:**

- 8th Day Center for Justice, IL
- American Society of International Law - International Environmental Law Interest Section
- Asian-Pacific Environmental Network
- Association of Irrigated Residents
- Bayview Hunters Point Community Advocates
- Breast Cancer Action
- California Communities Against Toxics
- California Environmental Rights Alliance
- California Safe Schools
- California State University Long Beach Campus
- Progressives Collective
- Carbon Trade Watch, U.K.
- Center on Race, Poverty & the Environment
- Clean New York
- Climate Change Action Group of Central New York
- Coalition For A Safe Environment
- Comite Pro Uno
- Communities for a Better Environment
- Concerned Citizen's regarding Chevron's Expansions Plans
- Del Amo Action Committee
- Desert Citizens Against Pollution
- Earth Day Los Angeles
- Environmental Community Action Inc. (ECO-Action), GA
- Environmental Health Coalition
- Environmental Justice Resource Center at Clark Atlanta University, GA
- Environmental Research Foundation, NJ
- Food Empowerment Project
- Fresno Metro Ministry
- Greenaction for Health and Environmental Justice
- JustEnvirons
- Just Transition Alliance, CA
- Ladies of Charity of Chemung County, NY
- Little Village Environmental Justice Organization (LVEJO), IL
- Making Our Milk Safe (MOMS)
- Merced/Mariposa County Asthma Coalition
- New Jersey Concern
- New Jersey Environmental Justice Alliance
- Pacific Environment
- Physicians for Social Responsibility-LA
- People Organized in Defense of Earth and her Resources (PODER)
- Rainforest Action Network
- Rising Tide North America
- San Joaquin Valley Latino Environmental Advance Project
- School of Democratic Economics, Indonesia
- Strategic Concepts in Organizing Policy Education (SCOPE)
- Silicon Valley Toxics Coalition
- Society for Positive Action
- SmartMeme
- StrikeOut Studio, LA
- Student Environmental Action Coalition
- Southwest Network for Environmental and Economic Justice, NM
- The Corner House, U.K.
- West County Toxics Coalition
- West Harlem Environmental Action, Inc.

**INDIVIDUALS :**

Adrian Totten  
Amanda Henry, CA  
Amber Logan, NC  
Azibuike Akaba, E.I.P. delegate, Oakland, CA  
B Bernzott, NJ  
Barbara A. Brenner, CA  
Bryan Todd, CA  
Carol Steinsapir, NY  
Chione Flegal, CA  
Christopher Scott Smith, CA  
Cristina Carrasquillo  
Dave Shukla, CA  
David Chatfield, CA  
Dean S. Toji, CA  
Debra Singer, CA  
Dennis Yee, AZ  
Donald Simon, CA  
Elizabeth de Rham, CA  
Felipe Aguirre, CA  
Gary A. Patton  
Gene Warren Jr., CA  
Hendro Sangkoyo, Indonesia  
Howard Ehrman, CA and IL  
Igor Kagan, CA  
Janie Anker, CA  
Jeanne Fudala, NY  
Jose Carmona, Sacramento, CA  
Joseph Nowak, New Zealand  
Juliette Anthony, CA  
Justin Myers, NY  
Jutta Kill, U.K.

Karen G. Pierce, CA  
Kathleen Kimberling, CA  
Karen Kirkland, PA  
Larry Lohman, U.K.  
Laura Lichtenberger, CA  
Lauren Ornelas, CA  
Linda Ferland, CA  
Lori Morrison-Contreras, IL  
Lucas Williams, CA  
Marlene Grossman, Pacoima, CA  
Mary Brune, CA  
Mary Smith, NY  
Melissa J. Kelly-Ortega, CA  
Nicholas Baker, CA  
Norma Nava, CA  
Patrick Lynch, China  
Patrick Reinsborough, CA  
Peter Montague, NJ  
Ricardo Alvarez, CA  
Rita Gaber, CA  
Robert D. Bullard, GA  
Robin Freeman, Prof., CA  
Rodger Nogaki, NJ  
Rona Fernandez, CA  
Shaelyn Strattan, CA  
Sheila Davis, CA  
Stephanie Pincetl, CA  
Sylvester Johnson, Ph.D., NY  
Valorie Caffee, NJ  
Wil Burns, CA  
Wilfred Candler, MD  
Yew Yew

## - FACTSHEET -

# The Cap and Trade Charade for Climate Change

*13 Reasons Why Trading and Offset Use are NOT a Solution to Climate Change:*

1. Time is of the essence
2. The European Union Emissions Trading Scheme (EU-ETS) has failed to deliver greenhouse gas emission reductions
3. Although the EU-ETS has not Reduced Greenhouse Gas Emissions it has Awarded Windfall Profits to the Largest Polluters
4. Trading stifles technological innovation needed to achieve long term goals for greenhouse gas reductions
5. Global Offsets Are Often Unverifiable, Lead to Oppression, and Do Not Benefit Our Communities
6. Trading is undemocratic, secretive, and excludes the public from decision-making about whether and how to address greenhouse gas emissions
7. Trading intensifies financial incentives for fraud
8. There is a broad-based rejection of trading
9. Climate change disproportionately affects communities of color fundamentally linking environmental justice to the need for real greenhouse gas emissions reductions
10. Failure to address the primary cause of greenhouse gas emissions will also fail to address the primary cause of negative health, safety, and quality of life impacts in communities of color
11. Pollution trading can create and exacerbate existing pollution "hot-spots"
12. Trading, investing, profiting and gambling on public health is just wrong
13. There is a better way

## 1. Time Is Of The Essence

In September 2006 NASA scientist James Hansen said: "I think we have a very brief window of opportunity to deal with climate change ... no longer than a decade, at the most,"<sup>1</sup>

In October 2007 a group of researchers released a study showing that global warming was occurring much faster than expected because of increased human emissions of carbon dioxide and the Earth being less able to absorb them. According to the study, carbon dioxide emissions were 35 percent higher in 2006 than in 1990, a much faster growth rate than anticipated. Kevin Trenberth of the National Center for Atmospheric Research in Boulder was quoted as saying "[C]oncentrations of CO2 are increasing at much higher rates than previously expected and this is in spite of the Kyoto Protocol that is designed to hold them down in western countries."<sup>2</sup>

In December 2007, a group of more than 200 leading climate scientists released the [2007 Bali Climate Declaration by Scientists](#), in which they stated that:

"...many millions of people will be at risk from extreme events such as heat waves, drought, floods and storms, our coasts and cities will be threatened by rising sea levels, and many ecosystems, plants and animal species will be in serious danger of extinction ...[unless] global greenhouse gas emissions [are] reduced by at least 50% below their 1990 levels by the year 2050."<sup>3</sup>

## 2. The European Union Emissions Trading Scheme (EU-ETS) Has Failed To Deliver Greenhouse Gas Emission Reductions

In London, on March 7, 2007, the European Commissioner for Energy declared the EU-ETS "A failure."

The convoluted and highly politicized matter of *allocating emission credits* will mean that "low credit prices and phantom reductions are certain."<sup>4</sup> Even under the highly regarded and single-sector SO2 emissions-trading regime there were complicated allocation formulas,

arbitrary discretion exercised in permit allocations, and special subsidies and extra allowances given for political reasons, despite the best intentions to establish objective criteria.<sup>5</sup> These problems of political adjustments will be amplified under a carbon trading regime across numerous competing sectors and industries, and across international borders. Economists from the American Enterprise Institute (AEI) depicted the following example:

“The forest products industry... will reasonably want credits for creating carbon sinks in the trees it plants and harvests, but the manufacturing sector that uses these wood products as a raw material will want credit for sequestering carbon. The difference will have to be split in some arbitrary manner that will surely introduce economic distortions in the marketplace... There are going to be winners and losers in this allocation process. Multiply this problem across sectors and industries and it becomes evident that a GHG emissions-trading system is going to be highly complex and unwieldy, and too susceptible to rent-seeking influence...”<sup>6</sup>

The easy and favored solution to these politicized problems is to over-allocate the number of initial permits, which very nearly led to the collapse of Phase I of the EU ETS. “Because emissions permits were over-allocated, the price of emissions permits plummeted, and little—if any—emissions reductions have taken place because of the ETS.”<sup>7</sup>

Even with the best of intentions and absent political pressures, determining an appropriate allocation “is fundamentally tricky because really it involves policymakers trying to guess the future of energy prices, the future of the growth of the economy, [and] the future of technology change for [ ] several years ahead.”<sup>8</sup>

### **3. Although the EU-ETS has not Reduced Greenhouse Gas Emissions it has Awarded Windfall Profits to the Largest Polluters**

Several independent studies documented that the EU ETS caused higher electricity prices, increases ranging from 3-28%, leading one report to conclude that the main effect of the ETS “has been to substantially increase electricity prices.”<sup>9</sup> One of the studies cited in the report predicted a 31% increase in electricity prices by 2013.<sup>10</sup> Meanwhile, big oil companies like BP and Shell can each expect to make around £50 million by selling permits,<sup>11</sup> and big electricity generators in the U.K. for example made about £2 billion, with similar figures in other comparable EU states.<sup>12</sup> If free allowances were given under a U.S. trading system, the value of the allowances provided to the top 10 emitting electric utility companies would conservatively range between \$4.5 billion to \$9 billion per year (assuming allowance prices ranging from \$5-\$10/ton.)<sup>13</sup>

Under the EU-ETS, consumers paid for large corporations to enjoy windfall profits and for their energy prices to rise, while no emissions reductions were achieved.<sup>14</sup> Of course, there is really no such thing as “windfall profits”—just the unjust transfer of wealth from consumers to corporations, since “profit” is simply the difference between what it costs to provide a good or service and what people pay for it.

### **4. Trading Stifles Technological Innovation Needed to Achieve Long Term Goals for Greenhouse Gas Reductions**

Even supporters of trading programs admit that “[t]he price of phase two allowances [in the EU-ETS have] risen to a level high enough to get some power generators to switch from coal to gas at the margin when the gas price is moderate; but not high enough to get them to replace coal-fired power stations with gas-fired ones—nor to encourage much of the innovation that carbon trading had been expected to spawn.”<sup>15</sup>

Pollution trading, especially when coupled with offsets, actually creates perverse incentives to *avoid* innovation. Under such programs many firms chose to purchase cheap credits rather

than innovate, consequently stifling new technology development by allowing industries to choose cheap fixes which require no innovation and could have been achieved much more efficiently.<sup>16</sup>

## **5. Global Offsets Are Often Unverifiable, Lead to Oppression, and Do Not Benefit Our Communities**

Excess pollution is being allowed in inner cities and other poor communities in the North in exchange for tree-planting programs or methane capture in the South. Within developing countries, these trades often divide the rich against the poor, the plantation owners against the poor farmers. By accepting carbon trading as inevitable, communities are essentially turning their backs on the basic rights of communities, North and South to clean air, clean water, and food.<sup>17</sup>

There have been examples under the EU ETS, which employs the Kyoto Protocol's Clean Development Mechanism, of large numbers of people being displaced to make way for large hydropower projects in developing countries that are applying for the right to sell carbon credits to Northern polluters.<sup>18</sup> Elsewhere villagers have been arrested and even killed after being ousted from their land for tree plantations which they then dared to cut down; plantations which are now being used as carbon offsets by Northern polluters.<sup>19</sup> "Offsets are a form of carbon colonialism," said Indian activist and researcher Soumitra Ghosh. "Instead of helping us leapfrog over polluting industries, they have become a cheap way for the North to allay their guilt by bribing Southern governments. The poor are suffering the consequences, and seeing none of the benefits."<sup>20</sup>

"Environmental justice concerns will arise both domestically and globally under global pollution trading. Carbon dioxide sources release hazardous co-pollutants, e.g., fine particles and toxic products of incomplete combustion. As U.S. firms buy bogus [ ] credits or cheap reduction credits from

developing countries, where energy inefficiencies are high, air pollution in urban U.S. communities will be maintained or at least not reduced as fast as it otherwise would have been had domestic reductions in greenhouse gases been mandated."<sup>21</sup>

## **6. Trading Is Undemocratic, Secretive, And Excludes The Public From Decision-making About Whether And How To Address Greenhouse Gas Emissions**

Pollution trading schemes have historically and strategically excluded the public, and even the very government agencies charged with the directive to regulate the pollution, from the decision-making process, effectively excluding the very communities that will be affected by industrial pollution.<sup>22</sup> Credits can be purchased from private brokers, where a company seeking to continue or increase its pollution need only purchase the requisite credits without any public review or comment.<sup>23</sup>

Public accountability is vital because pollution trading programs create strong incentives for regulated entities to manipulate numbers and cheat so long as fraudulently-created credits are still opportunities to profit.<sup>24</sup>

The public right, through its communities and our government, to focus reductions in ways that maximize co-benefits should trump claims of "market efficiency."

## **7. Trading intensifies financial incentives for fraud**

Under a carbon trading regime regulated entities:

"[W]ill doubtless fudge numbers to maximize their credits; some companies stand to make a great deal of money under a trading system. Also hoping to profit, honestly or not, would be carbon traders. Large financial institutions would jump into the exchange to collect commissions on carbon trades, just as they do with crude oil and wheat. This presents opportunities for Enron-style market manipulation."<sup>25</sup>

## 8. There is a broad-based rejection of trading

Despite trading advocates' claims that a market-based approach is the only feasible alternative for industry to accept carbon reductions, increasingly, people are speaking out against trading.

"Most economists believe a carbon tax... would be a superior policy alternative to an emissions-trading regime. In fact, the irony is that there is a broad consensus in favor of a carbon tax everywhere except on Capitol Hill... Al Gore supports the concept, as does James Connaughton, head of the White House Council on Environmental Quality during the George W. Bush administration, Lester Brown of the Earth Policy Institute supports such an initiative, but so does Paul Anderson, the CEO of Duke Energy."<sup>26</sup>

The *New York Times*, *Los Angeles Times*, and conservative economists at the American Enterprise Institute have favored a carbon tax,<sup>27</sup> The *Wall Street Journal* opined "[t]he emerging alliance of business and environmental special interests may well prove powerful enough to give us cap-and-trade in CO<sub>2</sub>... it would make money for some very large corporations. But don't believe for a minute that this charade would do much about global warming."<sup>28</sup>

New York Mayor, Michael Bloomberg, is actively advocating for a carbon tax saying, "I think it's time we stopped listening to the skeptics who say, 'But for the politics,' and start being honest about costs and benefits."<sup>29</sup>

## 9. Climate Change Disproportionately Affects Communities Of Color Fundamentally Linking Environmental Justice to the Need for Real Greenhouse Gas Emissions Reductions

Climate Change's "disproportionate effects will be experienced in California.... The state already has the worst smog in the country, and the highest number of people with asthma, an estimated 3.9 million people. Global warming's impacts also will pose major threats to sectors of the California economy employing large

numbers of poor people and people of color -- such as agriculture and tourism-- due to crop losses, drought and flooding."

"The impacts of global warming experienced by [communities of color] and poor communities will be exacerbated because these groups are often the least able to adapt. They typically have less access to health care and medical, home, and renter's insurance; less money to purchase air conditioning or to move away from droughts, floods, and fires caused by global warming; and spend a higher percentage of their income on necessities such as gasoline, water, and electricity, which will become scarcer and more expensive with climate change."<sup>30</sup>

## 10. Failure To Address The Primary Cause of Greenhouse Gas Emissions Will Also Fail to Address the Primary Cause of Negative Health, Safety, and Quality of Life Impacts in Communities of Color

A wide range of agencies recognize that fossil fuel usage is the largest contributor to climate change including The International Panel On Climate Change.<sup>31</sup> Indeed, the US EPA wrote that the greenhouse effect is "intensified by human activities, especially the combustion of fossil fuels. Increased energy use in cars, homes, and factories raises the concentration of carbon dioxide in the atmosphere, and this can cause a variety of impacts on the global climate."<sup>32</sup>

In addition to being the primary source of greenhouse gases, the fossil fuel infrastructure is disproportionately located in California's low income communities and communities of color. This infrastructure includes power plants, refineries, freeways, ports, and large industrial facilities that cause grave health and other impacts in traditionally overburdened communities.

## 11. Pollution Trading Can Create And Exacerbate Existing Pollution "Hot-Spots"

Some assert that "hot spots" will not be a concern because greenhouse gases do not have local air quality impacts. Carbon dioxide emitting sources, however, release hazardous co-pollutants such as fine particles and toxic

products of incomplete combustion as well as criteria pollutants that contribute to the formation of smog.<sup>33</sup> Some argue that carbon is global, but clearly its co-pollutants are localized in communities. An analysis of a pollution trading “car scrapping” program in the South Coast Air Basin showed how pollution trading programs can unfairly concentrate pollution in communities.<sup>34</sup>

The problem of hot-spots is further complicated by the emission of co-pollutants and precursors, which may increase exposure to certain types of chemicals in downwind communities where pollution is concentrated... Emissions are composed of complex mixtures of chemicals, not the single pollutants often targeted for regulation or trading... Since pollution trading enables polluters to avoid emission reductions, or even increase emissions, at one location by purchasing credits earned elsewhere, the co-pollutants associated with that emission source may also persist and concentrate around that polluter.<sup>35</sup>

RECLAIM showed how emissions trading programs can “exchange small reductions in widespread pollution for increased exposure to concentrated, and often more toxic, pollution in the neighborhoods surrounding large industrial facilities”<sup>36</sup>

Trading programs knowingly subject communities of color to greater pollution, all in the service of reducing the overall monetary costs of environmental compliance for the polluters.<sup>37</sup>

## **12. Trading, Investing, Profiting and Gambling on Public Health is just Wrong**

Pollution trading is perverse in that it treats the public resource of clean air as a private commodity. Clean air and the associated public health becomes a commodity to be sold, invested, speculated against, and profited from. “What once was a wrong—polluting—is now a ‘right’... Instead of people having the right to breathe free, businesses have the right to pollute as much as they can afford.”<sup>38</sup>

“Why should the polluters profit from the legacy of damage they have caused? Do we really want them to own the sky?”<sup>39</sup>

## **13. There is a Better Way**

Energy and resources spent establishing a robust credit market and proving that carbon trading “can actually work” will lead to fraud, artificial reductions, and will not lead to “real” GHG emissions reductions. We are wasting incredible amounts of investment, resources, and research in attempting to redesign failed pollution-trading systems, when we may have less than ten years to avert global catastrophe. The dollars that will be funneled into attempting to make a carbon market work could be better spent investing in proven zero-carbon technologies (such as solar and wind power, and advanced public transportation systems), direct regulation of polluting entities, protecting low-income households, worker transition assistance and green job training, mitigation of disproportionate climate change effects, and helping pay for a genuine transition to a clean energy economy. The

Further, “going green may be the largest economic opportunity of the 21<sup>st</sup> century.” The Climate Action Team, also calculated that California, the world’s 6<sup>th</sup> largest economy, could increase income by more than \$4 billion and provide 83,000 new jobs with global-warming reduction. With the Mohave Desert being one of the best sites for solar energy development in the world, California has the potential to meet all of its 50,000 megawatt energy needs from solar alone. Wind and solar energy are clean, renewable, available, and plentiful.<sup>40</sup> A recent world wind-mapping study suggests that sufficient wind power is available over land to satisfy all electric and vehicle power demand worldwide, up to 5 times over.<sup>41</sup> “Wind and solar power could satisfy all electric power and non-electric power requirements worldwide and simultaneously address climate change and air quality, eliminating the millions of cases of asthma and respiratory disease and hundreds of thousands of deaths worldwide each year due to fossil fuels.”<sup>42</sup> There are also promising new lower carbon technologies, like algae farms that can churn out more than 5,000 gallons of biofuel from a single acre and can grow from little more than wastewater, sunlight, and CO<sub>2</sub> to flourish.<sup>43</sup>

We have the technology for zero and lower carbon alternatives, except that the biggest challenge for the companies is that they can not compete with the highly subsidized price of petroleum,<sup>44</sup> and other fossil-fuel based industries.

Because the implementation of clean energy sources continues to be as much political problem as a technological one, the Renewable Portfolio Standard (RPS) in California remains around 11%, the same ratio in existence when the RPS was adopted in 2002, despite the 20% mandate. However, we can no longer afford to rely upon the very same highly-polluting technologies from last Century, namely, combustion, and continue to subsidize and entrench the very same fossil-fuel and natural resource extraction industries that put our planet in peril. Proven zero-carbon renewable energy sources, such as solar and wind, are the best available and proven alternatives that will lead us to a zero-carbon, sustainable, and equitable future.

<sup>1</sup> Warming expert: Only decade left to act in time, MSNBC.Com, Sept. 14, 2006. (<http://www.msnbc.msn.com/id/14834318/> last accessed 2/17/2008)

<sup>2</sup> Study: Warming is stronger, happening sooner: Higher CO2 emissions from fossil fuels, and weaker Earth, cited as reasons, October 22, 2007.

(<http://www.msnbc.msn.com/id/21423872/> last accessed 2/17/2008)

<sup>3</sup> For link to the declaration issued by scientists, see, <http://www.climate.unsw.edu.au/bali>

<sup>4</sup> Drury, p. 275.

<sup>5</sup> Green, et. al.

<sup>6</sup> Green, et. al.

<sup>7</sup> Green, et. al.

<sup>8</sup> *OnPoint*

<sup>9</sup> Open Europe.

<sup>10</sup> Open Europe.

<sup>11</sup> Helmer.

<sup>12</sup> *OnPoint*.

<sup>13</sup> "Should Big Polluters Own the Sky? The Distribution of Emission Permits Under a Federal Greenhouse Gas Cap-and-Trade Program," Clean Air Watch, June 2007, p. 8; see also, "in the first ten years of the Acid Rain program (1995-2005), the financial value of the SO2 allowances allocated to American Electric Power (AEP), the largest U.S. electricity generator...., the largest consumer of coal in the Western Hemisphere, and the largest emitter of SO2 in the electricity sector [alone] totaled at least \$1.6 billion." *Id.*

<sup>14</sup> See, Kill, Jutta, FERN, *quoting*, Peter Atherton, Citigroup Global Markets, Jan. 2007.

<sup>15</sup> The Economist, The Carbon Market is Working, But Not Bringing Forth as Much Innovation as Had Been Hoped, May 31, 2007

([http://www.economist.com/surveys/displaystory.cfm?story\\_id=9217960](http://www.economist.com/surveys/displaystory.cfm?story_id=9217960) last accessed 2/19/2008).

<sup>16</sup> Billions lost in Kyoto carbon trade loophole, Financial Times, February 28, 2007.

(<http://www.ft.com/cms/s/0/c07a48b4-b6d9-11db-8bc2-0000779e2340.html> last accessed 2/18/08)

<sup>17</sup> Wysham, Daphne, "Note from Bali: Please Pay Attention to the Man Behind the Curtain," Institute for Policy Studies, Dec. 6, 2007.

<sup>18</sup> "Groups Oppose Lieberman-Warner Global Warming Bill as Gift to Polluters," October 19, 2007.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> Drury, p. 287.

<sup>22</sup> Drury, p. 278-279.

<sup>23</sup> Drury, p. 278-279.

<sup>24</sup> Drury, p. 259.

<sup>25</sup> *Los Angeles Times*, May 28, 2007.

<sup>26</sup> Green, Kenneth P., et. al., "Climate Change: Caps vs. Taxes," American Enterprise Institute, Jun. 3, 2007, [http://www.aei.org/publications/filter.all,pubID.26286/pub\\_detail.asp](http://www.aei.org/publications/filter.all,pubID.26286/pub_detail.asp)

<sup>27</sup> See, Redburn, Tom, "The Real Climate Debate: To Cap or to Tax?," *The New York Times*, Nov. 2, 2007, <http://www.nytimes.com/2007/11/02/us/politics/04web-redburn.html>; *Los Angeles Times*, May 28, 2007; Green, et. al.

<sup>28</sup> *Wall Street Journal*, "Cap and Charade: The political and business self-interest behind carbon limits," Mar. 3, 2007, <http://www.opinionjournal.com/forms/printThis.html?id=110009740>

<sup>29</sup> Redburn, 2007.

<sup>30</sup> Global Warming's Unequal Impacts, Office of the Attorney General. (<http://ag.ca.gov/globalwarming/unequal.php> last accessed 2/17/2008)

<sup>31</sup> Climate Report Points Finger at Fossil Fuels, GeoTimes, February 2, 2007 (<http://www.geotimes.org/feb07/WebExtra020207.html> last accessed 2/17/2008).

<sup>32</sup> Climate Change and Public Health, EPA 236-F-97-005 October 1997 ([http://yosemite.epa.gov/oar/GlobalWarming.nsf/UniqueKeyLookup/SHSU5BNNXJ/\\$File/ccandpublichealth.pdf](http://yosemite.epa.gov/oar/GlobalWarming.nsf/UniqueKeyLookup/SHSU5BNNXJ/$File/ccandpublichealth.pdf) last accessed 2/17/2008).

<sup>33</sup> Drury, p. 287.

<sup>34</sup> Drury, p. 251.

<sup>35</sup> Drury, p. 251; 257.

<sup>36</sup> Drury, p. 272.

<sup>37</sup> Drury, p. 279.

<sup>38</sup> Drury, Richard; Belliveau, Michael, et. al, "Pollution Trading and Environmental Injustice: Los Angeles' Failed Experiment in Air Quality Policy," *Duke Environmental Law & Policy Forum*, Vol. 9:231, Spring 1999, Drury, p. 269.

<sup>39</sup> Clean Air Watch, p.5-6.

<sup>40</sup> Jacobson, Mark, "Addressing Global Warming, Air Pollution Health Damage, and Long-Term Energy Needs Simultaneously," Dept. of Civil and Environmental Engineering Stanford University, <http://www.stanford.edu/group/efmh/jacobson/>, May 9, 2006, p. 2.

<sup>41</sup> Jacobson, p. 2. "Together, [wind and solar] could supply the world's electric power plus vehicle fuel energy. For example, the world's electric power demand (1.6-1.8 TW)

---

could be addressed with about 860,000 5-MW wind turbines placed offshore in mean annual winds > 8.5 m/s (the offshore average). The world's total energy demand... could be addressed with 5 million such turbines."

<sup>42</sup> Jacobson, p. 8.

<sup>43</sup> Bourne, Joel K., Jr., "Green Dreams," *National Geographic*, Oct. 2007,

<http://magma.nationalgeographic.com/ngm/2007-10/biofuels/biofuels.html>

<sup>44</sup> Bourne.