



Path for California cap-and-trade extension unclear

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San Francisco, 6 June (Argus) — Talks to extend California's cap-and-trade program appear increasingly likely to drag into the summer, despite governor Jerry Brown's (D) wish for legislation before a looming budget deadline.

Lawmakers in both the state Senate and Assembly are far from a compromise deal that would ensure the carbon market remains in place to help meet state emission targets, according to legislative aides. Lawmakers do not appear to share Brown's sense of urgency, and instead, are aiming for a vote by the end of the legislative session in mid-September.

"We do not see the need to rush it," said Jeff Barbosa, legislative aide to Senate Environmental Quality Committee chairman Bob Wieckowski (D), the primary author of one of the proposals to extend the program.

Brown has called on legislators to pass a bill by June 15, the deadline for the state's budget. With leading proposals in the state Senate and Assembly either stuck or already [voted down](#), the cap-and-trade extension would likely be written into the budget itself via what is known as a trailer bill. Such bills provide the implementing language for the state budget.

Wieckowski's bill, [SB 775](#), proposes to restart the cap-and-trade program in 2021 with significant modifications. Despite failing to receive a hearing up to this point, Wieckowski's bill remains alive and could move at "any time," Barbosa said.

SB 775 and similar proposals in the state Assembly have thus far served to highlight the differences that remain between carbon market supporters, who say the program is working, and detractors who say it needs a major overhaul. The two camps will likely need to make some compromises in order to secure the two-thirds vote requested by Brown, which would shield cap-and-trade from future legal challenges.

The shape of any deal remains unclear. Centrist Democrats in the Assembly last week joined Republicans in defeating that chamber's leading proposal, AB 378, which would have tied an extension of the cap-and-trade program to improvements in local air quality. Moderate Democrats and Republicans hope to [minimize](#) any changes to the structure of the existing market, which includes the distribution of free allowances and the use of carbon offsets as an alternative compliance mechanism. The environmental justice community has emerged as a frequent critic of these program components.

"More offsets and free allowances in our analysis prevents California from achieving aggressive emission reductions and certainly would be a detriment to reaching our 2030 targets and continue to exacerbate the air quality issues in our state," California Environmental Justice Alliance co-director Amy Vanderwarker said.

California has set a goal of reducing greenhouse gas emissions by 40pc from 1990 levels by 2030, but the existing cap-and-trade program is only authorized through 2020.