



Press Release

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Cal/EPA and ARB Recruit Experts to Advise on State's Cap-and-Trade Program

SACRAMENTO – Today, Secretary Linda Adams and Chairman Mary Nichols announced a 16-member Economic and Allocation Advisory Committee to advise on the implementation of the state's landmark Global Warming Solutions Act of 2006 (AB 32) and associated cap-and-trade system that will reduce California greenhouse gas emissions to 1990 levels by 2020.

“California is showing tremendous leadership in climate change. In my talks with national and international climate leaders, the progress we're making here in California has everyone looking to us as an example. Our next step is creating a market-based compliance system. And now with our federal government interested in creating a similar system, California wants to ensure that we employ the most effective and efficient system possible by collecting the advice of renowned experts in the creation of a successful cap-and-trade program,” said Secretary Adams.

“Setting a binding cap on carbon will necessarily create a new currency (allowances) worth a significant amount of money. Whether the allowances are freely distributed or auctioned, the decisions about how to distribute this value will have significant implications for the costs and benefits to California consumers and businesses. This committee will provide valuable advice and expertise to shape the cap and trade program to maximize the overall economic benefits to California and assure we meet our environmental goals,” said Chairman Nichols.

The California Environmental Protection Agency (Cal/EPA) and the Air Resources Board jointly create the committee, which is comprised of economic, financial and policy experts with various backgrounds and experiences. See full biographies of the committee members in the attached file.

“I am honored to chair such an esteemed group of experts and look forward to working with them to provide the best advice to California on the critical issues of allowance allocation and auction revenue distribution within a cap and trade program,” said Larry Goulder, Chair of the Economic and Allocation Advisory Committee and Shuzo Nishihara Professor in Environmental and Resource Economics at Stanford University.

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The committee will provide recommendations on allocation of allowances and use of their value. They will evaluate the implications of different allowance allocation strategies such as free allocation, auction or a combination of both. The committee members also will help inform the ARB on its revised economic analysis. The Committee is expected to prepare a report with its findings and deliver it to the Board by the end of the year.

In December 2008, the ARB adopted the AB 32 Scoping Plan which serves as California's blueprint for reducing greenhouse gas emissions. The Plan called for essential complementary measures along with the creation of a cap-and-trade program. The proposed cap-and-trade system would cover 85% of California's largest emission sources including electricity generation, large industrial sources, transportation fuels, and residential and commercial use of natural gas.