

## **“BUYING & SELLING THE RIGHT TO POLLUTE”**

**By Rosalind Peterson**

**June 26, 2009**

### **Oceans, Forests & Taxpayers - Victims of “Offsets” & Money Market Shell Games**

**It is time to defeat the New Energy Bill (Waxman/Markey), and its “cap and trade” bill. This bill is to come before the U.S. House of Representatives on Friday, June 26, 2009. If passed, this bill will move to the U.S. Senate for a vote. The toll free number for all of our elected officials in Washington, D.C. is (1866) 220-0044 - Call your elected officials and oppose this legislation. (See A,B, C Below)**

Forest lands and our oceans are becoming the newest victims of high-stakes money market shell games. Forest offsets are already being sold in California or used as a lure for venture capital investments. Venture capitalists are awaiting the pending passage of California Congressman Waxman’s Cap & Trade Bill and other related bills, to begin reaping huge financial market benefits supported by United States taxpayers.

According to an extensive article in the San Francisco Chronicle dated September 7, 2008, “...Early buyers of California forest offsets have included high-profile politicians and businesses, such as Governor Arnold Schwarzenegger, U.S. House Speaker Nancy Pelosi, and the Pacific Gas & Electric Company...” Why did these elected officials purchase these offsets? “...Governor Schwarzenegger and Speaker Pelosi bought relatively small amounts in 2007, to offset emissions from some of their air travel. Other buyers have included carbon trading firms such as Natsource and CantorCO2e, a division of the financial services firm Cantor Fitzgerald...”

An independent Shasta County, California resident was recently approached to place his Douglas Fir trees in an offset program. He said: “No, why would I want to sell emissions offsets to polluters whose increasing pollution will eventually kill my trees?” The solution is not “buying and selling the right to pollute”, it is reducing air pollution at its source.

We are encouraging Speaker Pelosi and Governor Schwarzenegger to introduce legislation to make jet fuel emissions less polluting and to stop jets from flying at altitudes where their persistent jet contrails turn into man-made clouds that, according to NASA studies, exacerbate global warming and climate change? (NASA stated in an October 2005, newsletter based on their research studies, that increasingly persistent jet contrails turn into man-made clouds that are “...trapping warmth in the atmosphere and exacerbating global warming...” NASA goes on to state that “...any change in global cloud cover may contribute to long-term changes in Earth’s climate. Contrails, especially persistent contrails, represent a human-caused increase in the Earth’s cloudiness, and are likely to be affecting climate and ultimately our natural resources...”)

Where is the legislation from California Governor Schwarzenegger, a true “Cap & Trade” promoter, and Speaker Pelosi designed to protect our oceans and marine life from artificial iron fertilization proposed by California companies, Planktos Science and CLIMOS, that produces harmful algae blooms? Why aren’t they enacting legislation that would fine polluters and reduce air pollution? It appears that they are only interested in “buying their own personal right to pollute” and enriching themselves in the process.

The San Francisco Chronicle stated that Pacific Gas & Electric Company (PG&E) is: “...The biggest buyer so far (of offsets)...PG&E made its purchase as part of its ClimateSmart program, in which homeowners and businesses can choose to add a small fee to their monthly utility bill to counterbalance emissions from their gas and electricity usage...Both the price and the demand for forest offsets could grow as the United States takes steps to combat climate change. California is currently developing a “cap and trade” system...” that allows polluters to pollute more through the purchase of emission carbon credits or offsets.

California corporate competitors, PLANKTOS Science and CLIMOS, both plan to fertilize the oceans, creating artificial “for profit” algae blooms harmful to our oceans and marine life. This allows them to sell offsets or carbon credits to individuals and corporations that want to exceed pollution limits. Venture capitalist funding is flooding into offset development corporations as these capitalists seek a way to make a fortune selling ocean fertilization offsets, forest offsets, and other offset project credits to polluters through money market schemes.

The sing-song words “cap and trade” are being echoed across the United States by many elected officials. Even our presidential candidates use the phrase which is used without a clear definition. “We will cap emissions” they say, at some high level and then allow anyone who wants to pollute above that level to purchase pollution credits. And our elected officials will pass legislation that will cost the taxpayer money by charging more for goods and services to fund allowing polluters to pollute more.

A quick read of Congressman Waxman’s draft Cap & Trade Energy Bill details in depth how the banks will be enriched, along with the taxpayer fleecing), to pay to fund a private corporation which will establish emission allowances and sell emission credits to polluters. This “bait and switch” game is not a complicated scheme...however, its environmental consequences are enormous.

This Corporate Board will determine emissions allowances by polluting corporations or other entities and then require them to purchase offsets if they exceed these pollution levels. These offsets can be purchased from either U.S. or foreign greenhouse gas emissions trading markets. The perfect “bait and switch” scheme.

The “purpose” of this bill is to “...establish a Carbon Market Efficiency Board to ensure the implementation and maintenance of a stable, functioning, and efficient market in emission allowances...” The real goal of this bill is to establish an efficient money market scheme to make sure that polluters have all of the emission allowances and credits they need in order to keep polluting at current or higher levels.

The “bait”, in this “Bait & Switch” scheme, is that air pollution that is causing climate change and global warming is being reduced and that the profits from selling offsets may or may not be given to solar and other clean energy development. The “switch” is that emission offsets (some to be given free allowances) will be sold to polluters allowing them to pollute more while enriching venture capitalists and corporations selling offsets. The “patsy” in the scheme is the American taxpayer and the taxes they will pay at every level.

We know that many financial markets, like the oil futures markets, are unregulated and have cost Americans \$Billions of dollars in ever increasing fuel prices. These bills set up a system that will operate under a similar structure.

In the end the taxpayers will pay because corporations will transfer their costs to consumers through higher prices. Goods arriving from other countries will have higher prices due to emissions charges, and we will fund this private corporation through higher gasoline and income taxes, a double and triple tax on all citizens. This will add to speculation in the emissions credit markets and will enrich those industries that are not polluting, giving them bogus emission credits that they can then sell to polluters. The proposed “carbon tax” will have the effect of moving wealth from one segment of society to the rich and powerful on Wall Street.

The American taxpayer fleecing will be complete if either of these bills pass. The self-reinforcing bubble market created by the buying and selling of emissions credits will eventually collapse and then the taxpayer will fund that collapse. If our elected officials want to reduce pollutants all they need to do is set standards for polluting industries to meet, under EPA rules and regulations, and have them enforced. Polluters who continue to pollute each year would pay heavier and heavier fines to the EPA who can then redirect the money to technologies that will reduce air pollution.

Waxman-Markey Cap & Trade Bill has too many flaws to consider passing at this time. It allows 2 billion tons of “slippery slope type” offsets each year worth \$Billions on the open market. It is a method to “buy and sell” the “right to pollute and industry will capitalize on the free offsets or credits and then sell them to other polluters. It is a gigantic money market scheme that will collapse of its own weight due to lack of market regulation. Meanwhile, the market middle men will make a monetary killing selling offsets.

Waxman-Markey also gives free permits to the worst polluters like oil refineries and coal fired power plants. It buys complacency rather than fast action to reduce pollutants. And it gives all of this free of charge with the exception that the people will be taxed for this giveaway.

Waxman-Markey fails to note that free offsets or credits are another way to print bogus money by our government. When given free to polluters it enables them to freely continue to pollute and then sell the credits to market middlemen or other polluters at huge profits – taxpayer expense in the end. Pollution permits, credits or offsets are all the same and offer the polluter a “right to continue polluting” at public expense.

Waxman-Markey Cap & Trade Energy Bill gives us a less than a 20% reduction below 2005 levels, which is a disaster in itself. If the EPA (Environmental Protection Agency), started regulating pollution levels immediately they could fine polluters immediately and cut pollution substantially in a short time. Instead this bill endangers the Clean Water Act and the Clear Air Act. Under changes in this U.S. House Bill the EPA would not even administer the “Cap & Trade Provisions”. It would be administered by the U.S. Department of Agriculture which is more friendly to business than to the environment. Speaker Pelosi has sold out to try and get the bill passed.

The majority of the approximately 500 pages in Congressman Waxman’s bill sets up the parameters for this money market scheme while gutting the EPA Clean Water Act’s water protections to allow commercial-scale injections of toxic chemicals underground (geo-sequestration). If these schemes were safe and worked these bills would not need to lower our Clean Water Act standards. We can’t protect our water supplies from being contaminated by toxic waste sites or waste disposal sites in general, at this time. And we don’t know if these toxic sequestration schemes will work.

There is evidence that a few sequestration schemes have failed. Geo-sequestration is designed to help the coal companies pollute more and would clearly benefit the coal industry and their drive to expand this highly polluting industry. And clearly there are few places where geo-sequestration could be used safely at this time.

The “end result” is that corporations will pollute more...our oceans will be iron fertilized everywhere producing harmful algae blooms for private profit to sell pollution allowances to polluters. It makes perfect sense only to those who would benefit from these money market schemes. Huge investments are being made in corporations that would use taxpayer funds and free credits as market middlemen. U.S. and State legislation is in the wings waiting to be passed. We encourage all elected officials to vote against any Cap & Trade Energy Bills that would undermine the Environmental Protection Agency, the Clean Water Act, and the enforcement of air quality acts in the United States.

Respectfully,

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**A) American Clean Energy & Security Act 2009 (CAP & TRADE BILL-MARKET SCHEME)**

Full Text: <http://www.govtrack.us/congress/billtext.xpd?bill=h111-2454>  
<http://thomas.loc.gov/cgi-bin/query/z?c111:h2454>:  
<http://thomas.loc.gov/cgi-bin/query/D?c111:2:/temp/~c111tIM1as::>  
<http://thomas.loc.gov/cgi-bin/query/F?c111:2:/temp/~c111tIM1as:e2347>:  
<http://thomas.loc.gov/cgi-bin/query/F?c111:2:/temp/~c111tIM1as:e23563>:  
<http://thomas.loc.gov/cgi-bin/query/F?c111:2:/temp/~c111tIM1as:e24603>:

**B) EPA Economic Analysis of the American Clean Energy & Security Act 2009  
Cap & Trade Legislation**

<http://www.epa.gov/climatechange/economics/economicanalyses.html#hr2452>

C) EPA Economic Analysis of Congressmen Waxman & Markey Bill – 2009  
Cap & Trade Legislation  
<http://www.epa.gov/climatechange/economics/economicanalyses.html#wax>

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- 1) <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/09/07/MNQN11LLL6.DTL&type=printable>  
San Francisco Chronicle September 7, 2008 – California “State’s Private Forests Sell Carbon Offsets...” Page 1 (Continued on Page 12 – No Link provided by the Chronicle.)
- 2) <http://www.sfgate.com/cgi-bin/object/article?o=2&f=/c/a/2008/09/07/MNQN11LLL6.DTL>  
San Francisco Chronicle September 7, 2008 – California Forest Trees – Carbon Offset Tree Graph.
- 3) <http://www.sfgate.com/cgi-bin/object/article?o=1&f=/c/a/2008/09/07/MNQN11LLL6.DTL>  
San Francisco Chronicle September 7, 2008 – California “In the Garcia River forest, Evan Smith, works for the Conservation Fund” (Brant Ward / The Chronicle)”
- 4) <http://www.sfgate.com/cgi-bin/object/article?o=0&f=/c/a/2008/09/07/MNQN11LLL6.DTL>  
San Francisco Chronicle September 7, 2008 – California “The Garcia River forest in Mendocino County is one of two private California forests that have been certified as sources of offsets. (Brant Ward / The Chronicle)”
- 5) <http://www1.pressdemocrat.com/article/20080904/NEWS/809040364>  
The Press Democrat – Mendocino County, California Logging to Resume in Jackson State Demonstration Forest - September 4, 2008 - California’s largest state forest.
- 6) <http://www.climos.com/about.html> CLIMOS 2008  
Iron Fertilization of our Oceans – Will produce artificial algae blooms.
- 7) <http://earth2tech.com/2008/08/21/planktos-corp-closes-shop-planktos-science-funded/>
- 8) <http://earth2tech.com/2008/07/07/planktos-is-back-and-this-time-its-got-science/>  
**Los Angeles Times April 1, 2007 “Carbon Trading Won’t Work”**
- 9) <http://www.latimes.com/news/opinion/sunday/commentary/la-opdorsey1apr01,0,7611817.story?coll=la-sunday-commentary>  
The Vancouver Sun Article: June 19, 2007 Planktos’ “Plans to Alter Ocean Chemistry Hits Rough Seas”
- 10) <http://www.canada.com/vancouvernews/news/story.html?id=9712fc39-561f-4dd8-b4e1-ad6c6e0487d1&p=1> Page 1
- 11) <http://www.canada.com/vancouvernews/news/story.html?id=9712fc39-561f-4dd8-b4e1-ad6c6e0487d1&p=2> Page 2
- 12) September 5, 2008 AP New Writer Burke California Sequoia Trees – Climate Change  
[http://hosted.ap.org/dynamic/stories/C/CLIMATE\\_CHANGE\\_SEQUOIAS?SITE=CAGRA&SECTION=HOME&TEMPLATE=DEFAULT](http://hosted.ap.org/dynamic/stories/C/CLIMATE_CHANGE_SEQUOIAS?SITE=CAGRA&SECTION=HOME&TEMPLATE=DEFAULT)
- 13) New York Times August 8, 2008  
[http://www.nytimes.com/2008/09/08/business/08fannie.html?\\_r=1&th=&oref=slogin&emc=th&pagewanted=print](http://www.nytimes.com/2008/09/08/business/08fannie.html?_r=1&th=&oref=slogin&emc=th&pagewanted=print)  
(U.S. Takes Over Fannie Mae & Freddie Mac American Taxpayers to Pay \$\$\$ in Takeover)
- 14) <http://www.guardian.co.uk/environment/2008/sep/12/carbonemissions.carbonoffsetprojects>  
“Permit to Pollute” September 12, 2008 Guardian.co.uk (Emission Credits – Cap & Trade Schemes)
- 15) <http://www.guardian.co.uk/environment> September 12, 2008 Guardian.co.uk by David Adam  
“...A flagship European scheme designed to fight global warming is set to hand hundreds of millions of pounds to some of Britain’s most polluting companies, with little or no benefit to the environment, an investigation by the Guardian has revealed. Dozens of multinational firms stand to benefit from the windfall, which comes from the over-allocation of carbon permits under the European emissions trading scheme...”
- 16) “A Permit to Print Money” by Oliver Tickell September 12, 2008: “...Far from incentivising emissions cuts, the EU’s carbon trading scheme provides a grotesque subsidy for the biggest polluters...”  
<http://www.guardian.co.uk/commentisfree/2008/sep/12/carbonemissions.climatechange>  
<http://www.guardian.co.uk/commentisfree/2008/sep/12/carbonemissions.climatechange>

"...There is a "magical logic" in the way hundreds of billions of pounds' worth of carbon allowances are given away to polluting companies...That company...was given twice as many allowances – tradable pollution permits created by the EU's Emission Trading System ([EUETS](#)) – as it actually needs to cover its own emissions. The remainder it will sell in the UK's dynamic carbon market, receiving a multimillion-pound windfall profit..."

"...But in the looking-glass world of the EUETS, the "polluters pays" principle is replaced by its mirror image – the "polluters get paid" principle...But the biggest winners of all are the biggest polluters, the power companies, which benefit to the tune of €30bn per year. According to energy regulator Ofgem, the UK's power companies will receive a £9bn windfall profit from their free allowances between 2008 and 2012. And now a broader range of industrial companies are cashing in on the carbon bonanza...Moreover, the system effectively bars new players in any industry that would have to buy all their allowances – creating unshakeable established monopolies...More fundamentally, we must recognise that the EUETS allowances are a form of money – tradable instruments like, for example, government bonds issued by the Treasury..."

17) <http://www.guardian.co.uk/environment/2008/sep/12/emissionstrading.carboncapturestorage>

**"...Q&A: The European emissions trading scheme - What the ETS is and why it doesn't work, yet..." by David Adam September 12, 2008** "...What is the European emissions trading scheme (ETS)? **The world's first large-scale carbon trading market, set up in 2005 under the Kyoto protocol as a way to use the market to reduce industry pollution...**"

18) <http://www.guardian.co.uk/environment/2008/aug/10/emissionstrading.utilities> August 10, 2008

**Guardian.uk.co "Fuel firms set for £11bn windfall in CO2 trading" by Time Webb**

"...Energy companies are set to scoop even bigger windfall profits from emissions trading than originally predicted...Hard-pressed consumers could end up bankrolling most of this windfall through higher fuel bills...The European trading scheme was introduced to reduce industry's carbon emissions Companies are given free permits giving them the right to emit a fixed amount of carbon. They have to buy additional permits on the carbon markets to pollute more, or pay a penalty..." or they can sell their credits for a profit.

**The United States House of Representatives will try and pass the Waxman/Markey "Cap & Trade" energy bill – A bill that would take the United States down this same path giving taxpayers one more financial market headache.**

19) **New York Times September 15, 2008 Another Cap & Trade Market Scheme Benefits Polluters.**

[http://www.nytimes.com/2008/09/16/us/16carbon.html?\\_r=1&th=&adxnnl=1&oref=slogin&emc=th&adxnlx=1221566613-6uFEmTi5wTntl6N23Bf11A](http://www.nytimes.com/2008/09/16/us/16carbon.html?_r=1&th=&adxnnl=1&oref=slogin&emc=th&adxnlx=1221566613-6uFEmTi5wTntl6N23Bf11A)

"...The program is due to get off the ground in nine days, but already there are worries that it may fail to reduce pollution substantially in the Northeast, undermining a concept that is being watched carefully by the rest of the country, by Congress and by European regulators...The states will set their own limits, with each issuing tradable permits, or allowances, for carbon pollution. On Sept. 25, utilities will start bidding at auction for allowances, which they can later sell...He also noted that the market was also "not going to produce a lot of emission reductions" as long as the supply of allowances outstrips utilities' need...A dirtier plant can buy additional allowances in the secondary market, but it may be expensive — or it can just find a way to cut its pollution. Conversely, a cleaner utility can sell its unneeded allowances...The carbon market follows a three-year-old European experiment, the first of its kind, that provoked widespread criticism, both because it provided windfall profits for industry and because it did little to control heat-trapping emissions..."

20) <http://www.nytimes.com/2008/10/24/nyregion/24offset.html?ref=science&pagewanted=print>

**New York Times Port Authority to Let Commuters Buy Emissions Credits – October 24, 2008**

21)

**The New York Times** <http://www.nytimes.com/2008/09/26/business/26pollute.html?fta=y&pagewanted=print>  
nytimes.com

**September 26, 2008**

**First Auction of Pollution Rights**

**By THE NEW YORK TIMES**

"The Regional Greenhouse Gas Initiative, an effort by 10 Northeastern states to combat [climate change](#), held its first auction of pollution rights on Thursday. The program caps the amount of carbon dioxide that power plants can emit, forcing utilities to buy allowances to pollute. Not all utilities participated in the auction. The prices and number of allowances sold will not be known until Monday. Critics have charged the program will have little benefit in the near term, because the emissions cap is too generous. New York, New Jersey, Delaware and New Hampshire did not issue allowances in this first quarterly auction but will participate in the future. Seven Western states and four Canadian provinces have outlined a global warming plan. Participants on both coasts hope to prod Congress into passing a national trading system." End