

The extension and successes of California’s cap-and-trade programme suggests the future of US climate policy may not be so bleak



Despite President Trump withdrawing from the Paris Agreement in June, [Bob Ward](#) highlights that an extension on California’s cap-and-trade programme represents a bipartisan demonstration of climate leadership and cause for optimism for future US climate policy.

California’s Governor and its lawmakers deserve praise for providing some rare good news from the United States about the fight against climate change.

On 17 July, the State’s Senate and Assembly [both voted through](#) an extension to the California’s cap-and-trade programme, which limits greenhouse gases from the power sector and industry by auctioning permits for emissions. It was a significant victory for Governor Jerry Brown, who has championed strong action to curb global warming. In a stirring speech to lawmakers about the legislation, [he declared](#): “This is the most important vote of your life”.

One of the most remarkable features of the vote was that both Republicans and Democrats supported the new bill, reaching the two-thirds supermajority that the Governor needed to protect it against future attacks. This bipartisan demonstration of climate leadership in California stands in stark contrast to the abysmal antics in Washington DC by climate change deniers in the Trump administration and Congress.

[California’s cap-and-trade programme](#) started operating in early 2012, but the original legislation was due to expire in 2020. However, the cap-and-trade legislation, [Bill AB398](#), has now lengthened its duration until at least 2030. In 2016 the state’s legislature voted to set a target of reducing emissions by 40 per cent by 2030 compared with 1990. Maintaining the cap-and-trade programme is regarded as crucial to reaching that goal.

Cap-and-trade has significantly helped California to reduce its annual emissions. [In 2015](#), their emissions were just 2.2 per cent higher than in 1990. The Golden State is likely to exceed its initial goal of shrinking its output of greenhouse gases to 1990 levels by 2020 and has continued to prosper while reducing its emissions.

The cap-and-trade scheme has enjoyed strong support thanks to the auction of allowances to companies. This has [raised more than \\$4 billion](#) since 2013, most of which is being invested in further efforts to cut emissions through the Greenhouse Gas Reduction Fund. It is widely regarded as a success because it has [incorporated lessons learned from older schemes](#), such as the European Union Emissions Trading System. Importantly, California’s carbon market has a floor as well as a ceiling to prevent prices from falling too low. [Allowances were sold](#) for about \$14 per tonne of carbon dioxide in the most recent auction in May. But experts have warned that the price will have to rise if California’s emissions are to be cut in line with international targets.

The High-Level Commission on Carbon Prices concluded [in its final report in May](#) that the price levels that would be consistent with achieving the goals of the Paris Agreement are \$40-80 per tonne by 2020 and \$50-100 per tonne by 2030. California has also set an example by linking its cap-and-trade scheme with a similar programme in Quebec. Other US states and Canadian provinces have expressed an interest in joining as well.

The passage of the new legislation adds to Governor Brown’s significant reputation as an international leader on climate change, who filled the vacuum of climate policy leadership after Trump announced in [a confused and rambling speech](#) in June that he did not want to honour the commitment made by the United States Government to implement the Paris Agreement. Governor Brown [announced earlier this month](#) that he will host a global summit on climate change in San Francisco next year, just before he leaves office. In June, [he was named as](#) Special Advisor for States and Regions by Fijian Prime Minister Frank Bainimarama ahead of the next United Nations climate change summit, to be held in Bonn, Germany, in November.

Governor Brown has also jointly launched [America’s Pledge](#) on climate change, with former New York City Mayor Michael Bloomberg. This is a new initiative to compile and quantify the actions of states, cities and businesses in the United States to reduce their greenhouse gas emissions in line with the goals of the Paris Agreement.

There are signs that others are also rising to the challenge of making up for President Trump’s failure of leadership. California is one of nine states, along with hundreds of American mayors and business leaders, which have signed [an open letter](#) of support for the Paris Agreement. The state’s success last week is unlikely to be the last of the good news that we will hear from the United States on climate change, despite President Trump’s feebleness on this issue.

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