

# AB 1404: Global Warming Compliance Offsets & Air Quality in California

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Sponsors: Union of Concerned Scientists, State Building & Construction Trades Council

## California Climate Choices

### Purpose:

AB 1404 ensures that policies used to reach California's global warming pollution reduction goals maximize environmental and public health benefits for the state—particularly through limiting the use of compliance offsets and prioritizing what offsets are used to benefit California communities.

### The bill:

- 1) Limits the use of compliance offsets to no more than 10 percent of the emission reductions expected to be achieved through AB 32 'market mechanisms'.
- 2) Establishes requirements for verifying and tracking compliance offsets to ensure that they are real, not double-counted or sold more than once, and do not cause harm to the environment or public health.
- 3) Requires the Air Resources Board (ARB) to prioritize the use of offsets that provide air quality benefits to communities already suffering from disproportionate levels of air pollution, and that provide benefits in the state of California.
- 4) Prohibits offsets from the Kyoto Protocol's international Clean Development Mechanism (CDM) to be used for compliance with California global warming regulations. A large majority of CDM projects have been proven to be "non-additional," which means that they do not represent real emission reductions.

### Background:

California's Global Warming Solutions Act (AB 32) requires the state to cut its global warming pollution to 1990 levels by 2020. ARB has committed to implementing a package of global warming policies that includes regulations such as clean car and renewable energy standards designed to achieve roughly 80 percent of the needed emissions reductions. The package also includes an economy-wide cap-and-trade program to achieve the remaining 20 percent of reductions.

### The Problem:

CARB is considering the use of *compliance offsets* to meet the state's emission reduction goals. Compliance

offsets are credits based on estimated global warming emission reductions made outside the sectors directly covered by California's emission reduction regulations. Polluters in regulated sectors can buy offsets to substitute for cuts that they otherwise would have made directly or through trading with other polluters in capped sectors.

CARB has proposed that offsets could substitute for up to 49 percent of the total emission reductions below the 2012 cap—which could encompass all of the emission reductions expected to be achieved through the cap-and-trade program.

### BAD FOR CALIFORNIA AIR QUALITY

When electricity generators, fuel providers, refineries, and other regulated sources reduce their global warming pollution, they often simultaneously reduce smog-forming and toxic air pollutants as well. These air quality co-benefits of global warming action are critically important. The use of offsets can jeopardize the reduction of air pollutants in many of California's most heavily polluted communities. *These air quality benefits are too valuable to lose.*

### BAD FOR JOBS

*The use of offsets also out-sources projects that could otherwise create green collar jobs in California.*

### The Solution:

The California LAO has recommended that the legislature give CARB direction on the issue of offsets. The US Government Accountability Office has also recently affirmed the need for strict limits on offsets. In testimony to Congress in March 2009, the GAO stated that "...the use of offsets can compromise the integrity of programs designed to reduce greenhouse gas emissions....On the other hand, stringent limits can ensure that a certain portion of abatement activity occurs at home and help secure a carbon price that is high enough to spur investment in low-carbon technologies... If limits are imposed, it is important that such limits are sufficiently stringent..."

**AB 1404 Supporters** (as of 8-20-09)

**Environmental/Environmental Justice**

African American Environmentalist Association  
Bayview Hunters Point Community Advocates+  
California League of Conservation Voters  
Central Valley Air Quality Coalition Global Warming and Air  
Quality Committee, Legislative Committee  
Center for Biological Diversity  
Center for Environmental Health  
Clean Air Now  
Coalition for Clean Air  
Communities for Clean Ports  
Earth Day Los Angeles  
End Oil  
Environment California  
Environmental Working Group  
Forests Forever  
Friends of the Earth\*  
Global Green USA  
International Rivers  
Moms CAN (Clean Air Network)  
National Parks Conservation Association  
Natural Resources Defense Council  
Our Children's Earth Foundation  
Planning and Conservation League  
Rainforest Action Network\*  
San Diego Environmental Foundation  
Sierra Club California  
Union of Concerned Scientists

**Clean Technology and Businesses Groups**

Ausra  
California Wind Energy Association  
Clean Power Campaign  
Cleantech America, Inc.  
enXco  
Large Scale Solar Association  
Luminalt Solar  
New Voice of Business  
Recurrent Energy  
Sharp, USA  
Solaria  
Solar Millennium  
SolFocus  
Suntech America  
Sustainable Energy Partners  
Sungevity  
Vote Solar

**Public Health Groups**

American Cancer Society  
American Lung Association of California  
Breathe California  
Breast Cancer Fund  
California Thoracic Society  
California Pan-Ethnic Health Network  
Community Action to Fight Asthma  
Fresno-Madera Medical Society+

Latino Coalition for a Healthy California  
Medical Advocates for Healthy Air  
Merced/Mariposa County Asthma Coalition+  
Physicians for Social Responsibility SF-Bay Area Chapter  
Public Health Institute  
Public Health Law and Policy  
Regional Asthma Management and Prevention

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Linda Rosenstock, M.D., MPH (Dean, School of Public Health, UCLA)\*  
Robert Schiestl, Ph.D. (Department of Pathology, UCLA)\*

**Faith-Based Groups**

California Interfaith Power and Light  
Catholic Charities, Diocese of Stockton  
Fresno Metro Ministry  
Faith2Green  
Lutheran Office of Public Policy  
Orange County Interfaith Coalition for the Environment

**Labor**

California State Building & Construction Trades Council, AFL-CIO  
California Labor Federation  
Engineers and Scientists of California, Local 20 IFPTE  
San Francisco Labor Council

**Social Justice**

California Apollo Alliance  
California State NAACP  
Ella Baker Center  
Latino Coalition for a Healthy California

\* Support if amended to not allow any offsets

+ The concern and expertise of the FMMS is the health of Californians.

\* Institution listed for affiliation only

A fully referenced version of this fact sheet is available online at [www.ucsusa.org](http://www.ucsusa.org)

The Union of Concerned Scientists is the leading science-based nonprofit working for a healthy environment and a safer world.



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