

# The Sacramento Bee

## Governor takes heat on climate deals

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Gov. Arnold Schwarzenegger has boosted his environmental profile by signing global warming agreements with states and foreign governments, most recently one this month with the Australian state of Victoria.

Schwarzenegger officials say the agreements are intended to force the federal government to take a more stringent approach to tackling global warming.

But some critics note the signings have given Schwarzenegger opportunities for photo-ops with foreign leaders, and Democrats have raised concerns that the Republican governor is using the deals to predispose California to a market-based system in which companies can buy their way out of emissions reductions.

Each of the agreements Schwarzenegger has signed calls for research into how California companies can trade emissions credits with firms in other regions.

Assembly Speaker Fabian Núñez, D-Los Angeles, said he fears Schwarzenegger is advancing a global trading system well before California regulators agree to use that approach. Núñez co-wrote last year's landmark Assembly Bill 32 requiring a 25 percent reduction in greenhouse gas emissions by 2020.

"I would be much more confident if the governor put the brakes on carbon-trading agreements with other entities and stepped on the gas on the implementation of AB 32, which requires real reductions in emissions levels," Núñez said. "I wish there would be more focus on emissions reductions and less on carbon credit markets."

In negotiating last year's law, Democrats wanted to focus heavily on strict emissions caps in California, while Schwarzenegger sought to allow businesses to purchase credits if they could not reduce their greenhouse gas pollution in time.

The final law said California may use emissions credits as an option but never committed the state to doing so. The California Air Resources Board is responsible for examining a market-based solution and determining its necessity.

The five deals signed by Schwarzenegger range from a pact with 10 Northeast states to coordinate a trading system to this month's deal with Victoria, an agreement to share environmental research and align carbon-trading programs. The governor also has penned deals with Manitoba, the United Kingdom and four other Western states along similar lines.

Linda Adams, Schwarzenegger's Environmental Protection Agency secretary, said state regulators are pursuing a variety of global warming solutions that include emissions caps, incentives and trading systems.

"We're not pushing the market approach on anyone, but in our design we want to make sure the door is open when and if California and others move toward a market system," Adams said. "The European Union is very anxious for California to enter into their trading system because they feel -- and I agree -- that an international carbon market is one of the tools that we need to address this problem."

Núñez and some environmentalists believe the deals are promotional for the governor. Schwarzenegger's agreement with the United Kingdom last year led to two major photo opportunities with British Prime Minister Tony Blair. His office sent out photos of his Victoria signing with Australian, American and California flags in the backdrop. Deep within the Victoria agreement was the disclaimer that it "is not intended to create any legally binding rights or obligations."

But Adams said the agreements have significant value in pressuring the Bush administration and foreign governments to take a stronger stance on greenhouse gases.

"We send a strong message not only to the U.S. government but other federal governments that states and provinces are not waiting to join this international fight," Adams said. "We're going to move forward with or without them."

Businesses support the governor's efforts to broaden a potential network of emissions credit trading partners because it increases the number of compliance options.

"If there's a choice between making a huge investment for some needed emissions reduction (in California) vs. purchasing an offset from somebody making a reduction somewhere else at a lower cost, we'd like the opportunity to do that lower-cost option," said Dorothy Rothrock of the California Manufacturers and Technology Association.

Emissions credits allow some companies to phase in cleaner equipment rather than having to purchase new machinery all at once, said Terry Tamminen, the former Schwarzenegger EPA director who still advises the governor. He said criticism of the governor's exploration into market solutions is "just politics."

"Certainly, it's not a preconceived outcome," Tamminen said of a market-based approach to AB 32. "But the whole world is moving in that direction. We'd be idiots not to examine this and consider how it might work and how it might be a tool that might help us."

Bill Magavern, senior legislative advocate for the Sierra Club, said the governor has raised consciousness about global warming by signing deals with other states and nations. But he said emissions trading is unproven.

"I think the governor's rhetoric on global warming solutions has been unbalanced because

he talks so much about emissions trading," Magavern said. "The Air Resources Board is also working on standards, so in some ways it's more a presentation problem. But clearly the governor is enamored with emissions trading."

Senate President Pro Tem Don Perata, D-Oakland, rebuked Schwarzenegger in October when the governor issued an executive order directing the ARB to develop a market-based program. Schwarzenegger also drew criticism from the nonpartisan Legislative Analyst's Office in February for requesting 24 permanent positions at the ARB be used to implement a market-based greenhouse gas system.

Núñez said the governor has helped bring attention to AB 32 through his agreements. But he warned that Schwarzenegger may be "putting the cart before the horse."

"The law talks about emissions reductions, not about avoiding compliance by buying offsets," Núñez said. "It's ultimately the administration that needs to focus on the law."