

# A Gold Standard for Equity in Climate Cap-and-Trade Programs

by John Motsinger, Steven Moss and James Fine

## Cap-and-Trade in California

California's Global Warming Solutions Act, known as AB 32, calls for reducing statewide greenhouse gas emissions to 1990 levels by 2020.<sup>1</sup> This ambitious goal demands that California explore every opportunity to reduce emissions throughout the economy and in every community, while being sensitive to potential adverse impacts on the state's most vulnerable citizens.

While the rest of the nation debates pathways to an efficient and equitable climate policy, California's Air Resources Board (ARB) is tasked with detailing a cap-and-trade program that will cover 85 percent of statewide emissions by 2020. Cap-and-trade and a portfolio of complementary measures are expected to yield reductions of 150 MtCO<sub>2</sub>e in 2020 compared to status quo conditions.<sup>2</sup>

In the near term, global climate policy is likely to increase the costs on businesses and consumers. The poorest communities that are already spending a greater portion of their income on basic household expenditures will be hit hardest by even small increases on utility bills and higher prices at the gas pump and grocery store.

**John Motsinger** is a freelance science writer, master's degree student at Johns Hopkins University, and former program assistant for Environmental Defense Fund.

**Steven Moss** is executive director of San Francisco Community Power, a nonprofit organization dedicated to providing cost-saving energy and climate solutions to families and businesses in underserved Bay Area neighborhoods.

**James Fine**, Ph.D., is an economist and policy scientist with Environmental Defense Fund in Sacramento, California. His research and advocacy involves market-based environmental policy design and environmental justice.

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