

# Nichols -- No Solo Cap-and-Trade

Craig Miller, KQED.com (San Francisco television), 8-11-10

Cap and Trade is a lonely business. But according to the state's top regulator in charge of implementing it, California won't go it alone.

Mary Nichols, who chairs the state's Air Resources Board, made the remark in a Silicon Valley panel discussion Tuesday. The ostensible topic of the event was renewable energy but it turned into a pep rally against Proposition 23, the statewide ballot measure designed to halt California's comprehensive climate law, AB 32. Nichols was joined on the panel by executives from Google, PG&E and venture capitalist Vinod Khosla, all of whom voiced strong opposition to Prop 23.

When asked about the cap-and-trade provisions of AB 32, Nichols said: "We won't launch this program without partners to trade with. It doesn't make sense for an economy even as big as California, to try to do this all by ourselves."

The comment came days after congressional leaders threw in the towel for the summer, on a federal bill to address climate change and energy security. "To get the kind of leverage that you really need to make this program succeed, the US has got to step in," said Nichols.

California is part of a nascent regional trading pact known as the Western Climate Initiative. But among the seven US states and four Canadian provinces signed on to the WCI, only California, New Mexico and Quebec are prepared to move forward with a working carbon trading market. Others still lack enabling legislation, and Arizona has overtly pulled out of the carbon trading plan, raising the question of how many "partners" California will have, even with WCI in the mix.

"I don't expect to be faced with this dilemma," Nichols said after the event, "but if the worst were to happen and none of these states were able to move forward with their own programs, I think we would think long and hard about whether we would actually start enforcing the program, unless and until we were really confident that our state had the ability to do it in a way that would not put us at a competitive disadvantage."

Proponents of Prop 23 contend that full implementation of AB 32 will give other states and nations a competitive edge over California, resulting in "leakage" of jobs and businesses to regions with fewer regulations.

The panel, entitled "Electric Bills and Oil Spills: Will California Continue To Be a Clean Energy Leader?" was held on the Google corporate campus in Mountain View.