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In fighting climate change and oil dependence, California needs all its tools

BY THOMAS LAWSON AND EILEEN WENGER TUTT *Special to The Bee*

Thomas Lawson

Now more than ever, California's pioneering energy policies are lights in the darkness for Americans who understand the threat posed by climate change and the urgent need for action.

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California must continue to curb greenhouse-gas emissions while growing its economy, using all of the tools at its disposal. The California Air Resources Board has put forth a scenario in its proposed 2030 scoping plan that would do just that.

As the proposed plan suggests, an array of innovative policies – including the Low Carbon Fuel Standard and the cap-and-trade program – are required to move us toward an advanced low-carbon economy effectively and cost-efficiently. Together, these policies are creating a low-carbon economic ecosystem, made up of many interconnected parts.

Now new research shows that the Low Carbon Fuel Standard and cap-and-trade programs reinforce each other, ensure equitable costs per sector and lead to emissions reductions that no single policy could achieve on its own. The two programs work together to ensure our greenhouse gas and petroleum reduction goals are met economically.

Transportation is directly responsible for 37 percent of California's greenhouse-gas emissions; 50 percent if you include refinery emissions. For most transportation needs, oil has a virtual monopoly on the market, leaving businesses, families and institutions little choice but to pay whatever price is on the pump.

The Low Carbon Fuel Standard encourages the development of new fuels for cars and trucks – including electricity, natural gas, hydrogen and biofuels – and the infrastructure needed to support these new fuels. In the years to come, Californians will have choices about how to power their own mobility. That's especially true if the ARB ramps up the LCFS's carbon-intensity target to 18 percent from 10 percent after 2020, as suggested in the proposed scoping plan.

A new study from independent global consulting firm ICF shows that increasing the Low Carbon Fuel Standard targets doesn't just cut emissions from fuels directly; it also eases compliance costs on the cap-and-trade side. By making the transportation fuel sector reduce emissions, the LCFS ensures that all industries subject to the cap-and-trade program – such as fossil-fueled power plants, refineries and large factories – do their fair share to cut pollution, which helps keep carbon allowance prices low.

The ICF study looked at different carbon-intensity options for the Low Carbon Fuel Standard and found that a carbon-intensity reduction target of 20 percent by 2030 would cut cap-and-trade allowance prices in half. And overall, LCFS prompts innovation and investment in alternative fuels.

ICF's projections suggest a 15 to 20 percent reduction in the carbon intensity of fuel – along the lines of what ARB's scoping plan suggests – would reduce petroleum consumption by 18 to 26 percent when compared to the current 10 percent reduction target, all without raising cap-and-trade compliance costs. It would further broaden the mix of available fuels, bringing competition to what has been a monopolistic market, by replacing 11 to 17 percent of the gasoline Californians use, along with displacing 28 to 48 percent of the state's diesel demand.

You need a lot of tools to build an advanced low-carbon economy. Together, the Low Carbon Fuel Standard and the cap-and-trade program get us there faster and cheaper. California should keep leading the fight against climate change by strengthening both these programs as suggested in this latest scoping plan.

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