Andrew Hsu 2/23/10  
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**Cap and Trade**

Over the past decade, many states have begun to establish greenhouse gas initiatives at both the state and regional level. Leading this charge is California, whose Pavley Global Warming Act has sought to reduce emissions by 30 percent in 2016, a paradigm which many other states are starting to follow.

With the success of the 1990 Clean Air Act that greatly reduced sulfur dioxide in the United States, it was evident and favorable that a cap and trade program could also be implemented to influence the amount of greenhouse gases emitted within the United States. One such program is the Regional Greenhouse Gas Initiative (RGGI). Under this model rule, carbon emissions in ten northeastern states will be capped until CO2 emission are 10 percent lower than that of when the program started. The success of RGGI depends on an auction trading system throughout each quarter of the year where the auction profits are then used to encourage development of low carbon-intensity solutions. This approach allows for a modest approach to carbon reduction change by providing companies with time and economic incentives for planning and investing in lower carbon alternatives.

But even with all the positives that emerge, there are several problems with RGGI that may result in its downfall. Because of excess carbon allowances this quarter, the selling price per short ton of CO2 actually fell 14 cents from the previous auction’s selling price, the antithesis of what was expected to happen. This and the price triggers used to protect customers hinder the RGGI’s goal of using economic constraints to control greenhouse gas emissions.

The RGGI has the foundation of a successful cap and trade program, but in order for it to accomplish its objective it cannot fold in the face of economic pressures and must continue its phased approach in CO2 reduction.

This is a really great, well-organized and well-written brief, except for a couple of flaws. It also seems to be avoiding one of the major issues we discussed concerning RGGI—why is this a state rather than federal initiative?

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