

## **2007 – 08 MARKET-BASED SOLUTIONS FOR MITIGATING GLOBAL CLIMATE CHANGE**

In a cap-and-trade system, an environmental regulator establishes a “cap” that limits green house gasses from a group of polluters, such as power plants, to a level lower than their current green house gas emissions. This cap can be ratcheted down over time to fit long-term targets. The green house gasses allowed under a set cap are divided up into individual permits—usually equal to the right to pollute one ton of carbon dioxide (CO<sub>2</sub>). Each permit essentially gives a company the right to pollute. Then, the green house gasses cap restricts the amount of pollution allowed, which effectively gives these permits financial value. Companies are free to “trade” (buy and sell) permits; with those companies that are able to reduce green house gasses at a lower cost allowed to sell their extra permits to companies facing higher reduction costs.<sup>i</sup>

A cap-and-trade system generally works best when it is used for a pollutant impacting a large geographic area. Global climate change gases are considered prime candidates for cap-and-trade, as they mix equally throughout the atmosphere and it does not matter where reductions occur, as long as overall global green house gas emission levels go down. Based on the most recent scientific evidence, the consensus emerging within the European Union is that long-range green house gas emission reduction targets as deep as 60-80% by 2050 may be needed to avoid long-term disruption of the global climate system.<sup>ii</sup> Market mechanisms, such as a cap-and-trade system, have the potential to allow greater flexibility and be of lower-cost to businesses, while still adhering to strong caps and reductions in green house gasses.

The interest in cap-and-trade as an effective policy tool stems from its success through the Clean Air Act in reducing sulfur dioxide (SO<sub>2</sub>), the primary cause of acid rain, at lower costs. The European Union’s Emission Trading Scheme (EU-ETS) has utilized cap-and-trade since 2005 to tackle global climate change green house gass reductions in countries that ratified the Kyoto Protocol. Due to lack of action at the national level on global climate change in the United States, there are currently multiple state and regional initiatives underway that would mirror the EU-ETS. These include the Northeastern Regional Greenhouse Gas Initiative (RGGI) and California’s recently passed Global Warming Solutions Act, which calls for the creation of market mechanisms to help the state reduce its global climate change green house gasses. There are also numerous federal policy proposals currently being debated by the U.S. Congress that would supersede these state and regional efforts and call for a nation-wide cap-and-trade system.

Now therefore be it resolved: the Minnesota Division Izaak Walton League of America, in convention at Bloomington, Minnesota on April 29, 2007, urges that market-based measures, such as cap-and-trade, be evaluated as potential policy solutions to curbing global climate change. The Izaak Walton League believes that cap-and-trade is a promising market-based policy tool and supports the adoption of a cap-and-trade system as a means of reducing global climate change green house gasses in the United States, in

conjunction with regulatory measures. Any cap-and-trade system established should strive to have a cap that is at a level consistent with the emission reductions necessary to minimize climate disruption. In absence of federal action, the Izaak Walton League supports state and regional efforts to move forward with establishing cap-and-trade systems.

*Submitted by the Bush Lake Chapter\|*

---

<sup>1</sup>Taken from Union of Concerned Scientists (UCS) – see [www.ucsusa.org/publications/catalyst/page.jsp?itemID=27226959](http://www.ucsusa.org/publications/catalyst/page.jsp?itemID=27226959) for more information on how cap and trade systems work.

<sup>2</sup>In March 2005, the environmental ministers of the EU nations adopted the goal of reducing developed nation emissions by 15-30% by 2020 and by 60-80% by 2050 compared to 1990 levels. These are cuts needed to keep the planet's temperature increase below 2 degrees Fahrenheit, above which catastrophic climate change impacts may occur. "Climate Change: Medium and longer term emissions reduction strategies, incl. targets. Council conclusions." Adopted by EU Environment Council 3/10/05: <http://ue.eu.int/uedocs/cmsUpload/st07242.en05.pdf>.