

Media Coverage: Allison Smith in Law360 and Microgrid Knowledge on Extension of Cap- and-Trade in California

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Attorney Allison Smith was quoted in *Law360* in an article titled "Details Will Bedevil As Calif. Cap-And-Trade Moves Forward," and in *Microgrid Knowledge* in an article titled "What Does the Extension of California's Cap-and-Trade Mean for Microgrid Development?" The articles discuss Assembly Bill (AB) 398, which was signed by Governor Jerry Brown on July 25 and extends the state's cap-and-trade program through 2030.

Though the legislation was passed, experts say that implementing the extension successfully will be difficult. California now has a mandated goal of reducing its greenhouse gas emissions by 40 percent from 1990 levels by 2030, and the cap-and-trade program will be asked to make a much steeper reduction to reach that goal than it was for reaching the state's 2020 goal of reducing emissions to 1990 levels.

Part of the challenge will be for the California Air Resources Board (CARB) to craft a cap-and-trade extension that can help drastically reduce carbon emissions from the state's transportation sector, seen as a very important part of meeting the 2030 goal.

"Will the CARB be able to achieve the goal for mobile sources and have drastic reductions?" asked Smith. "The people that control those emissions are individuals, and those individuals can't be regulated directly like the owner of a refinery, power plant or manufacturing facility."

A benefit, according to Smith, is that the extension of cap-and-trade takes some of the pressure off other California greenhouse gas reduction programs, such as the renewable portfolio standard (RPS) or direct incentives for distributed energy resource (DER) expansion, to achieve the deep emission cuts required by 2030, although that may also slow the expansion of distributed energy.

“On the other hand, the continuation of a cap-and-trade by a two-thirds vote and broad coalition of supporters will result in more consistent and long-term revenue from allowance auctions, potentially leading to increased funding for DER and microgrid incentives that will reduce GHG emissions,” she said.

Read “Details Will Bedevil As Calif. Cap-And-Trade Moves Forward,” published July 20, 2017, (*Subscription required*), and “What Does the Extension of California’s Cap-and-Trade Mean for Microgrid Development?,” published July 21, 2017.

For more background on cap-and-trade, read “California cap and trade at the crossroads,” authored by Allison Smith for *Westlaw Journal Environmental*, April 2017, and her latest post on our Renewable + Law[®] blog.

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