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Los Angeles Times

January 23, 2006 Monday
Home Edition

SECTION: CALIFORNIA; Metro; Metro Desk; Part B; Pg. 1

LENGTH: 1292 words

HEADLINE: Studies Support Emissions Plans;
Two independent analyses say an effort, opposed by business, to cut greenhouse gases could be beneficial for California's economy.

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BODY:

The state's ambitious plan to cut greenhouse gas emissions could create tens of thousands of new jobs and dramatically boost the economy in coming years, according to two new independent analyses.

The reports, one led by economists at UC Berkeley, the other by a Washington think tank that emphasizes market solutions to environmental problems, agree with a draft version of a state plan released earlier this month and reject concerns that curbing the gases that contribute to global warming would hurt the economy.

"It's basically a very good news story," said Ned Helme, president of the Center for Clean Air Policy, an environmental think tank based in Washington, D.C. "We found you could do this very cheaply."

The Berkeley report found that the cost savings on fuel and gas generated by curbing greenhouse gases would translate into more money for consumers and more jobs. In addition, they predicted that investment in technology to reduce greenhouse gases could pay off for the state in the way that investment in computer technology has paid off for Silicon Valley.

The Center for Clean Air Policy's report found that the state could meet its 2010 emissions reduction goals at no cost to consumers and that they would save money if the 2020 goals were met. The study described a number of cost-effective ways to cut emissions, including capturing methane from landfills and manure and using it to generate energy, and switching freight transport from diesel trucks to rail.

Last June, Gov. Arnold Schwarzenegger declared the debate on climate change over and directed a "Climate Action Team" made up of representatives from various state

agencies to devise a plan to cut the state's greenhouse gas emissions to 2000 levels by 2010, to 1990 levels by 2020 and to 80% below 1990 levels by 2050.

California is one of the 10 largest economies in the world and the 12th-largest producer of greenhouse gases such as carbon dioxide, methane and nitrous oxide, which are byproducts of industry, agriculture and motor vehicle use. The state's draft report calls curbing these emissions "one of the most daunting challenges of our time."

Its emission reduction goals put California in the forefront of efforts to regulate greenhouse gases and years ahead of Bush administration plans, which reject regulation in favor of voluntary curbs by businesses. The state's 2050 targets are among the most stringent in the world.

A draft state plan to meet those goals has been of concern to some business and industry leaders locally who fear that economic growth could be compromised and that jobs may migrate to neighboring states with fewer regulations.

But Helme of the Center for Clean Air policy said the concerns were not warranted.

"People think anything we do is going to cost more," he said. "That's just not the case."

The state's efforts have also attracted the attention of those fighting climate change regulations on a national level.

"National lobbyists are starting to show up because as California goes, so goes the country, so it's going to be a focal point," said Helme.

If greenhouse gas emissions are not cut, global warming is expected to raise temperatures between 8 and 10.4 degrees in California and diminish the Sierra snowpack -- a major source of drinking water -- by 90% in the next century, according to recent studies that have been incorporated in the state's draft plan. Warming could also raise the sea level between 4 and 33 inches, causing coastal erosion and sending salt water surging into Sacramento Delta water supplies, the draft plan said.

Such effects could harm the state economically by threatening agricultural production, increasing the risk of forest fires and increasing utility costs for cooling. Climate warming could also cause large numbers of heat-related deaths, increase the incidence of some diseases and lead to a higher number of bad ozone days, the plan said.

The climate team is planning to submit a final report to the governor in mid-February. Because of complaints from business leaders, state officials extended the public comment period on the report until Jan. 31 and will hold open hearings today in Sacramento and Tuesday in Los Angeles to gather more information on economic aspects.

"We must ensure that California's ability to create and retain jobs is not compromised

through this process," Allan Zaremborg said in a statement. He is president of the California Chamber of Commerce and a member of a new coalition formed to ensure that climate regulations do not harm business.

Other members of the new group, called Sustainable Environment and Economy in California, include the California Farm Bureau Federation, Western Growers, the California Nevada Cement Promotional Council, the Western States Petroleum Assn., the Rubber Manufacturers Assn. and the Alliance of Automobile Manufacturers.

The two new analyses agree with the state draft report in suggesting that many industry fears are unfounded.

"We can save money now by addressing climate change," said Alex Farrell, an assistant professor in the energy resources group at UC Berkeley who co-led one study with W. Michael Hanemann, an economist who directs the Climate Change Center at UC Berkeley. "And by acting now, California can gain a competitive advantage by becoming a leader in new technologies that will be used worldwide."

The state draft analysis suggests that California would gain 83,000 jobs and \$4 billion in income if changes to curb greenhouse emissions were made. The study assumes that savings to consumers would generate more demand for goods that would create additional jobs.

The Berkeley analysis used a different economic model and analyzed eight policies the state could undertake to reach half of the 2020 target. That goal would result in an additional 20,000 jobs for the state and an increase in the gross state product of \$60 billion, Farrell said. The authors concluded that the entire target could probably be met with a net gain as well but did not provide specific numbers.

Farrell said people should not focus on the fact that different analyses found different numbers -- because they used different models and data -- but on the fact that all the studies came to the same general conclusions.

The Berkeley-led group did not analyze the costs and benefits of reaching the 2050 goal because that is too far in the future to predict, Farrell said.

The group concluded that voluntary measures to reduce greenhouse gases would be insufficient and the changes would require new regulations and a "cap and trade" program in which the government would set a cap on emissions and businesses could trade emissions credits and payments to meet the cap.

Many of the options in the state plan are still under discussion, but California Environmental Protection Agency secretary Alan C. Lloyd has said the final plan would probably require a mix of government mandates and business incentives.

The state's draft plan offers two alternatives to a cap-and-trade program. One would

affect 30% of the state's emissions by imposing restrictions on five key industries: electric power, oil refining, oil and gas extraction, landfills and cement production. The other would impose limits on fuel used in a variety of industrial operations.

The draft states that the plan would have to be designed so it did not encourage the movement of production and jobs to neighboring states without caps.

Farrell said he and his coauthors felt strongly that California could reduce emissions and could profit financially, thereby disproving the widely held assumption that economic growth requires increased energy consumption and high levels of greenhouse gas production.

"That assumption is incorrect," Farrell said. "In California, we can prove that."

END STORY