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Organizations sue to close offset loophole in California's greenhouse gas reduction program

CORONADO, CALIF., March 28, 2012 – Citizens Climate Lobby and Our Children's Earth filed suit Wednesday in San Francisco Superior Court to challenge the California Air Resources Board's regulations that would allow up to 85% of all required emission reductions in its "cap-and-trade" program to be satisfied by greenhouse gas offsets. They are asking the court to find that the offset program violates the law and would allow a false accounting of progress in fighting climate change.

Under the State's new regulations for the 2006 Global Warming Solutions Act (AB 32), a steadily-shrinking cap is placed on greenhouse gas emissions such as carbon dioxide. Big polluters are given allowances to emit a certain amount of those gases. Companies that exceed their limit are required to purchase additional allowances.

But under regulations approved by CARB, polluters have the option to purchase offsets, which are generally cheaper than "allowances," and are generated by projects that supposedly reduce greenhouse gas emissions outside the "capped" sectors. The problem with these offsets, the lawsuit contends, is that they would not reliably provide additional emission reductions beyond what is already happening. In many instances, these offsets are for activities that are already taking place or are likely to take place without the monetary incentive of the offset. By failing to be additional, these offsets are contrary to the letter and spirit of AB 32.

"These offsets create a huge loophole in the effort to limit greenhouse gas emissions and would allow additional fossil fuels to be burned above the cap or limit provided for in AB 32," said Mark Reynolds, Executive Director of Citizens Climate Lobby. "The regulations approved by the CARB violate the law and would lock in additional climate degradation."

By CARB's own admission, offsets could account for up to 85 percent of emissions reductions required by the AB 32 cap-and-trade program. As long as offsets remain part of the equation, polluters will have an option to continue with business-as-usual and the state will fail to reach the emission reductions required by AB 32. The lawsuit contends that the offset program violates integrity standards provided by the legislature in AB 32.

"California has enacted an aggressive and impressive law to limit greenhouse gas emissions," said Reynolds. "We're not challenging the law; we're trying to uphold it."

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What is an offset? What are some examples of offsets that fail to be additional emission reductions? Answers to these and other questions [here](#).