

## Destroying the Climate

### Cap & Trade Commodifies Pollution

- ⊗ Cap & trade places a price on pollution. This creates a signal that it is OK to pollute if you have enough money to buy a pollution permit. For communities suffering from the daily burdens of pollution, commodifying pollution commodifies their health and their lives.

### Cap & Trade is Complicated, Expensive & Hard-to-Monitor

- ⊗ Under cap & trade, the government will have to oversee and monitor thousands of polluting facilities. This creates huge administrative burdens and costs.
- ⊗ Facilities are supposed to self-report their pollution levels, opening the system to corporate gaming – making it less likely that pollution levels will decrease.

### Cap & Trade is Undemocratic and Not Transparent

- ⊗ Because cap & trade is so complicated, it is hard for the public to understand the system and hold corporations and the government accountable.
- ⊗ The private trading market is closed off to public oversight. As corporations profit off their pollution, the public must struggle to determine where emissions permits are going and which facilities are growing and shrinking.

## While Corporations Profit

### Profiting from the Permit Price

- ⊗ Emissions permits are priced to create a market signal that facilities must pay the public for their CO<sub>2</sub> pollution. When the government gives polluters these permits for free, corporations avoid paying for their actions.
- ⊗ The public loses out twice when permits are given away for free. *First*, they lose the tax money that would be generated by polluters paying for permits. *Second*, they lose because facilities still pass on the permit price to consumers – whether they paid for the permits or not.

### Profiting from Offsets

- ⊗ Polluters can avoid reducing their emissions by buying “offsets” in other places – paying someone else to reduce carbon emissions so they don’t have to.
- ⊗ But offsets are almost impossible to verify and often cause more harm than good. Communities near facilities still suffer from the public health impacts caused by the local pollution. And the areas that receive offset projects suffer from the environmental, economic and social harm that these projects often cause.

### Encouraging Fossil Fuels, Discouraging Innovation

- ⊗ Free permits, low auction prices and false offsets create huge private profits for carbon polluting facilities. This encourages continued fossil fuel use and discourages our national shift to clean, green renewable energy resources.

# The TRUTH about CAP & TRADE

## & Vulnerable Communities Suffer

### Toxic Co-Pollutant Emissions

- ⊗ Cap & trade does not address the other local toxins that are emitted by polluting facilities, such as lead, mercury, black carbon and other toxins. For communities, these pollutants create public health crises of respiratory illnesses, heart disease, cancer and death. Failing to address co-pollutants wastes a unique opportunity we have to address local and global impacts of air pollution.

### Pollution Hotspots

- ⊗ Unrestricted trading of pollution permits can encourage the oldest and dirtiest facilities to pollute more or not reduce their pollution.
- ⊗ For the areas near these facilities, frequently environmental justice communities, this unchecked pollution means that global CO<sub>2</sub> reduction happens at the expense of their local health and quality of life.

### Unpredictable Energy Prices

- ⊗ Making facilities pay for their pollution through an auction creates price volatility. Every 4 months, facilities bid on how much they will pay for their pollution, causing energy prices to jump. These jumps in energy prices hurt consumers who will be hit by higher, unpredictable electricity costs.

### Little Consumer Protection from Higher Energy Prices

- ⊗ Giving away permits for free limits the money raised by the government through the cap & trade program. The less raised, the less money there will be to create a safety net protecting consumers from higher energy costs. This is particularly harmful for low-income consumers who spend a greater percentage of their monthly cash on energy bills.



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## Doesn't Reduce CO<sub>2</sub>

### Creates a Weak Cap that Won't Reduce CO<sub>2</sub>

**Problem** → International scientists agree that CO<sub>2</sub> emissions must be reduced 25-40% below 1990 levels by 2020, and 85% below 1990 levels by 2050 to avoid the worst impacts of climate change. **Under ACES, CO<sub>2</sub> emissions would decrease at most only 4% below 1990 levels by 2020.**

**Solution** → This best-case-scenario is not the best we can do as a nation. ACES targets must be revised to achieve internationally agreed upon standards.

### No Monitoring or Enforcement Mechanisms

**Problem** → ACES creates a huge new administrative system that will require extensive monitoring and enforcement to make sure that the program works right. Neither mechanism is fully established in ACES.

Without monitoring and stringent enforcement, corporations can “game the system” without fear of retribution and communities hosting the oldest and dirtiest facilities are vulnerable to global CO<sub>2</sub> reductions happening at the expense of their local health.

**Solution** → ACES must mandate funding for monitoring and include enforcement triggers that financially impact facilities that lie or violate their permit restrictions. Both mechanisms must include citizen suit provisions to ensure that monitoring and enforcement occurs.

## Hurts Vulnerable Communities

### Does Not Address Co-Pollutant Emissions

**Problem** → ACES only addresses CO<sub>2</sub> pollutants, missing an opportunity to comprehensively address the range of toxic pollutants that facilities emit. Failing to acknowledge and address the link between CO<sub>2</sub> emissions and other co-pollutants ignores the local public health impacts of polluting facilities and puts communities' health at risk.

**Solution** → To protect all communities – especially the most vulnerable ones – all toxic emissions must be reduced. ACES can ensure this reduction by including language to address co-pollutants, including strengthening of the regulation of those pollutants under the Clean Air Act

### Encourages the Creation of Pollution Hotspots

**Problem** → A national pollution trading system can create “pollution hotspots” by allowing pollution concentration in the areas where it is cheaper to buy permits to cover continued or increased emissions than to actually clean up facilities. This is a serious problem for communities that have the oldest and dirtiest facilities.

**Solution** → Hotspots could be discouraged through geographic restrictions on emissions trading or by placing a price premium on overburdened communities, encouraging facilities their to sell their permits and reduce their local emissions.

### Provides Almost NO Consumer Protection from Energy Price Increases

**Problem** → With so few permits being purchased, ACES cannot provide a strong safety net to protect low- and middle-income consumers against the price shocks of increasing energy costs.

**Solution** → ACES must require more facilities to purchase their permits and provide that a substantial portion of the revenue raised through the program be set aside to go back to consumers who are most vulnerable to energy price increases.

## Benefits Corporations

### 85% of Pollution is Given Away for FREE

**Problem** → ACES only requires 15% of pollution permits to be purchased – giving out the rest for free to fossil fuel industries. These giveaways happen at the expense of taxpayers who lose out on 85% of cap & trade's revenue and still must deal with energy price hikes.

**Solution** → The public must demand that ACES not create double polluter profits at our expense. A 100% auction is the first requirement for a cap & trade system that reduces CO<sub>2</sub> emissions while protecting consumers.

### Provides Billions of “Rip”-Offsets

**Problem** → ACES provides \$2 BILLION in offsets for polluters to continue polluting at home and pay others to reduce emissions or capture carbon. These offsets are hard to verify, often harm the communities where they occur and allow for continued or increased local health impacts in communities near the offset-buying facilities.

**Solution** → Offsets must be eliminated from ACES, particularly international offsets which tend to perpetuate the history of US colonization and subjugation of developing countries. If permitted, domestic offsets must include geographic limitations.

### Does Not Establish a Renewable Energy Transition

**Problem** → Millions in funding and corporate giveaways are provided to traditional fossil fuel industries throughout ACES, prolonging our transition to clean, renewable energy sources.

**Solution** → ACES should not be used to continue funding coal, oil and nuclear energies. Funding should be given to wind, solar, geothermal and renewables that do not include biomass.