

Deploying carbon markets to reach climate goals in US states



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The high costs of climate change are clear. As the Trump Administration seeks to roll back federal climate protections, now is the time for states to step up.

Twenty U.S. states and the District of Columbia have set bold goals to reduce planet-warming greenhouse gas emissions. **Well-designed carbon markets are critical tools in the policy toolbox to put states on track to meet their climate targets at low cost.**

Reducing pollution, growing the economy

Effective subnational carbon markets can drive low-cost reductions in harmful climate and air pollution. Meanwhile, carbon markets promote economic growth and investment in the clean energy economy.

1. Leveraging low-cost pollution reductions from the power sector.

Carbon markets facilitate the most cost-effective emission reductions by coupling strict limits on carbon pollution with flexible compliance options.

Markets can enable states to pursue significant and readily achievable cuts to carbon emissions from the power sector now

— due in part to falling renewable energy costs and cost-effective energy efficiency measures — and leverage these advances to catalyze deeper reductions across the economy.ⁱ

2. Driving innovation and creating jobs.

Well-designed carbon markets ensure ambitious pollution reductions go hand in hand with robust economic growth.

- **California**, which implemented an emissions trading program in 2012, added over 1.3 million jobs in 2013-2016 and grew its economy by 3% last year — while reaching its 2020 greenhouse gas reduction target four years early.ⁱⁱ
- **RGGI**, comprising nine Northeastern states, generated \$1.4 billion in net economic benefits and 14,500 new job-years from 2015-2017.ⁱⁱⁱ Meanwhile, power sector carbon dioxide emissions have fallen by 40% in RGGI states since the program launched in 2009.^{iv}

More than four million Americans work in the clean energy economy.^v Subnational climate leadership can catalyze additional economic opportunities across the country.

3. Saving lives and securing health benefits, including for our most vulnerable communities.



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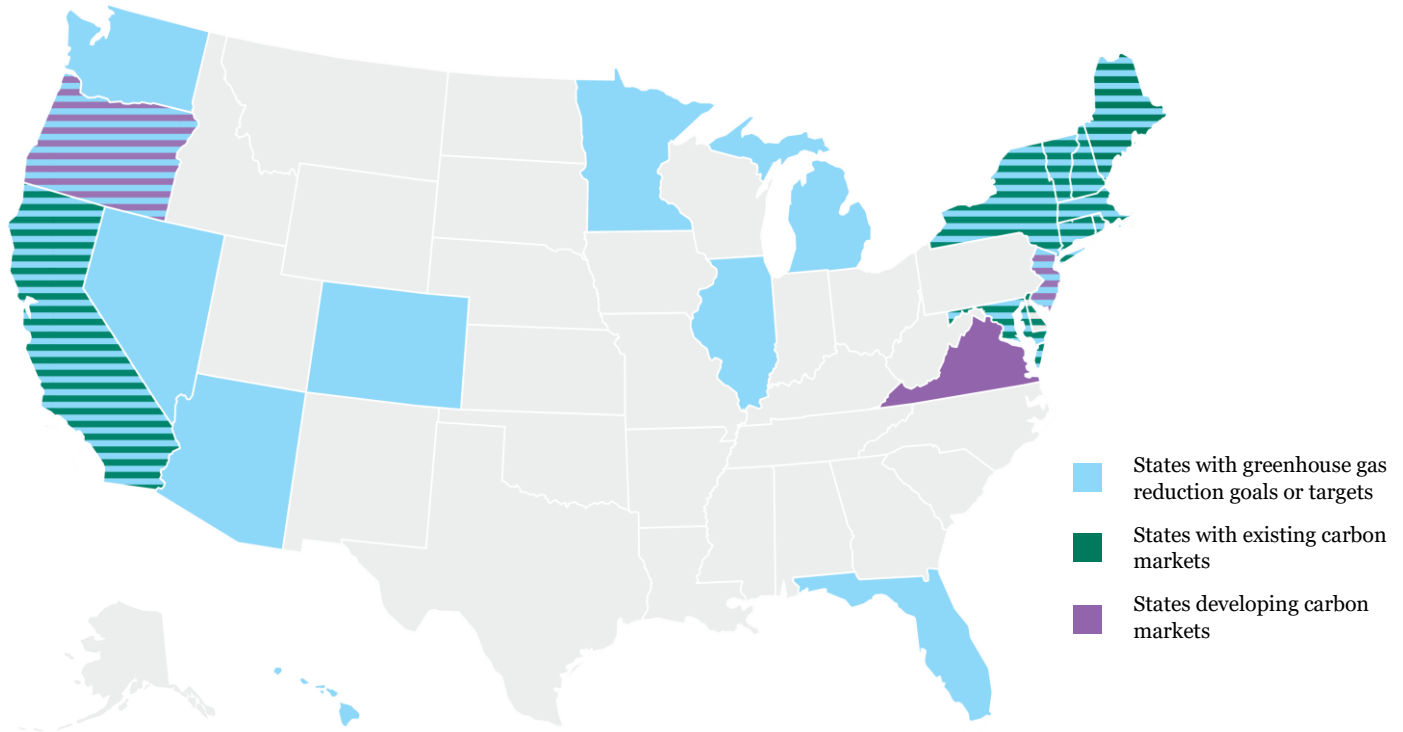


Figure 1. Across the U.S., states are developing carbon markets and strengthening existing programs to meet greenhouse gas emission reduction targets. Map data as of September 2018.

Carbon markets deliver lifesaving benefits for all by mitigating the threat of climate change, reducing harmful air pollution, and promoting economic growth.

Subnational programs can be designed to drive additional benefits to vulnerable communities, including low-income families and communities living in proximity to polluting facilities. For example, critical investments in energy efficiency for low-income communities, and complementary mechanisms to reduce localized air pollution, can secure essential improvements to health and wellbeing for all Americans.

States acting now

Many states are already taking action (see **Figure 1**), including under existing administrative authority:

ⁱ <http://blogs.edf.org/climate411/2018/08/17/wheeler-expected-to-weaken-the-clean-power-plan-even-as-pollution-reduction-costs-are-dropping/>

ⁱⁱ <http://blogs.edf.org/climate411/2018/07/12/why-it-matters-that-california-hit-its-2020-emissions-target-four-years-early/>

ⁱⁱⁱ [http://www.analysisgroup.com/news-and-events/news/latest-study-from-analysis-group-confirms-that-](http://www.analysisgroup.com/news-and-events/news/latest-study-from-analysis-group-confirms-that-rggi-program-continues-to-boost-the-economy-and-create-jobs/)

- **New Jersey** and **Virginia** launched regulatory proceedings to limit power sector carbon emissions by joining the Regional Greenhouse Gas Initiative (RGGI).
- **California** extended its landmark cap-and-trade program through 2030.
- **Oregon's** legislature authorized resources for a joint committee to evaluate cap-and-trade, with legislation expected to be introduced in 2019.
- **The nine participating RGGI states** agreed to reduce power sector emissions by an additional 30% by 2030.

Other states can work now to develop market mechanisms and policies to reduce greenhouse gas emissions and achieve climate goals.

[rggi-program-continues-to-boost-the-economy-and-create-jobs/](http://www.analysisgroup.com/news-and-events/news/latest-study-from-analysis-group-confirms-that-rggi-program-continues-to-boost-the-economy-and-create-jobs/)

^{iv} <https://www.nrdc.org/experts/bruce-ho/rggi-states-set-new-standard-climate-action-2017>

^v <https://www.edf.org/media/edf-report-finds-clean-energy-jobs-outnumber-coal-and-gas-jobs-15-1>