



## **What is the Cap-and-Trade Program?**

Assembly Bill 32 (AB 32) identifies a cap-and-trade program as one of the strategies California will employ to reduce the greenhouse gas (GHG) emissions that cause climate change. This program will help put California on the path to meet its goal of reducing GHG emissions to 1990 levels by the year 2020, and ultimately achieving an 80% reduction from 1990 levels by 2050. Under cap-and-trade, an overall limit on GHG emissions from capped sectors will be established by the cap-and-trade program and facilities subject to the cap will be able to trade permits (allowances) to emit GHGs.

The California Air Resources Board (CARB) has designed a California cap-and-trade program that is enforceable and meets the requirements of AB 32. The development of this program included a multi-year stakeholder process and consideration of potential impacts on disproportionately impacted communities. **The program started on January 1, 2012, with an enforceable compliance obligation which began in January 2013 targeting GHG emissions.**

California is working closely with British Columbia, Ontario, Quebec and Manitoba through the Western Climate Initiative (WCI) to develop harmonized cap and trade programs that will deliver cost-effective emission reductions. The WCI jurisdictions have formed a non-profit corporation, WCI, Inc. to provide coordinated and cost-effective administrative and technical support for its participating jurisdictions' emissions trading programs. Just as with other voluntary agreements that CARB establishes with local air districts, states, federal government, and contractors, CARB's agreement with WCI, Inc. does not confer any decision making authority; decisions concerning the CARB's cap-and-trade regulation are made by CARB at the direction of the Board.

More details on each of the following organizations or operating programs can be found at the links below:

**WCI, Inc.:** <http://www.wci-inc.org/>.

**Cap-and-Trade Program:** <http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

**Enforcement Programs:** <http://www.arb.ca.gov/enf/enf.htm>

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