March 17, 2010

Chair Mary Nichols
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chair Mary Nichols,

I am writing to urge you to strengthen the proposed cap-and-trade system to help us reach our reduction goals laid out in the Global Warming Solutions Act. The proposal for the cap-and-trade program is a good start. But reaching our greenhouse gas reduction goals depend on establishing an effective cap-and-trade system.

Cap and trade works by setting an overall limit on emissions (the cap) then issuing emissions allowances to companies and letting them buy and sell the allowances (the trade). This market in allowances creates a monetary incentive for companies to cut their emissions.

But to work, the system must be set up correctly. For starters, allowances should be auctioned, not given away. This is most fair, transparent and rewards companies that have already reduced emissions voluntarily. It would also raise billions for California. Further, our biggest polluters should be barred from buying allowances out of state.

I urge you to make these additions to the proposed cap-and-trade system to ensure we meet our emissions-reduction goal. Please tell me how you intend to address this issue.

Sincerely,