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For more than 40 years, California has led the nation in environmental regulation, from passing the toughest coastal protection laws to America's first rules banning leaded gasoline. Now, this week -- after Hurricane Sandy pushed the issue of climate change back into the national spotlight -- California will become the first state to begin requiring a broad range of businesses to reduce their greenhouse gas pollution.

At 10 a.m. Wednesday, the California Air Resources Board is scheduled to hold its first auction to sell pollution allowances under the state's landmark cap-and-trade law. The idea is simple: The state sets an overall "cap" for California's greenhouse gas emissions, and companies must buy or sell credits to account for how much they pollute. Those that pollute more must clean up or pay more.

"For the first time, business will begin to understand what it means to put a price on carbon," said Stanley Young, a spokesman for the California Air Resources Board. "The program rewards efficiency. It will help move California away from its dependence on fossil fuels and toward a clean-energy economy."

"It's the largest carbon market in the United States, and the second largest in the world, behind the European Union," Young said.

Environmentalists are hailing the auction as the moment America finally got serious about addressing global warming. The country's most populous state has locked down binding regulations and financial incentives to pressure industry to use less coal, oil, natural gas and other fossil fuels that the overwhelming majority of the world's climate scientists say are already warming the earth and disrupting weather patterns.

How CAP-AND-TRADE Will Work

Tallying pollutants: A large factory or oil refinery emits 1 million tons of greenhouse gases a year. At the start of the program, the company would only be responsible for 10 percent of those emissions, or 100,000 tons, and more in future years.

Totaling the costs: If the company purchased pollution "allowances" for the 100,000 tons, at \$12 a ton that would cost \$1.2 million.

Where the money goes: To a state fund that would pay for climate-related programs, such as making public buildings more energy efficient, providing rebates for efficient appliances or vehicles, or funding public transit, including high-speed rail.

Electricity Pricing – Nov 13, 2012

| | On-Peak | Off-Peak |
|------|----------|----------|
| 2012 | \$.03650 | \$.02638 |
| 2013 | \$.04000 | \$.02623 |
| 2014 | \$.04130 | \$.02706 |

LMP Electric Price

| Time Period | Average per Kwh |
|----------------|-----------------|
| Nov, 2011 | \$.02816 |
| Dec, 2011 | \$.02971 |
| Jan, 2012 | \$.03043 |
| Feb, 2012 | \$.02963 |
| Mar, 2012 | \$.02894 |
| April, 2012 | \$.02659 |
| May, 2012 | \$.02816 |
| June, 2012 | \$.03089 |
| July, 2012 | \$.04303 |
| Aug, 2012 | \$.03112 |
| Sep, 2012 | \$.03034 |
| Oct, 2012 | \$.02829 |
| Nov 1 – Nov 12 | \$.03367 |

Extended Temperature Forecast:

Chicago Area

| | Tue | Wed | Thu | Fri | Sat |
|------|-----|-----|-----|-----|-----|
| High | 40 | 45 | 48 | 51 | 49 |
| Low | 31 | 33 | 35 | 34 | 35 |

