

# Why RECLAIM?

# Market Based Systems

- Pros
  - Reduce emission reduction cost
  - Direct way to limit overall emissions
  - Provide emissions sources needed flexibility
- Cons
  - Opportunity for abuse (trading & emissions)
  - Potential over- or mis-allocation of credits
  - Can lead to source inaction

# Historical Actions

- **Chattanooga: Emissions per Acre**
  - Allocate carrying capacity by urban acreage and allow trading to meet limits over time.
- **EPA: Gasoline Lead Reduction**
  - Set average lead content and allow trading.
- **EPA: Acid Rain Program**
  - Set sulfur emission limits and allow trading.
- **Presley: Emissions Fee**
  - Charge fee on emissions beyond BACT.

# Historical Actions (cont.)

- EPA: Fuel Economy Standards
  - Set average fuel economy and allow trading.
- CARB: Vehicle Emissions Reduction
  - Set average emissions rate and allow trading.

# Options for SCAQMD

- Emission Fees
- Emissions Averaging
- Cap and Trade
- RECLAIM: Cap and Trade

# RECLAIM Genesis

- SCAQMD committed to aggressive emission reduction program to solve Ozone and Particulate Matter problems (1988-1990).
- 1990-1991 recession raised concerns about continuing emission reductions in light of economic downturn.
- Began looking for a way to continue clean air program at lower cost.

# Steps to RECLAIM

- Discussed among agency staff (~1990-1991)
- Discussed with Board committee (~1991)
- Formed a rule development committee (business and environmental groups plus staff) (~1991-1992)
- Sunday debate with President of ARCO
- Rule adoption (~1993) with general business support and some environmental community opposition.

# RECLAIM

- Has had its ups and downs
- Is now in its ~14<sup>th</sup> year.