California will fail to meet carbon reduction goals, scathing audit of state predicts
24 February 2021, by Dale Kasler

The state auditor criticized California's air-pollution agency for mishandling some of its climate-change programs Tuesday, saying the state is in danger of failing to meet the Legislature's targets for reducing greenhouse-gas emissions.

The report by State Auditor Elaine Howle represents a rare high-profile rebuke for the California Air Resources Board, which has been considered a nationwide leader on clean air and carbon policy and spent the past four years fighting the Trump administration on climate regulations.

Its just-retired chairwoman, Mary Nichols, was a leading candidate to run the U.S. Environmental Protection Agency in the Biden administration, although her candidacy was derailed following complaints that the air board had largely ignored the effects of pollution on disadvantaged communities.

In the audit, Howle said the California air board has failed to adequately measure how well its regulations actually reduce greenhouse-gas emissions. The agency appears to overstate the emissions reductions generated by its incentive programs, including rebates to encourage Californians to buy electric cars and other "zero-emission vehicles."

All told, the auditor said California probably won't achieve its goal—established by the Legislature—of reducing greenhouse gas emissions by about 40% by 2030.

"The state will fall short of meeting the 2030 goal unless emissions reductions occur at a faster pace," the audit said.

Air board spokeswoman Melanie Turner said the agency believes it can hit the 2030 target. "Even so, we have much more to do to ensure our goals and targets are met," she said in an email. "Ninety percent of Californians still breathe unhealthy air. We agree that this is unacceptable. We are implementing measures that support the transition to zero emission mobile and other sources at an unprecedented scope and scale—cars and trucks to use clean energy instead of burning petroleum fuels."

The audit said the centerpiece of the air board's climate change effort, a cap-and-trade system, is highly unpredictable.

The system, which requires industrial polluters to purchase emissions credits at market prices, faltered badly last year when the COVID-19 pandemic tanked the economy. That dramatically reduced the demand for credits; last spring the air board auction raised just $25 million, well below the $700 million usually generated. That deprived the state of millions of dollars used by the air board to implement many of its other climate change programs, the audit said.

"Although the auction has rebounded somewhat since then, proceeds remain below the historical average," the audit said. "This uncertainty, together
with the short time frame remaining before the 2030 date for achieving the state's (greenhouse gas) goals, increases the challenge."

At the same time, the audit said the air board has struggled mightily to control carbon emissions from cars and the rest of the transportation sector, the source of about 40% of all the carbon produced in California.

Although greenhouse gases from other sources have declined, tailpipe emissions have actually risen since 2013, the audit said, and the air board can't get a handle on how well its incentive programs are prompting Californians to shift to electric vehicles. Gov. Gavin Newsom last fall issued a directive aimed at phasing out sales of new gas- and diesel-powered cars.

"Without accurate information in the annual reports—which would make these reports a reliable emissions measurement tool—the Legislature's ability to make decisions about investments towards the State's (greenhouse gas) goals may be hampered," the audit said.

The air board's executive officer, Richard Corey, said the agency agrees with many of the auditor's findings and said it is working on reforms.

For example, the air board is developing systems to better track how well its vehicle incentive programs are working, Corey said in a written response to the audit.

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