



Our Children's Earth Foundation | 100 First Street, Suite 100-367, San Francisco, CA 94105

## NEWS RELEASE

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### **SO. CAL. TRADING PROGRAM MISMANGED, SUIT ALLEGES**

Argus Air Daily; Los Angeles, CA --- Two environmental groups filed suit on September 29 against the South Coast Air Quality Management District, claiming that improper administration of a district-run emissions trading program has led to illegal NOX releases.

According to the lawsuit, filed by Communities for a Better Environment (CBE) and Our Children's Earth Foundation (OCE), the South Coast Air Quality Management District (AQMD) "has repeatedly violated" the Clean Air Act and California's state implementation plan (SIP) by allowing facilities to emit NOX beyond what the district's Regional Clean Air Incentive Market (RECLAIM) program allows.

RECLAIM is a 10-year-old cap and trade program for NOX emissions under which 350 participating facilities are given an annual allocation of pollution credits. Each quarter, participating facilities must hold enough credits to offset their emissions up to that point in the year. In order to exceed the allocated pollution credits, the facilities must purchase RECLAIM Trading Credits (RTC).

But AQMD has largely ignored the quarterly requirements, the groups allege, only checking to see if a facility has adequate credits to cover its requirements at the end of the year. There are also bookkeeping problems, making it hard to determine whether companies are in compliance, the suit alleges.

As a result of the "mismanagement," AQMD has allowed the illegal release of at least 460 tons of NOX, according to the suit. "

The government is not administering the program properly," said Tiffany Schauer, OCE executive director.

The RECLAIM program could help the district, which has the smoggiest air in the country, reduce emissions of NOX if implemented properly, but right now "we're not seeing it work," Schauer said.

AQMD contends that the environmental groups are essentially asking them to "compound" the penalties against violators by citing them in consecutive quarters for a violation that may have taken place during a previous quarter, something not required by the Clean Air

Act. And the 460 tons of NOX the groups claim were illegally emitted have “no relationship to reality,” said AQMD spokesman Sam Atwood.

“The plaintiffs seem to have come up with a creative account scheme for RECLAIM which does reflect the real world,” Atwood said.

The groups filed suit in the US District Court for the Central District of California. The groups did not target participating companies in their suit because they consider the problems to be systemic ones that only AQMD can address, Schauer said.

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