



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

## NEWS RELEASE

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### **ENVIRONMENTAL GROUPS SUE SCAQMD FOR VIOLATING THE CLEAN AIR ACT; POLLUTION TRADING SCHEME UNDER ATTACK FOR CAUSING SMOG**

LOS ANGELES, CA --- Two environmental groups filed a lawsuit in federal court today against the South Coast Air Quality Management District (SCAQMD) for violating the federal Clean Air Act in the administration of the pollution trading scheme called RECLAIM. As a result of SCAQMD's mismanagement of RECLAIM, tons of smog-causing nitrogen oxides ("NOx") have been illegally released into Southern California's air.

The lawsuit by Our Children's Earth (OCE) and Communities for a Better Environment (CBE) alleges that SCAQMD's mismanagement of RECLAIM has allowed facilities to avoid federal Clean Air Act standards and release more smog causing chemicals. This mismanagement is partially responsible for SCAQMD's recent admission that smog in Southern California is getting worse and has reached its highest level in six years.

"The South Coast air basin is one of the dirtiest places in the country," said Tiffany Schauer, OCE Executive Director. "The Air District, which is supposed to be in charge of cleaning it up, is instead turning a blind eye on the problem and allowing big polluters to game the system."

Created by SCAQMD in 1993, the Regional Clean Air Incentive Market ("RECLAIM") is a "cap and trade" air pollution trading program designed to control emissions of nitrogen oxides ("NOx") in the greater Los Angeles area. NOx leads to the creation of ozone, the principal element of smog. Studies have shown that children playing sports in smoggy areas are three times more likely to develop asthma.

Under RECLAIM, each participating facility is given an annual allocation of pollution credits, called RECLAIM Trading Credits ("RTCs") which equals the maximum amount of pollution which they can release. Facilities must hold credits equal to their actual emissions. If a facility wants to pollute above their allocation, they must offset that excess by buying RTCs. Each quarter, RECLAIM participants must hold sufficient RTCs to cover the amount of NOx emitted by the participant up to that point in the year.

But the groups allege that SCAQMD has consistently failed to carry out the requirements of RECLAIM. Each quarter RECLAIM participants must hold enough RTCs to cover the amount of NOx emitted by them up to that point in the year. The District has often ignored a

participant's failure to have sufficient RTCs at the end of every quarter and has instead allowed a facility to be in compliance if the facility holds sufficient RTCs at the end of a compliance year to cover its emissions in that year. The District has also violated the record keeping requirements of the federal law - making it hard to determine if companies are in compliance.

This lax enforcement is striking given that the greater Los Angeles area is the smoggiest in the nation and ozone levels in are often twice the federal health standard. By the SCAQMD's own admission, many major sources in the South Coast air basin have maintained the same levels of pollution, and some have even increased their pollution since the creation of the RECLAIM program. In fact, the two largest NO<sub>x</sub> source categories, refineries and power plants, have actually increased their emissions over the past eight years.

"The RECLAIM program is not working and smog is getting worse," said Scott Kuhn, CBE Legal Director. "It is time to take action to enforce the law and stop smog from increasing."

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