



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

NEWS RELEASE

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT AGREES TO \$1 MILLION FUND TO CLEANUP AIR IN ENVIRONMENTAL JUSTICE COMMUNITIES

Los Angeles, California --- The South Coast Air Quality Management District (SCAQMD) agreed to establish a dedicated \$1,000,000.00 fund that will finance supplemental environmental projects to reduce emissions of nitrogen oxides ("NOx") and/or particulate matter in environmental justice communities in the Los Angeles area.

The settlement agreement between SCAQMD and two environmental groups, Our Children's Earth (OCE) and Communities for a Better Environment (CBE), resolves a lawsuit brought against SCAQMD in September 2003 alleging violations of the federal Clean Air Act in the administration of the pollution trading scheme called RECLAIM.

"This is a great victory for people living in the South Coast air basin," said Tiffany Schauer, OCE Executive Director. "But we must continue to be vigilant. These cap and trade programs that have been touted as quick fixes to clean the air must be closely watched so that polluters don't game the system."

SCAQMD also agreed to make information about each RECLAIM facility available to the public by posting the information on its website. The information will include the amount of RECLAIM trading credits ("RTCs") held by the facility; the amount of NOx emissions reported and certified by the facility for the quarter; the results of SCAQMD audits of facility emissions; and other information. The District also agreed to make sure each participant is complying with the law on a quarterly basis.

"This settlement provides funds to clean up the most polluted neighborhoods in Los Angeles and makes information publicly available to everyone concerned with air quality and smog," said Scott Kuhn, CBE Legal Director. "This is an important environmental justice victory," added Kuhn.

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, 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 NO_x emitted by the participant up to that point in the year.

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