



## **Carbon comes of age**

By Adam Markham

Appearances aside, Kyoto is a four letter word here in the United States – the treaty for which it stands either vilified as an economic downer or pilloried for not being strong enough.

Regardless of how we feel about it, this week, the Kyoto Protocol becomes international law, and 140 nations, including our allies and major trading partners, start the countdown for reductions in their greenhouse gas emissions in order to avoid the worst of what global warming has to offer.

To the degree that we shrug and walk away, we miss out on a major market opportunity that will change the way we value simple things and open an opportunity to rewire the planet into a cleaner, safer, cooler place. Because, as the foundation for a global market in carbon dioxide – the gas you – and your car and your home and your workplace – exhale, Kyoto has the promise to generate whole new economic sectors and make some serious money for forward-thinking investors.

Why?

Carbon dioxide is already being traded in the European Union. And as countries around the world begin to make real policy decisions designed to reduce the amount of carbon dioxide they emit in order to meet the limits of the treaty, carbon dioxide will be bought and sold like pork bellies or any other commodity, because some will have too much and some will have too little. Those corporations or governments with more than the treaty allows will have to buy credits, in tons of CO<sub>2</sub>, from those who produce less than what's allowed.

And although the United States will not be setting such policies, US companies doing business overseas will need to comply with the carbon standards of Kyoto signatories, like the European Union, Japan, Canada and Russia.

As the economic activity related to reducing carbon picks up worldwide, there will be pressure from US multinational corporations for this country to join the party. In fact, states like Connecticut, which submitted its climate action plan to the legislature Tuesday, ultimately have a lot to gain. With aggressive actions steps like renewable power purchases by state agencies and tax breaks for hybrid vehicle owners already in place, Connecticut is leading the way.

And communities like Stamford, New Haven, and Fairfield, corporations like UTC, and campuses like the members of the Connecticut Green Campus Initiative, which have taken early action to reduce their emissions, will find themselves in a position to benefit if they either meet carbon limits or are actually in a position to sell credits and increase their income in the process.

Here in the Northeast, states will propose a regional trading scheme later this year in order to support, among other things, a cap on CO<sub>2</sub> from power plants. In addition to providing a means for the cap to be met, this Regional Greenhouse Gas Initiative (RGGI) would be designed to reduce greenhouse gas emissions broadly and create a demand and funding stream for the development of renewable energy sources.

RGGI should provide a system where credits from the generation of renewable energy can be traded to offset CO<sub>2</sub> emissions. Because this will place a value on CO<sub>2</sub>-free energy production such as wind and solar power, it will provide funds to develop these sources beyond the revenues they receive from producing electricity. This, in turn, should attract investors for new renewable energy projects.

As the market develops, even credits resulting from energy-saving measures that result in carbon emission reductions will be able to be traded, promoting a host of community development and money-saving opportunities not just for businesses but also for school districts and municipalities.

In the not too distant future, individual homeowners may get money back from their electricity supplier because, by using less than a given amount of electricity, or by buying renewable energy, the homeowner is generating carbon credits that can be bought by a business or utility to help them meet their emissions targets.

And so it may go. We may save ourselves from the droughts and floods, heatwaves, pests, diseases and asthma attacks, that unchecked global warming would bring.

And if we do, it starts this week with the Kyoto Protocol. Not with the United States government, but perhaps with the United States people.

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