

Climate Change Prediction

Keep an Eye on California

by Bill Yanek

If you're concerned with climate change initiatives, then you'll want to keep an eye on California. California continues to press forward with a state level greenhouse gas (GHG) regulatory regime. The impetus for the California effort is Assembly Bill 32 (AB 32), the California Global Warming Solutions Act of 2006. Under AB 32, the California Air Resources Board (ARB) is required to adopt rules and regulations to achieve the maximum technologically feasible and cost-effective reductions of GHG emissions. The overall mandate is to achieve 1990 GHG emission levels by 2020.

MEETING THE GOALS

In September, the Glass Association of North America's (GANA) Flat Glass Manufacturing Division FGMD Climate Change Committee met with the ARB and submitted input on the ARB concept paper potential approaches.

GANAs policy positions on AB 32 implementation include:

- The flat glass industry, as a large energy consumer, is particularly vulnerable to AB 32 regulations;
- GANA's flat glass products benefit California through applications that reduce GHG emissions;
- Glass manufacturers are already meeting ARB's 2020 goals for GHG emission reductions;
- It is imperative that California GHG regulations align with federal and international efforts; and
- GANA supports a voluntary GHG regulatory approach that maximizes the use of flexible compliance mechanisms.

The flat glass manufacturing industry is particularly vulnerable to the full impact of GHG regulation. Since the

1970s, the flat glass industry has reduced energy consumption by more than 50 percent on a per ton basis of production. Further reductions will require radical new technology for the construction of glass manufacturing furnaces, which is not currently on the horizon. The competition in energy-intensive manufacturing is global in nature making it difficult for flat glass manufacturers to pass the increased cost of energy downstream to customers. Due to cheaper energy costs and less stringent environmental requirements in countries such as Brazil, China and India, flat glass imports into California are at historic levels.

The life cycle of products containing flat glass have significant benefits to California through GHG reductions. For example, flat glass is essential to solar energy applications such as photovoltaics for grid tie electrical generation, water heating for residential and commercial applications, thermal concentrators for on-grid electrical generation, daylighting and passive solar design applications.

ARB is proposing several possible approaches to implement AB 32. These possible approaches include: a voluntary program, financial incentive programs, market-based programs and direct regulation.

Flat glass manufacturers are already meeting ARB's 2020 goals for GHG emission reductions and thus GANA believes that a true voluntary program would be a preferred approach. If a true voluntary approach is not employed, financial incentive programs that could lessen the potential harmful impacts of GHG regulation would be necessary.

MARKET-BASED PROGRAMS VS. DIRECT REGULATION

GANA supports a market-based approach rather than direct regulation. A market-based approach would allow manufacturers to meet reduction objectives without having direct command and control technological restrictions. To date such a market-based approach in Europe has yet to produce significant GHG reductions. Also, with Congress considering a similar approach, California should take into consideration aligning its regulatory efforts with federal and already established international efforts. Direct regulation of GHG emissions (i.e., command and control limits on the glass industry) is the least preferable approach to regulate GHG emissions.

While GANA supports a voluntary GHG regulatory approach that maximizes the use of flexible compliance mechanisms, the most likely scenario will be a California "cap-and-trade" (market-based) approach. A California cap-and-trade regime would be aligned with the Western Climate Initiative (WCI), of which California is a member. The WCI, launched in February 2007, is a collaboration of seven U.S. governors and four Canadian premiers.

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