



Illinois Climate Action Network

Illinois CAN

Support HB 3668: The Greenhouse Gas Cap and Invest Program *Generate \$800 million to \$4 billion per year in Illinois to help build a clean energy economy.*

HOW DOES CAP AND INVEST WORK?

Also known as “cap and trade,” this approach creates a cap on greenhouse gas (GHG) emissions from large sources like power plants, oil and natural gas distribution centers, and refineries that is gradually reduced over time. Tradable emissions “allowances” are auctioned by the state. Capped sources must submit allowances equivalent to their emissions at the end of each compliance period, and the capped sources choose the best mix of reducing emissions or buying allowances for their situation.

Proceeds from the auction are invested in technologies and projects to reduce GHGs, mitigate potential transition costs, and adapt to climate change impacts. As a market-based program, it allows for the most cost-effective emissions reduction options to be implemented. By putting a price on global warming pollution, it encourages investments in new low-carbon technologies.

10 STATES HAVE A REGIONAL CAP AND INVEST PROGRAM; 12 PLAN FOR 2012

A regional cap and trade program went into effect January 1, 2009, for 10 Northeastern states (Regional Greenhouse Gas Initiative), the first effort of its kind in the United States. The first allowance auctions held last year generated millions of dollars. Seven Western states have adopted a plan to implement a program in 2012 (Western Climate Initiative). The Midwestern Greenhouse Gas Reduction Accord includes Illinois and five other states that envision a market-based GHG cap program starting in 2012.

WHY IMPLEMENT A CAP AND INVEST PROGRAM IN ILLINOIS AND MIDWEST?

- **The costs of inaction are high.** Illinois can expect more extreme heat and more frequent rains, flooding and droughts if global warming is unabated. Rising sea levels could displace hundreds of millions of people around the globe, creating widespread civil and economic disruption.
- **It’s good for the economy.** An analysis of 24 strategies recommended by the Illinois Climate Change Advisory Group, including cap and invest, found positive impacts on jobs and economic output.
- **It may be years before the federal government acts.** Most everyone agrees a federal cap and invest program is preferable to state and regional programs. Yet, despite President Obama’s support, a federal program may be years away while the “tipping point” to avoid devastating climate change impacts is approaching faster than previously anticipated.
- **Support the President’s cap and invest plan.** For many years states have acted ahead of the federal government to tackle environmental problems in ways that serve as models for federal policy. There’s no better way to advance the President’s cap and invest proposal than by creating a program in Illinois modeled after his. Illinois can merge with the federal program once it is adopted.
- **Create a substantial new source of revenue to invest in the “green tech” revolution.** Millions of “green jobs” are expected to be created from the next generation of industries that produce and sell alternative fuels, export renewable energy, design high-tech energy efficiency solutions, and sell carbon emission reduction credits. This program provides the funds needed to jump start Illinois’ green tech sectors.