



Climate Change and Clean Technology Blog

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California Governor Signs S.B. 827 into Law; South Coast Air Quality Management District Now Permitted to Continue Emissions Trading Program

In 2008, a superior court judge placed a moratorium on certain aspects of the emissions trading program administered by the South Coast Air Quality Management District ("District"), instructing the District to complete an environmental impact report regarding its 2007 amendments to [District Rule 1315](#) and [District Rule 1309.1](#). See [*Natural Resources Defense Council v. South Coast Air Quality Management District*](#), Case No. BS110792 (C.D. Cal., Nov. 3, 2008). Rule 1315 sets forth procedures for tracking emissions credits, while Rule 1309.1 establishes a priority reserve to more easily provide credits to certain preferred sources. Perhaps unexpectedly, the decision with respect to Rule 1309.1 had a large impact on small businesses and public services which have not been permitted to expand because the District has been unable to issue any emissions credits to these entities.

In response, the legislature and governor acted together to permit the District to issue emissions credits under the program to certain specified entities without conducting the environmental review required by the court. [Senate Bill 827](#), introduced by Senator Wright in March 2007, was passed by the legislature on September 12, 2009, signed into law by Governor Schwarzenegger on October 11, 2009, and will go into effect in January 2010.

The bill will permit the District to issue permits under [District Rule 1304](#) and [District Rule 1309.1](#), which cover small businesses and entities providing "essential public services," such as prisons, police facilities, sewage treatment plants, hospitals, landfills, and public transit. In addition, the District is now permitted to use in its program any emission credits that have resulted from emissions reductions and facility shutdowns from minor sources since 1990. The bill has an automatic repeal date of May 1, 2012 and has no effect on the court's decision regarding Rule 1315.

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