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Independent Emissions Market Advisory Committee  
(IEMAC)

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*Submitted via electronic mail to [iemac@calepa.ca.gov](mailto:iemac@calepa.ca.gov)*

**Re: 2024 IEMAC Annual Report**

To the members of the committee:

Thank you for the opportunity for our organization to provide comment on the 2024 Independent Emissions Market Advisory Committee (IEMAC) Annual Report (Report)<sup>1</sup>. Our organization Biofuelwatch<sup>2</sup> works internationally in protecting forests, native ecosystems and human rights from the excesses of extractive industry. We specialize in supporting communities in strengthening their engagement in decision making processes and in addressing the environmental and human rights harms from industrial bioenergy, and from other land-based climate mitigation approaches. This has inevitably led us to work on a variety of carbon markets issues in many different jurisdictions, and in private voluntary market spaces as well.

This is not the first time that our organization has engaged on policy development specific to the Western Climate Initiative, Inc. (WCI) and/or the California markets-based compliance mechanism (cap-and-trade). From experience we know that these California policy spaces are some of the most arcane and complex environmental governance frameworks in existence. In that context it is important to recognize at the beginning of this letter that there is a great deal of very valuable and practical information in the Report about the mechanics of the California cap-and-trade program that helps inform effective civil society involvement in these technocratic and difficult to access decision making processes.

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<sup>1</sup> <https://calepa.ca.gov/2024-iemac-annual-report/>

<sup>2</sup> <https://www.biofuelwatch.org.uk/>

However, the purpose of this letter is not to serve up platitudes to the committee members; as much as the expertise of the committee members is recognized by our organization, there are other ideological dynamics at play that infuse the Report with the same flawed science and erroneous assumptions that have been embedded in California's markets-based approaches to (ostensibly) addressing climate change since their inception. The Report offers useful information, and even hypothesizes remarkably profound reform to the market mechanism, but the core underlying assumptions justifying carbon markets are never questioned. Perhaps, though, that is asking for too much from the committee. For the sake of simplicity, we offer feedback and insights on the Report according to a few high-level themes.

### ***Affordability Implications of Cap-and-Trade<sup>3</sup>***

The affordability and cost implications of the carbon market are addressed in a number of informative chapters. However, there is a glaring unspoken dynamic in the Report orbiting the myth of carbon pricing as an effective means to address climate change. In California, after all these years of grassroots demands for carbon pricing reform, if not abolition, the climate mitigation effectiveness of carbon pricing should be subject to profound scrutiny. Instead, the assumption that carbon pricing works to avoid catastrophic climate change takes on a mythical quality in the state, even as the data and science show that overshoot, which is not an option, is on the horizon, and that the market (i.e. carbon pricing) is not achieving the necessary results.

Never is the dubious efficacy of carbon pricing as a climate mitigation tool raised as a concern. That carbon pricing is inadequate to get needed results is never discussed.

However, the simple fact that the question of affordability is being raised in the Report is a demonstration of one of the busted myths of carbon pricing as an effective climate mitigation mechanism: that the polluter pays.

By many estimates cap-and-trade has resulted in a perversion of the 'polluter pays' principle, as evidenced by the growing discussion of the 'affordability' of the carbon market for the regular consumer. In cap-and-trade the carbon pricing scheme has simply been turned into a business cost for polluters. And a fundamental rule of economics is that when costs increase, they get passed on to consumers.<sup>4</sup>

The report, for all the practical information about the California carbon market, and the expressed concerns about the affordability of the mechanism, fails to look in depth at the implications of carbon pricing having simply become a business cost.

Another feature of carbon pricing as it manifests in the California cap-and-trade program, a feature that exposes another failure of the market, is that the existing carbon price never reflects the actual cost of extraction, processing and burning of fossil fuels. The pricing is

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<sup>3</sup> <https://calepa.ca.gov/wp-content/uploads/sites/6/2025/01/Chapter-1-Assessing-the-Affordability-Implications-of-Californias-GHG-Cap-and-Trade-Program.pdf>

<sup>4</sup> <https://www.somo.nl/myth-carbon-pricing/>

relegated to creating a carbon molecule commodity that can be traded; the price has nothing to do with the reality of the cost of the pollution.

None of these critical doubts about carbon pricing are broached in the Report, neither to admit they exist much less attempt to refute them. Setting in motion an echo chamber dynamic in which the committee is ideologically beholden to the myths of carbon pricing, the Report declines to question the free market paradigm upon which the construct of the carbon commodity is erected. Never mind that the politics, the science and the data suggest that, at this juncture, a longer look by pollution trading proponents in the magic free market mirror is seriously warranted.

Again, this kind of self-reflection is likely outside of the handrails of this committee, at least in the form it is currently constituted.

***Carbon Management<sup>5</sup>: Speculative Technologies to Extend the Life of the Fossil Fuel and Bioenergy Industries Have No Place in Cap-and-Trade***

By far one of the most worrisome developments over the last several years of IEMAC deliberations has been the increasing promotion of the integration of carbon capture technologies into the cap-and-trade program, including the promotion of ‘Carbon Capture and Sequestration’ (CCS) and even more speculative ‘Carbon Dioxide Removal’ (CDR) technologies as future elements of the carbon market.

Our organization has engaged repeatedly before the California state legislature and regulatory agencies such as the California Air Resources Board raising the alarm about the predictable social and environmental harms that would be associated with the siting and operating of CDR technologies such as Bioenergy with Carbon Capture and Sequestration (BECCS) or Direct Air Capture (DAC). Biofuelwatch has also engaged repeatedly on policy development regarding the integration of carbon capture and CDR technologies into the European Union (EU) policy framework, including the European Union Emissions Trading System (EU-ETS). These matters have been the cause of great controversy in Europe; note the letter that Biofuelwatch signed that was published on the “Real Solutions – Not ‘Net Zero’” website<sup>6</sup> titled “Civil Society Blows the Whistle on the EU’s Reckless, Unscientific, Lobbyist Lead CCS Plans.”<sup>7</sup>

Though Chapter 6 makes reference to the way the European Union has considered integrating CCS into the policy framework, there is no mention made at all about the political controversy arising from the fossil fuel industry making efforts to include CCS and CDR in EU climate policy.

To be clear, these are among the concerns that civil society stakeholders, including our organization Biofuelwatch, have communicated to EU policy makers:

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<sup>5</sup> <https://calepa.ca.gov/wp-content/uploads/sites/6/2025/01/Chapter-6-Carbon-Management-in-Californias-Cap-and-Trade-Program.pdf>

<sup>6</sup> <https://www.realsolutions-not-netzero.org/>

<sup>7</sup> <https://real-solutions.squarespace.com/eu-must-reject-ccs>

- Carbon capture technologies have been used to justify new and prolonged fossil fuel production.
- Carbon capture risks being used to greenwash the image of fossil fuel-intensive industrial sectors, for example in the production of plastics and fertilizers.
- Carbon capture technologies can be used to 'hide' the emissions from hydrogen and bioenergy production so they can be falsely labeled low-carbon fuels.
- Carbon capture can help the fossil fuel industry maintain business as usual.

The attempt to leverage EU policy developments to suggest that California emulate those decisions without making any reference to the controversy surrounding those matters is a dubious tactic. Globally, as in California, carbon capture technologies are seen as being contrary to the pursuit of climate justice.

Carbon management in the form of dubious offsets is already a problem of scandalous proportions in the cap-and-trade program. The market needs fewer loopholes that polluters can manipulate to continue spewing pollution into the atmosphere, not more. Speculative carbon management technologies that will only extend the lives of the fossil fuel and bioenergy sectors have no place in the California carbon market.

### ***Carbon Offsets Undermine Real Innovation and Are Making Things Worse***

It is unfortunate that in this era of egregious climate science denial that so many environmental, climate and energy transition professionals remain hypnotized by the scientifically dubious utilization of carbon offsetting as a climate change mitigation tool.

The ongoing reliance on and proposed use of carbon offsets in various elements of California climate policy, including but not limited to cap-and-trade, is without scientific legitimacy and is dangerously misleading. Informed analysis concludes that offsetting is worse than doing nothing because it almost certainly contributes to a net increase in the absolute rate of global emissions growth. It may look good on paper, but in the atmosphere such Enron accounting is not convincing as it is a spurious argument that offsets reduce emissions to levels at or before those that would have transpired had the activity being offset not occurred.

A central problem with carbon offsetting is that the false promise of carbon neutrality triggers a rebound away from meaningful mitigation and towards the ongoing reliance on and development of further high carbon infrastructures, such as CCS and CDR, at a time when a rapid and drastic transition needs to be undertaken by human society away from a high carbon economy. When offsetting is deemed to have equivalence with real emissions reductions at the source the incentive to move to lower carbon technologies, behaviors and practices is reduced accordingly. As we have already seen on repeated occasions, in California and elsewhere, carbon offsetting militates against market signals to improve low carbon travel and technologies, while politically facilitating the ongoing pursuit of capital-intensive development of high-carbon infrastructure. Our organization, based on our experience around the world, recommends that California make a strong move away from the False Solution of relying on

carbon offsetting in climate policy, whether it be for local development projects or with the market-based mechanism of the California Cap-and-Trade Program.

The Report offers some critical insight on the problems with carbon offsetting that we certainly hope legislators will recognize as an alarm that the time has passed for deprioritizing carbon offsetting in the cap-and-trade program. In practical terms, the moment has arrived to make a plan to sunset offsets and for California to demonstrate real and courageous climate leadership.

### ***World's Climate Fight Needs Fundamental Reform***

In a recent interview in The Guardian<sup>8</sup>, the United Nations (UN) Special Rapporteur on Climate Change, Elisa Morgera, highlighted how false narratives and tech fixes are diverting attention from real equitable solutions.

Special rapporteurs are human rights experts appointed by the UN to investigate, report on and advise on specific themes or geographies.

At the most recent Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) Ms Morgera and an UN expert on foreign debt issued a strong statement condemning the decision at the opening of the COP to fast-track and prioritize carbon markets over other, more effective climate solutions, and without transparency or proper consideration of the negative human rights impacts.

Ms Morgera is quoted in the interview as saying that “after 30 years, evidence that carbon markets are contributing to mitigation or helping mobilize finance is just not there.”

This is not the opinion of rag tag low bagger climate justice advocates; Ms Morgera is a professor of global environmental law at the University of Strathclyde in Glasgow, Scotland.

### ***Conclusion***

The Report is informative and provides a plethora of practical details for understanding the mechanics of the carbon market. Unfortunately, ideological assumptions undermine the final product, and the lack of critical assessment reduces the transformative potential of the IEMAC. Our organization appreciates the labor invested by the committee members, even as we continue to have serious concerns about apparent conflicts of interest influencing the committee output. Thank you for your attention to this brief comment letter.

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<sup>8</sup> <https://www.theguardian.com/environment/ng-interactive/2025/jan/07/climate-change-reform-elisa-morgera>