



## Challenges to National Policy: Who Will Be in Charge of Carbon Trading?

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### Topic

The introduction of proposed cap and trade regulation has been premised on the addition of CO<sub>2</sub> costs to the decision-making processes of emitters, so that improved control and innovation will result. This is under scrutiny in the EU and the US. New models are likely to emerge by 2009 built around cap & trade modified, cap & dividends, technology and R&D, and carbon fees.

The “cap and trade” methodology embraces use of existing commercial tools, and is expected to be implemented through a network of commercial and financial trading transactions. For it to succeed politically and in the marketplace, it is important that the regulation of its operations be transparent and legally comprehensible to lawyers for execution, implementation and enforcement purposes.

The commercial and regulatory issues are made more complex by several emerging developments: new oversight institutions have been proposed with regulatory roles in the cap & trade arena and new environmental regulatory roles for existing agencies i.e. EPA, FERC; existing institutions with jurisdiction over aspects of commodities, securities, energy trading, and finance have yet to weigh-in i.e. SEC, CFTC, Federal Reserve and Treasury; current national financial and lending difficulties may lead to new financial regulatory mechanisms relating to carbon trade, either domestically or in connection with international trade. Permeating all of these developments is a concern that there not be unintended consequences of the new regulatory regime, as experienced under electric deregulation (e.g. “Enron”), the specter of concurrent jurisdiction among federal agencies and departments and overlapping jurisdiction with the states.

Other Federal agencies as well as Congressional and state regulatory bodies are reviewing the issue, holding hearings, and suggesting actions focused on the provision of consumer protection, transparency and adequacy of disclosure, and enforcement protections. Options may broaden to include carbon fees, innovative R&D and renewable portfolio standards.

To analyze these emerging regulatory issues systematically, and provide a foundation for guidance as to the implications of both the shaping of GHG regulation and the sorting out of other commercial responsibilities and their impacts on renewables, this October Webinar scoped matters through three basic perspectives: provision of overall regulatory /legislative policy with respect to national cap and trade; administration of regulatory enforcement; and practical operation of trading operations from a commercial standpoint.

### Moderated by

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**For more information**

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