

SACRAMENTO

Proposed air board leader pleases Dems Governor's nominee advocates need for clean air regulations

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(07-18) 04:00 PDT Sacramento -- Mary Nichols, Gov. Arnold

Schwarzenegger's pick to lead the state air board in its fight against global warming, earned the favor of Democratic leaders in the state Legislature on Tuesday when she said her agency's priority is to set new regulations.

The Republican governor and Democratic legislators have been at odds over how to meet the goals of a landmark legislation to cut greenhouse gases by 25 percent by 2020, which could change what Californians drive and force businesses to retrofit operations to become greener.

Nichols said plans such as the governor's preferred idea of allowing high-polluting businesses to pay low-polluting firms should come "only after we have laid out the program, with regulations."

In an interview with reporters after her nearly two-hour hearing before the state Senate Rules committee, she said:

"Regulations are the fundamental basis for implementing AB32, and there won't be any possibility of a successful market without a regulatory framework and basis to work from."

Schwarzenegger has favored the creation of market-based systems such as "cap and trade," which allows high-polluting businesses to pay low-polluting companies for their emissions credits. Democratic lawmakers, meanwhile, have argued that the global warming legislation primarily requires regulations to cut

emissions before considering any market systems.

That difference in opinion is also being played out in negotiations over the \$140 billion state budget for the current fiscal year. The governor has proposed adding 24 jobs to the air board to look at programs such as cap and trade, but the Legislature's budget plan assigns all but two of the jobs to focus on regulations. The rift between Democratic legislators and Schwarzenegger really boiled over when the governor fired chairman Robert Sawyer 21/2 weeks ago for apparently trying to enact more rules than what the administration had approved. The firing was followed by the resignation of the agency's executive officer.

On Tuesday, Nichols' comments before the state Senate Rules committee, which has a year to confirm her appointment, seemed to side more with Democratic lawmakers than the administration.

Nichols said that while systems such as cap and trade could cut emissions faster than regulations, "there is no point in talking about it" until there is assurances that that is possible.

Aaron McLear, a spokesman for the governor, said that Nichols' comments are not inconsistent with the governor's position. "The governor has said all along that you need to have both regulations and market-based systems," he said.

Nichols also was critical of the governor's budget proposal to add 24 jobs specifically for developing market systems.

"That was a mistake on the part of the administration, I think, to have identified positions as being for markets versus regulation," she said, adding that the more prudent approach is for the agency's staff to study each economic sector separately on how to cut emissions.

McLear said the governor's office agrees with Nichols and is "working with the Legislature to try to change" the administration's position.

Nichols assured Senate President Pro Tem Don Perata, D-Oakland, and four other senators on the Rules Committee that her mandate from Schwarzenegger is to "speed up, not slow down" in finding ways to cut carbon dioxide emissions.

Those answers seemed to satisfy Democratic legislative leaders on Tuesday.

"I'm well satisfied with your appointment," Perata said by the end of the hearing. His committee has a year to confirm her appointment.

Assembly Speaker Fabian Núñez, D-Los Angeles, who co-wrote AB32, was more enthusiastic.

"It makes me very, very happy, and I think that as long as the administration doesn't try to micromanage her, Mary Nichols will do a superb job to make sure that AB32 is implemented fully," said Núñez, who held a legislative oversight hearing on implementation of the law shortly after the departures of the air board's top two officials.

Although he had hinted that he may want to have additional hearings, Núñez said Tuesday his mind has changed.

"I think we need to move forward, and I don't think we need another hearing," he said.

Bill Magavern, a lobbyist for the Sierra Club, said he believes Nichols' testimony to look at more regulations is a "sweet reversal for environmentalists given that in June we asked the air board" to implement more rules early.

"She made it clear that she wants to clean up our air quicker and reduce greenhouse gases as much as possible," Magavern said.

A chief lobbyist for an industry group said that while her association continues to favor systems such as cap and trade, the group may be open to regulatory ideas.

"We're perfectly happy to go along with a regulatory framework ... as long as it's least cost, technologically feasible, rational and scientifically based," said Dorothy Rothrock, a chief lobbyist for the California Manufacturers and Technology

Association.

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