

SUPREME COURT LIMITS AIR POLLUTION CROSSING STATE LINES

U.S. Supreme Court rules that states must limit pollution that wafts into neighboring states

On Tuesday, the U.S. Supreme Court voted 6-2 to uphold rules that [limit power plant](#) pollution that blows across state lines. The court endorsed a federal ruling that Midwestern and Appalachian states must limit pollution from power plant smoke stacks before it wafts downwind into neighboring states. Currently, the Clean Air Act requires states to avoid “significantly” polluting their downwind neighbors. In 2012 polluting states fought back after being required to reduce emissions “by

the cheapest method possible,” complaining that the rule put unfair burden on them. In this week’s ruling, the [court deferred](#) to the EPA’s expertise to determine if a state’s plan is adequate. A senior counsel to the Clean Air Task Force noted that the court also recognized the flexibility the EPA has when implementing different aspects of the [wide-ranging law](#). “This could mean that future court decisions will allow the EPA some measure of flexibility in implementing sections of the Clean Air Act involving very complex issues, as long as EPA is interpreting the statute in a reasonable and equitable manner,” he said.

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QUOTE OF THE WEEK

“Climate change is not the biggest challenge of our time, it’s the biggest challenge of all time”

-Sir David King, UK chief scientist and current Foreign Office adviser on climate change

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US & CHINA CARBON EMISSIONS NEGOTIATIONS ENTER POSITIVE NEW PHASE

The two superpowers renew climate talks on respective carbon cutting goals

The most recent [phase of talks](#) between the US and China regarding carbon emissions is being referred to as the most promising development in two decades of international climate talks, by some insiders. The two countries’ combined emissions account for nearly half of the global emissions, yet there hasn’t been significant

coordination until recently. China increased its focus on combatting emissions, waging a “war on pollution” as we reported on in [Edition 32](#). The country has committed to combatting taking action on air pollution and climate change at the same time. China and the US have a long-running disagreement over the extent to which China should be required to certain similar emissions targets as advanced industrial nations, an obstacle in previous climate negotiations.

NOT ALL COMPANIES ARE ALARMED BY THE IDEA OF STRANDED CARBON ASSETS

Despite recent reports highlighting risk of stranded carbon assets, several coal, oil, and gas companies are expanding fossil fuel holdings

BHP Billiton and AGL Energy are expanding fossil fuel holdings despite some discussion on requiring companies to report on carbon stranded asset risk. The Carbon Underground's list of the largest public fossil fuel companies found that from 2010 to 2013 the top 200 fossil fuel companies increased [potential total greenhouse gas emissions](#) from proven reserves by 8.4 percent. BHP Billiton is holding 13.47 gigatonnes of potential carbon dioxide reports Carbon Underground. Coal companies high on the list include Adani, Coal India and Shenhua Group. The report—which highlights the potential of stranded assets and the

existence of a carbon bubble—is timely given the release of a new broker report from Kepler Cheuvreux finding that fossil fuel firms face the potential of [\\$28tn in revenue losses](#) over 20 years. The report coincides with [BlackRock's announcement](#) it would partner with FTSE to help investors avoid fossil-fuel companies.

This is driving an intense discussion about carbon asset pricing. The Climate Disclosure Standards Board (CDSB) is developing a proposal that would require companies to report on carbon stranded asset risk as part of the group's climate reporting framework. The London-based CDSB hopes that its [proposed amendments](#) will "encourage companies to account for and report in a way that enables investors and other users of mainstream corporate reports to identify, assess and respond to CASRs [Carbon Asset Stranding Risks]."

STAT OF THE WEEK

Thirteen percent of China's 224 million vehicles were deemed "high emissions vehicles" as of 2012, but they accounted for more than half of carbon monoxide emissions.

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