Hay Market Reports

Compiled by USDA Market News Service • St. Joseph, Mo.-Portland

Orchard Grass Small Square

Alfalfa/Orchard Mix Small Squa

Timothy Grass Large Square

Mixed Grass Small Square

Grass Mix-Five Way

EASTERN OREGON

Alfalfa Large Square

Small Square

Small Square

HARNEY COUNTY

KLAMATH BASIN

Small Square

LAKE COUNTY

Small Square

Alfalfa Large Squar

This week FOB

14.075

Alfalfa

Alfalfa/Orchard Mix

REGION 2: SACRAMENTO VALLEY

Alfalfa/Grass Mix

Wheat Hay

Last year

Alfalfa Large Square

Orchard Grass Small Square

Timothy Grass Small Square

Alfalfa Large Square

Premium

Premium

Supreme

Premium

Premium

Premium

Supreme

Premium

Good/Prem.

Premium

Supreme

Good Good/Prem.

Good

CALIFORNIA HAY

Moses Lake, Wash

July 8

13,460

erate. Exporters remain active at current market levels. Dairymen

are buying supplies needed in the short term and being very selec-

Includes the counties of Siskiyou, Modoc, Shasta, Lassen, and

Supreme

Good

Good

Includes the counties of Tehama, Glenn, Butte, Colusa, Sutter

Yuba, Sierra, Nevada, Placer, Yolo, El Dorado, Solano, Sacramento

Premium

Premium

Fair/Good

Prem/Sup.

25

1300

450

100

200

1000 \$100

REGION 1: NORTHERN INTERMOLINTAIN

Compared to July 1: All classes traded steady. Demand mod-

Fair

Good

\$165

\$160

\$165

\$160

\$150

\$140

\$175

\$100

\$160

\$280

\$225

\$225

\$170

\$180

Last year

16,953

\$310

\$190

\$170

\$105

\$100

Sudar

30

200

200

15

700

300

750

585

90

500

75

24

Good/Prem.

Hay prices are dollars per ton or dollars per bale when sold to retail outlets. Basis is current delivery FOB barn or stack, or delivered

Grade guidelines used in this report have the following relationship to Relative Feed Value (RFV), Acid Detergent Fiber (ADF) TDN (Total Digestible Nutrients), or Crude Protein (CP) test num-

Grade ADF Supreme Premium 170-185 27-29 54.5-55.9 20-22 Good 150-170 29-32 52.5-54.5 18-20 130-150 32-35 50.5-52.5 16-18 Utility <130 36+ <50.5 <16 WASHINGTON-OREGON HAY (USDA Market News)

Moses Lake, Wash. July 8 Last year This week FOB Last week 10,500 24,620 4,900 Compared to July 1: All grades of export and domestic Alfalfa steady. Trade active this week with good demand even though some dairies have reported cutting hay consumption in their ration by two-thirds. Bluegrass straw is being sold for no value as long as the buyers bale it and haul it off the fields. Retail/Feedstore steady in a light test. Demand remains good

in a light test. Demand remains g	oou.	Tons	Price
Alfalfa Mid Square	Premium	1500	\$155
·	Good/Prem.	1200	\$135
	Fair/Good	2500	\$125
		1000	\$80
	Utility/Fair	4900	\$115
Alfalfa Small Square	Premium	500	\$185
		140	\$220-250
	Good/Prem.	30	\$165
	Fair/Good	500	\$100
Orchard Grass Small Square	Premium	100	\$220-230
Timothy Grass Mid Square	Premium	1000	\$190
	Good/Prem.	2000	\$150
		2000	\$130
Oat Mid Square	Good	250	\$80
OREGON AREA HAY			
(USDA Market News)			
Portland, Ore.			
July 8			

3,957 5,212 25,301 Compared to July 1: Prices trended generally steady compared to week ago prices. Many hay producers are selling their first cutting hav, and working on second cutting resulting in higher volumes of

Last week

This week FOB

hay moving.			
		Tons	Price
CROOK, DESCHUTES, JEFF	ERSON, WASC	O COUN	TIES
Alfalfa Large Square	Premium	250	\$150
	Fair	500	\$115
Small Square	Premium	150	\$195-210
Alfalfa/Orchard Mix Small			
Square	Premium	10	\$245

50	\$235		Fair	1000	\$90
95	\$210-215		Utility/Fair	250	\$90-95
25	\$200	Forage Mix-Two Way	Good	200	\$130
		Forage Mix-Three Way	Fair	75	\$65
15	\$230	REGION 3: NORTHERN SAN J	IOAQUIN VALI	LEY	
		Includes the counties of San	Joaquin, Calav	veras, Sta	anislaus, 1
25	\$150	olumne, Mono, Merced and Mai	riposa.		
0.4	#200	A I C - I C -	C	475	£400

Alfalfa Supreme 400 170 75 \$160 225 \$98 Good/Prem 825 \$130 Good

1000 \$130 Good 50 \$65 Forage Mix-Two Way 200 \$160 Good REGION 4: CENTRAL SAN JOAQUIN VALLEY Includes the counties of Madera, Fresno, Kings, Tulare, and Inyo

\$200 REGION 5: SOUTHERN CALIFORNIA ern San Bernardino.

Alfalfa Good/Prem. 475 \$180 REGION 6: SOUTHEAST CALIFORNIA Includes the counties of Eastern San Bernardino, Riverside, and

Alfalfa \$140 750 \$145 Good/Prem Fair/Good 400 \$135 600 \$100 Fair Utility/Fair

Good

300

\$135

IDAHO HAY (USDA Market News) Moses Lake, Wash. July 8

This week FOB Last week Last year 20,500 5,500 Compared to July 1: All grades of Alfalfa steady for higher testing dairy hay. Trade active this week with good demand. Most first cutting Supreme testing Alfalfa has pretty much been spoken for trade

sources report. California hay buyers are looking for high potassium testing Alfalfa. Retail/feed store/horse not tested this week Tons Price

Alfalfa Mid Square	Supreme	6500	\$135-155
	Prem/Sup.	3500	\$140
	Premium	900	\$120
	Good/Prem.	1000	\$170
	Good	900	\$110-125
Timothy Grass Mid Square	Good/Prem.	5200	\$140-150
	Fair/Good	1000	\$105
Mixed Grass Mid Square	Good	1500	\$80

Grain Market Reports

Compiled by USDA Market News Service • Portland

Grains are stated in dollars per bushel or hundredweight (cwt.) except feed grains traded in dollars per ton. National grain report bids are for rail delivery unless truck indicated

CALIFORNIA GRAINS (USDA Market News) July 7

Prices in dollars per cwt., bulk Inc.= including; Nom.= nominal; Ltd.= limited; Ind.= indicated; NYE=Not fully estimated

Mode Destination BARLEY – U.S. No. 2 (46-lbs. per bushel)	Price per
	NA
Rail Los Angeles	NA
Stockton-Modesto-Oakdale-Turlock	NA
Kings-Tulare-Fresno Counties	\$8.65
Truck Petaluma-Santa Rosa	NA
CORN-U.S. No. 2 Yellow	
FOB Turlock-Tulare	\$8.07
Kings-Tulare-Fresno	\$6.95
Rail Single Car Units via BNSF	
Chino Valley-Los Angeles	\$8.33
Truck Petaluma-Santa Rosa	NA
Stockton-Modesto-Oakdale-Turlock	\$8.37
Kings-Tulare-Fresno Counties	\$8.37
Glenn County	NA
SORGHUM-U.S. No. 2 Yellow	
Rail Los Angeles-Chino Valley	
via BNSF Single	\$8.14
Truck Modesto-Oakdale-Turlock	NA
OATS-U.S. No. 1 White	
Truck Petaluma	NA
Rail Petaluma	NA
WHEAT-U.S. No. 2 or better-Hard Red Winter	
(Domestic Values for Flour Milling)	
Los Angeles 12 percent Protein	NA
Truck/Rail Los Angeles 11-12 percent Protein	
	NA
	NA
WHEAT-U.S. Durum Wheat	

Kings-Tulare-Fresno Counties WHEAT-Any Class for Feed FOB NA Tulare Kings-Tulare-Fresno Counties \$8-8.05 Truck/Rail Los Angeles-Chino Valley NA Petaluma-Santa Rosa Prices paid to California farmers, seven-day reporting period ending July 7: No new sales confirmed

PORTLAND GRAIN (USDA Market News) Portland

July 7 PACIFIC NORTHWEST MARKET SUMMARY Cash wheat bids for July delivery ended the reporting week on

Thursday, July 7, were lower compared to June 30 noon bids for September wheat futures ended the reporting week on Thursday, July 7, lower as follows compared to June 30 closes: Chicago wheat

futures were 20 cents lower at \$4.2550, Kansas City wheat futures were 10.25 cents lower at \$4.1225 and Minneapolis wheat futures trended 12.25 cents lower at \$4.9575. Chicago September corn fu tures trended 23.75 cents lower at \$3.4175 and August soybean futures closed 123.75 cents lower at \$10.5050. Bids for U.S. 1 Soft White Wheat delivered to Portland in unit

trains or barges during July for ordinary protein trended 15.50 to 17 $\,$ cents per bushel lower compared to week ago prices for the same delivery period at \$4.75-5.03. Some exporters were not issuing bids for nearby delivery. White club wheat premiums were zero cents per bushel this week compared to no white club wheat premiums for last week. One year ago bids for U.S. 1 Soft White Wheat any protein for July delivery by unit trains and barges to Portland were not available and bids for White Club Wheat were also not available. Forward August New Crop \$4.75-5.03 and September \$4.80-5.08. One year ago, forward month bids for soft white wheat for any protein were as follows: August New Crop and September \$6.4925-6.8525, October and November \$6.4875-6.8275.

Bids for U.S. 1 Soft White Wheat guaranteed maximum 10.5 percent protein during July trended 15.50 to 19.50 cents per bushel lower than week ago prices for the same delivery period at \$4.85-5.0050. Some exporters were not issuing bids for nearby delivery

White club wheat premiums for guaranteed maximum 10.5 percent protein soft white wheat this week were zero to ten cents compared to no white club wheat premiums last week. One year ago bids for U.S. 1 Soft White Wheat any protein for July delivery by unit trains and barges to Portland were \$7.0025-7.36 and bids for White Club Wheat were also \$7.0025-7.36. Forward month bids for soft white wheat guaranteed 10.5 percent proteins were as follows: August New Crop \$5.1250-5.20 and September \$5.0550-5.25. One year ago, forward month bids for soft white wheat for any protein were as follows: August New Crop and September \$7.1025-7.4525, October and November \$7.0775-7.4775.

Bids for 11.5 percent protein U.S. 1 Hard Red Winter Wheat for July delivery were 8.25 to 15.25 cents per bushel lower compared to June 30 noon bids for June delivery. Some exporters were not issuing bids for nearby delivery. Bids were as follows: July \$4.6625-4.8225, August New Crop \$4.7225-4.8725, September \$4.8225 4.9225, and October \$4.9650-5.0650.

Bids for non-guaranteed 14.0 percent protein U.S. 1 Dark Northern Spring Wheat for Portland delivery during July were 9.50 to 17.50 cents per bushel lower than June 30 noon bids for the same delivery period. Some exporters were not issuing bids for nearby delivery. Bids for non-guaranteed 14 percent protein were as follows July \$5.7075-5.9075, August New Crop \$5.7075-5.8075, September \$5.7075-5.8575 and October \$6.0150-6.1150. COARSE FEEDING GRAINS

Bids for U.S. 2 Yellow Corn delivered full coast Pacific Northwest - BN shuttle trains for July delivery were 15.75 to 17.75 cents lower from \$4.4175-4.4575 per bushel. Forward month corn bids were as follows: August and September \$4.4375-4.4475, October, November and December \$4.4050-4.4250. Bids for U.S. 1 Yellow Soybeans delivered full coast Pacific Northwest - BN shuttle trains for July delivery were 113.75 to 116.75 cents lower from \$11.4250 11.5050 per bushel. Forward month sovbean bids were as follows August \$11.5050, Septe nber \$11.7050, October \$11.4675-11.4775 November \$11.4175-11.4375 and December \$11.3975. Bids for U.S. 2 Heavy White Oats for June delivery trended steady at

PACIFIC NORTHWEST EXPORT NEWS

There were eight grain vessels in Columbia River ports on Thursday, July 7, with three docked compared to twelve last week with four docked. There were no new confirmed export sales this week from the Commodity Credit Corporation (CCC) of the USDA.

Due to the holiday, some markets were not run or reported

Potato Market Reports

Compiled by North American Potato Market News and USDA Agricultural Market Service

Prices are weekly averages of daily prices. All prices are in dollars per hundredweight (cwt.). FWA is a weighted average of shipping point prices or common packs in each area. Weights differ by area. GRI is the Grower Returns Index for each individual area

FRESH RUSSET POTATO MARKET REPORT (North American Potato Market News) (USDA Market News)

July 9 Market commentary: Russet carton prices continued to trend downward, due to an unbalanced size

profile, as the storage season winds down SHIPPING AREA **FWA** GRI Chg 70 ct Chg 10 lb. Film Chg IDAHO BURBANKS \$11.98 \$5.01 -\$0.26 \$18 -\$2 \$8 \$0.50 COLUMBIA BASIN \$0 \$6.64 \$0 \$8.50 \$0

Sheep/Wool Market Reports

Compiled by USDA Market News Service • Greeley, Colo.-San Angelo,

Wool prices in cents per pound and foreign currency per kilogram, sheep prices in dollars per hundredweight (cwt.) except some replacement animals on per head basis as indicated NATIONAL WOOL REVIEW

(USDA Market News) Greeley, Colo.

Domestic wool trading on a clean basis has been at a standstill this week. No confirmed trades were reported. The vast majority of the wool trade has been completed and the ware houses are starting to go to a cleanup mode.

Some small offerings will be taking place as the season winds down into the offseason. Domestic wool trading on a greasy basis was at a standstill this week. There were no confirmed trades reported. Domestic wool tags

\$.60-.70 No. 2 \$.50-.60

California Egg Reports

Compiled by USDA Market News Service • Des Moines

Shell egg marketer's benchmark price for negotiated egg sales of USDA Grade AA and Grade AA in cartons, cents per dozen. This price does not reflect discounts or other contract terms. DAILY CALIFORNIA SHELL EGGS

(USDA Market News) Des Moines, Iowa

Benchmark prices are steady. Asking prices for next week are unchanged on all sizes. Trade sentiment is usually lower. Offerings are light for Jumbo, light to instances moderate for Extra Large, moderate for Large and heavy for Medium. Retail demand is light to moderate with institutional sales mostly moderate. Warehouse buyers are

working from current floor stocks and watching current market conditions. Supplies are light for Jumbo and moderate on the balance of sizes. Market activity is slow. Small benchmark price 80 cents. Size Range Size Range

Jumbo 161 Extra large 142 Large 130 SOUTHERN CALIFORNIA

Prices to retailers, sales to volume buyers, USDA Grade AA and Grade AA, white eggs in cartons,

Size Range Size 113-124 Extra large Jumbo

Livestock Auctions

Cattle prices in dollars per hundredweight (cwt.) except some replacement animals per pair or head as indicated

Washington TOPPENISH

(Toppenish Livestock Auction) (USDA Market News)

Moses Lake, Wash. July 8

This week Last week Last year 1,000 1,100 1,060 Compared to June 24 at same market: Not enough stocker or feeder cattle this week for

accurate market trends; however, a higher undertone was noted. Trade active with good demand Slaughter cows and bulls steady to \$2 higher Trade active with good demand. Slaughter cows 72 percent, slaughter bulls 10 percent, and feeders 18 percent of the supply. The feeder supply in-

cluded 72 percent steers and 28 percent heifers

Near 65 percent of the run weighed over 600 lbs Feeder Steers: Medium and Large 1-2: 400-500 lbs. \$155: 600-700 lbs. \$132-143.50: 700-800 lbs. \$132.50-135; 800-900 lbs. \$120.50 Large 1: 1000-1100 lbs. \$110. Small and Medium 1-2: 600-700 lbs. \$129. Small and Medium 2-3: 500-600 lbs. \$131. Full: 500-600 lbs. \$150. Yearlings.

Feeder Holstein Steers: Large 2-3: 300-400 lbs. \$115; 400-500 lbs. \$101; 500-600 lbs. \$95; 1200-1300 lbs. \$92.50.

Feeder Heifers: Medium and Large 1-2: 500 600 lbs. \$138-139; 600-700 lbs. \$140; 700-800 lbs. \$120-129.50. Medium and Large 2-3: 400-500 lbs. \$137; 500-600 lbs. \$116. Large 2-3: 700-800 lbs. \$81.

Slaughter Cows: Boning 80-85 percent lean 1400-2200 lbs. \$73-78; Lean 85-90 percent lean 1200-1800 lbs. \$74-79; Lean Light 90 percent lean 900-1300 lbs. \$64-69. Slaughter Bulls, Yield Grade 1-2: 1300-2200

lbs. \$89-95

California SHASTA

(Shasta Livestock Auction) Cottonwood, Calif. July 8 Current week Last week 1.361 Compared to June 24: Slaughter cows steady

bulls higher. Yearling market spotty. Off lots and singles \$25-50 below top Slaughter cows: High yielding \$70-73; \$74-79

high dress; Boning \$62-69; Cutters \$40-60 Bulls 1 and 2: \$70-98. Feeder steers: 450-500 lbs. \$157 500-550 lbs. \$135-145.50; 600-650 lbs. \$145;

650-700 lbs. \$130-141: 700-750 lbs. \$125-136 750-800 lbs. \$133-134.50; 800-900 lbs. \$124-134; 900-1,000 lbs. \$115-120 Feeder heifers: 550-600 lbs \$124-137.50

600-650 lbs. \$126.50-127; 650-700 lbs. \$120-129; 700-750 lbs. \$119-130; 750-800 lbs. \$115-125.25; 800-900 lbs. \$109-114.

Pairs: Mixed ages- \$1400-2100 Calvy cows: Too few to test the market

Cattle Market Reports

Compiled by USDA Market News Service • Oklahoma City-Des Moines-St. Joseph, Mo.-Moses Lake, Wash.

Cattle prices in dollars per hundredweight (cwt.) except some replacement animals per pair or head as indicated

Imperial County

NATIONAL SLAUGHTER CATTLE (USDA Market News) Oklahoma City, Okla.

July 8 Slaughter cattle sold on a live basis in all major feeding regions traded mostly steady.

Boxed Beef prices July 8 averaged \$202.82 up \$1.70 from last July 1. The Choice/Select spread is \$13.07. Slaughter cattle on a national basis for negotiated cash trades through July 8 at noon totaled about 20,799 head. The previous week's total head count was 124,682 head.

Midwest Direct Markets: Live Basis: Steers and Heifers: \$120. Dressed Basis: Steers and Heifers South Plains Direct Markets: Live Basis: Steers

and Heifers \$120. Slaughter Cows and Bulls (Average Yielding Price es): Slaughter cows and bulls not established due to

the holiday shortened week. Cutter Cow Carcass Cut-Out Value July 8 at the close on July 8 was \$171.05 down \$1.10 from July 1

NORTHWEST DIRECT CATTLE (USDA Market News) Moses Lake, Wash July 8 This week Last week Last year

4.450 4,150 400 Compared to July 1: Feeder cattle \$2-3 higher Trade moderate this week. Demand good. The feeder supply included 64 percent steers and 36 weighed over 600 lbs. Prices are FOB weighing point with a 1-4 percent shrink or equivalent and with a 5-12 cent slide on calves and a 3-8 cent

slide on yearlings. Current sales are up to 14 days delivery. Delivered prices include freight, commissions and other expenses.

Steers: Medium and Large 1-2: Current FOB Price: 850-900 lbs. \$133-137 Washington-Idaho-Oregon. Current Delivered Price: 850-900 lbs. \$136-141 Idaho. Large 1: 900-950 lbs. \$130-137.50 Idaho. Future Delivery Delivered Price 900 lbs. \$138 for July-August Idaho.

Heifers: Medium and Large 1-2: Current FOB Price: 800-850 lbs. \$126-130 Washington-Ida

ho-Oregon. Current Delivered Price: 850-900 lbs. \$126-127 Idaho. Future Delivery Delivered Price: 800 lbs. \$136 for July-August Idaho.

NATIONAL FEEDER AND STOCKER CATTLE (Federal-State Market News) St. Joseph, Mo. July 8

Last year This week Last week 270,000

113,400 205,900 An overwhelming majority of cattle auctions took the time to breathe from the roller coaster ride that has wreaked havoc on the agriculture complexes the last few weeks

Three sales in Green City, Mo., Valentine, Neb. and Mitchell, S.D., accounted for over 50 percent of the auction receipts this week

The auctions that did have a sale this week were greeted with handsome prices as the late ast week fed cattle traded \$6 higher at mostly \$122 live and mostly \$7 to \$10 higher dressed at \$195-200.

Buyers were in the seats for those specials and on offer were mostly yearling cattle coming

On July 6 in Green City, a load of 770 lb. thin

steers sold for \$163.50 and in Valentine, a load or 919 lb. steers brought \$149.35.

The fed cattle market has not been defined yet this week after the "ooohs and aaahs" heard around the country over the extended weekend. Packers decided last week their margins were good enough to pique their interest in acquiring

inventory out front, to the tune of 38,618 head for 15-30 day delivery — the third largest volume for fed steers and heifers since that category was initially started in March of 2010. Keeping feedlots current through the dog days of summer is what packers and producers should

want this time of year in order to help maintain some stability for fed cattle prices down the road. The cut-out value held together this week as good movement in of product was reported over the July 4th holiday and packer margins remain

healthy in spite of the higher prices for fed cattle The corn market has been under pressure the last three weeks and new-crop December corr has retreated from a recent high on June 17 of \$4.48 3/4 to close today at around \$3.57; 80-plus

One factor that has helped put the pressure or

the market is corn crop conditions are rated at 75 percent good to excellent. Larger than expected planted acres released

last week at 94.1 million acres was an additional element, which was 1.3 million acres above industry expectations.

the last three weeks and the corn plant is going

through its normal maturation process with the type of weather it desires — hot and humid. Next week's WASDE report will give us an indication of the condition of the U.S. corn crop if the projected corn production for 2016-17 will be above or below their June estimate of 14.430 bb:

a record estimate. Auction volume this week included 78 percent

weighing over 600 lbs and 34 percent heifers. **AUCTIONS** Last year

This week 25.400 116.900 98.000 WASHINGTON 1,900. 81 pct over 600 lbs. 39 pct heifers. Steers: Medium and Large 1-2 500 550 lbs. \$151.30: 550-600 lbs. \$152.19: 650-700 lbs. \$149.46; 700-750 lbs. \$137.37; 750-800 lbs. \$138.60; 800-850 lbs. \$136.81; 850-900 lbs

\$136.67. Heifers: Medium and Large 1-2 400-450 lbs. \$152.18; 450-500 lbs. \$150.73; 600-650 lbs. \$130.70; 650-700 lbs. \$130.54; 700-750 lbs \$130.28; 750-800 lbs. \$129.88; 800-850 lbs \$128.80 DIRECT

This week Last week Last year 56.500 51,700 48.800 SOUTHWEST (Arizona-California-Nevada) 8,300. No cattle over 600 lbs. No heifers. Hol steins: Large 3 300 lbs. \$125 current Del; 325 lbs. \$120 current Del; 300 lbs. \$128-132 October Del; 300 lbs. \$132 November Del 325 lbs. \$126

128.70 November Del NORTHWEST (Washington-Oregon-Idaho) 4,200. 100 pct over 600 lbs. 36 pct heifers. Steers: Medium and Large 1-2 Current FOB Price 850-900 lbs. \$133-137 Washington-Idaho-Oregon. Current Delivered Price 850-900 lbs. \$136 141 Idaho. Large 1 900-950 lbs. \$130-137.50 Idaho. Future Delivery Delivered Price 900 lbs. \$138 for July-August Idaho. Heifers: Medium and Large 1-2 Current FOB Price 800-850 lbs. \$126-130 Washington-Idaho-Oregon. Current Delivered Price 850-900 lbs. \$126-127 Idaho

California governor looks to extend climate-change efforts

By ELLEN KNICKMEYER and JULIET WILLIAMS Associated Press

SACRAMENTO — California Gov. Jerry Brown has launched a campaign to extend some of the most ambitious climate-change programs in the country and ensure his environmental legacy when he leaves office in two years.

The centerpiece of the push is a cap-and-trade program that aims to reduce the use of fossil fuels by forcing manufacturers and other companies to meet tougher emissions limits or pay up to exceed them. The program has been one of the mostwatched efforts in the world aimed at the climate-changing

The four-year-old program, however, is only authorized to

operate until 2020 and faces a litany of challenges, including a lawsuit questioning its legality, poor sales of credits, and lukewarm support among Democratic legislators to extend it.

On Tuesday, the California Air Resources Board released a proposed blueprint for continuing the cap-and-trade program until 2030, with a vote expected next year.

Supporters credit the strat- born under previous Gov. Arnold Schwarzenegger, a Republican, and stemming from other climate change programs initiated under Brown – with helping to cut California's overall output of emissions by 1.5 percent in its first two years, despite the massive energy demands of the state's thriving

economy. With Brown set to leave

office in 2018, a state appeals court is considering a challenge from the California Chamber of Commerce contending the pollution-credit program is an illegal tax, not a fee.

Environmental groups say the lawsuit and overall uncertainty about the survival of the program are undermining the market for pollution credits. A May auction saw companies buy only one-tenth of the available credits, leaving the state billions of dollars short in projected revenue from the sales.

Meanwhile, groups representing oil interests confirmed last week that they are in direct talks with the Brown administration over cap-and-trade. California oil companies

have long sought to alter or

repeal the state's low-carbon

fuel standard. By 2020, those companies would be required to reduce the carbon content of gasoline and other fuels by 10 percent, a significant jump from the current 2 percent. Any deal-making on cli-

mate change would reflect a pragmatic approach to the oil industry by Brown, who took office encouraging immediate boosts in oil and gas drilling to spur California's economy, even as he promoted incentives that would reduce long-term reliance on fossil fuels. 'What you're seeing now

is an all-hands-on-deck effort to formulate the most responsible way forward." said Derek Walker, an associate vice president of the Environmental Defense Fund. "They're talking to the oil industry, talking to environmental groups, to organized labor — they're talking to everybody." Brown has leveraged his po-

sition as governor to help draw attention to the battle against climate change. He has set non-binding mandates for increased use of solar, wind and other renewable energy sources in California in the decades to come while signing accords and global support statements aimed at easing climate change.

At home, though, Brown has encountered trouble from moderate Democrats in the state Assembly who last year blocked his plan to slash statewide petroleum use in half within 15 years.

The same lawmakers refused to endorse legislation by Sen. Fran Pavley, D-Agoura Hills, seeking to dramatically cut greenhouse gas emissions forced to scale back her proposal that now would extend only to 2030. She has since compromised even further, agreeing last month to merge parts of her plan with legislation mandating that revenues from such programs be spent in low-income communities affected by pollu-Winning legislative sup-

through 2050. Pavley was

port could be key for Brown in ensuring the survival of the cap-and-trade program, said Jessica Levinson, a political science professor at Loyola Law School. "His ability to solidify cap

and trade is a big part of being able to say to other governors, to other countries, 'We're doing something big and specific and real and it works," Levinson said.