

Federal Climate Change Legislation

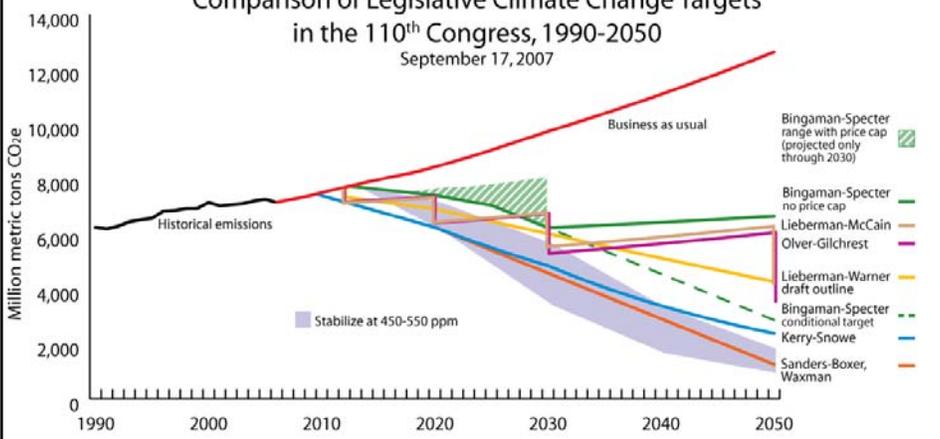
- Update on Senate and House Legislation
- Discussion of Strategy
- Next Steps...

COG Climate Change Steering Committee
November 28, 2007



Many Legislative Proposals

Comparison of Legislative Climate Change Targets
in the 110th Congress, 1990-2050
September 17, 2007



WORLD RESOURCES INSTITUTE For a full discussion of underlying methodology, assumptions and references, please see <http://www.wri.org/usclimatetargets>. WRI does not endorse any of these bills. This analysis is for comparative purposes only. Data post-2030 may be derived from extrapolation of EIA projections.

Bills Gaining Steam

- ☛ Senate – S. 2191 – America's Climate Security Act – Sen. Warner/Lieberman
- ☛ House – H.R. 4226 – Climate Stewardship and Economic Security Act– Reps. Gilchrest and Olver



Warner/Lieberman Bill

Goal:

- To reduce greenhouse gases (GhG) between 2007 and 2050 substantially enough to avert catastrophic impacts of climate change while also preserving the health of the economy and avoiding the hardship of citizens.

Findings:

Global warming poses a significant threat to national security, economy, public health, welfare, international well-being and global environment.



Mechanism: "Cap and Trade"

- ✓ **Cap** emissions at current (2005) levels by 2012. Stabilize growth.
- ✓ **Lower cap each year**, between 2012 and 2050.
- ✓ **Result:** 33% below 2005 levels in 2030. 70% below 2005 emissions by 2050. (NRDC: 59 to 66% by 2050)

Gases Covered:

1. Carbon Dioxide (CO₂)
2. Methane
3. Nitrous Oxide
4. Sulfur Hexafluoride
5. Hydrofluorocarbon
6. Perfluorocarbon

What Facilities Are Covered?

85% of all U.S. GhG emissions

- ✓ **Electric power sector facilities** that generate more than 10,000 mte CO₂ equivalent/year.
- ✓ **Industrial sector facilities** that produce 10,000 mte/year
- ✓ Importers/producers of **petroleum or coal based transportation fuels**
- ✓ **Emissions from natural gas consumption**
- ✓ **Importers or producers of nonfuel chemicals**
- ✓ At discretion of EPA Administrator, **could be vehicle fleets** with emissions of more than 10,000 CO₂ emission/year



Facilities in COG Region

- ☞ All power plants estimated to emit more than 10,000
- ☞ MSW incinerators also likely over 10,000 (private vs. municipally owned??)
- ☞ Possibly a couple of fleets – if this provision in effect
- ☞ Further research needed.

How Does it Work?

- ☞ Covered facilities need **allowances** to emit greenhouse gases.
- ☞ Some given away free.
- ☞ Some are purchased through an auction, or **traded**.
- ☞ Free allowances phased out over time. **Total allowances shrink over time.**
- ☞ Auction proceeds are allocated to different funds.

Allowances to Covered Emitters

- ✓ Owners of manufacturing plants/power plants – 39% of total – free allowances phased out by 2036
- ✓ Rural Elec. Coops – 1% of total
- ✓ Companies that took early action to reduce emissions – 5% - phases out
- ✓ Companies that sequester CO2 – 4%

Total Free Allowances To Emitters = 49%

Allowances to Non Emitters

- ✓ States – 9%
- ✓ Electricity consumers (load serving entities) 10%
- ✓ Tribes – 0.5%
- ✓ Farmers/Forests – 5%
- ✓ International forest protection – 2.5%

= 27% of Total Allowances



States Get Allowances:

- ✓ For building efficiency
- ✓ For mitigation of impact to low-income energy users
- ✓ To promote energy efficiency (inc. recycling)
- ✓ To improve public transit and reduce VMT
- ✓ To address local/regional impacts of climate change



Auction Proceeds –

24% of Total Allowances

Auctioned through Climate Change Credit Corporation. Proceeds go to several funds:

1. **Climate Friendly Technology**
2. - about 50%
3. **Low-income Energy Consumers** - 19%
4. **Wildlife/Ecosystem Adaptation** - 19%
5. **National Security** - 5%
6. **Worker Training Program (e.g. dislocated workers, retraining)** - 4.75%



Other:

- EPA grants for restoring special habitats, including Ches. Bay
- Appliance efficiency standards
- Technical assistance to states for improving ee building codes
- Congress needs to submit climate change adaptation plan for U.S.
- Establish Carbon Mrkt. Efficiency Bd.



Some Limitations

- **No Direct Allocation or Auction proceeds to Local Governments or Regions.**
- **Money passed through states.**
- **No separate community adaptation fund (like ecosystem adaptation fund)**
- **Transportation emissions not fully addressed.**

Legislative Schedule

- December 5 – EPW Committee Mark-up
- Amendments to be offered (e.g. trans.)
 - Cardin – public transit amendment.** Increase state allocation by 2% and direct this allocation for mass transit. This could result in \$1.5 to \$2 billion, annually. Looking for support.
 - Carper amendment – targets state per-capita VMT rates for reduction.** Incentive allocations grants split 50/50 between states and MPOs. Also, vehicle efficiency and fuel provisions.



House Bill

- Slower pace – Many similar provisions
- Leaves the issue of how to allocate allowances to the EPA.
- Cap: 2006 levels by 2012, 27% below 2006 levels by 2030; 75% below 2006 levels by 2050.
- Few other differences.



Next Steps For Consideration

- ✔ Assert local/regional role in legislation – GhG reduction and adaptation (e.g. community climate resiliency fund)
- ✔ Support transportation amendment (e.g. Cardin amendment)
- ✔ Join with other groups to advance position– e.g. new Climate Communities group, AMPO
- ✔ Learn more!

