• Summary of HR 2454 (Waxman-Markey), the House-passed climate bill
• EPA efforts to regulate GHG emissions
• Ongoing Regional and State-level Actions
• Copenhagen Accord; viewed from Capitol Hill
• Prospects for Senate Action in 2010
### Waxman-Markey H.R. 2454: Comprehensive Energy and Climate Bill

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Renewable Portfolio Standard</strong></td>
<td>20% by 2020 (efficiency can meet 5%)</td>
</tr>
<tr>
<td><strong>Energy efficiency measures</strong></td>
<td>Appliance standards, building codes</td>
</tr>
<tr>
<td><strong>GHG emission standards</strong></td>
<td>New coal plants, uncapped sources (e.g. landfills, coal mines)</td>
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<tr>
<td><strong>R&amp;D</strong></td>
<td>Renewables, basic research, $1 billion per year for clean coal</td>
</tr>
<tr>
<td><strong>GHG reduction targets (cap)</strong></td>
<td>17% below 2005 by 2020; 83% below by 2050</td>
</tr>
<tr>
<td><strong>Trading System</strong></td>
<td>Auctioning and trading of allowances;</td>
</tr>
<tr>
<td><strong>Cost Containment</strong></td>
<td>Strategic Allowance Reserve, $10 price floor, Unlimited banking and conditional borrowing</td>
</tr>
<tr>
<td><strong>Offsets</strong></td>
<td>Up to 2 billion tons per year from international and domestic sources</td>
</tr>
<tr>
<td><strong>Preemption</strong></td>
<td>Temporary State cap and trade preemption, removes most EPA authority to regulate stationary sources</td>
</tr>
<tr>
<td><strong>International components</strong></td>
<td>Significant support for adaptation, technology transfer and forest protection</td>
</tr>
</tbody>
</table>
Waxman-Markey cap phases in over five years

Phase in year, point of regulation and U.S. emissions coverage

2012 – 66%  
2014 – 76%  
2016 – 85%

Also in 2012:
• coverage of other man-made GHGs (e.g. \( \text{SF}_6 \), PFCs)  
• Separate cap on HFC consumption (2% of US emissions)
Allowance value is targeted at public programs, consumer assistance and “transition assistance” for industry.
Cap-and-Trade Proposals in 111th Congress


December 17, 2009

- Business as usual
- 2005 levels
- 1990 levels

Million metric tons CO₂-e

- Cantwell-Collins, S. 2877**: Emission cap only
- Kerry-Boxer, S. 1733 (as reported): Emission caps only
- Caps plus all complementary requirements
- Potential range of additional reductions
- Waxman-Markey, H.R. 2454 (as passed): Emission caps only
- Caps plus all complementary requirements
- Potential range of additional reductions

For a full discussion of underlying methodology, assumptions and references, please see [http://www.wri.org/usclimatetargets](http://www.wri.org/usclimatetargets).

* "Business as usual" emission projections are from EPA's reference case for its analysis of the Waxman-Markey bill. "Short-term projected emissions" represent EIA's most recent estimates of emissions for 2008-2010.

** Cantwell-Collins sets economy-wide reduction targets beginning with a 20 percent reduction from 2005 levels by 2020. However, additional action by Congress would be required before these targets could be met. Reduction estimates do not include emissions above the cap that could occur due to the safety-valve.
CAA ruling introduces several potential regulatory options

April 2007: Supreme Court decision on CAA

December 2009: EPA finalizes endangerment finding

March 2010: Expected GHG auto standards

* In Sept 2009, EPA issued “tailoring rule” to set basic threshold for PSD regs

Triggers regulatory considerations for other CAA provisions*

Other mobile sources
NSR
NSPS
NAAQS
PSD*
Congressional Efforts to Stop EPA

• Senate:
  Murkowski (AK-R) – Disapproval Resolution
    • 40 Bi-Partisan Cosponsors
  Rockefeller (W.Va.-D) – S. 3072
    • 2-year delay: Could pick-up Murkowski supporters
    • Follows letter exchange with EPA

• House: Similar, parallel to Senate
• President would mostly likely veto it

*Note: W-M would have some similar effects, but would also:
  - Set national cap with emissions standards for new coal plants, and
  - preserve authority over facilities not under the cap
Note: Manitoba is a partner in the WCI & MGGRA. Kansas is a partner in the MGGRA and observer of the WCI. Ontario is a partner in the WCI and observer of the MGGRA.
Copenhagen Accord; viewed from Capitol Hill

Overriding objectives for State Department:

1) Respond to concerns from Capitol Hill regarding China
   • Is China going to play?
   • Can we check up on them?

2) Don’t do anything that would cause a domestic backlash or otherwise damage the prospects for legislation

With these basic objectives achieved; the ball is in the Senate’s court
Senate Prospects in 2010

- Kerry-Boxer passed Committee with no Republicans present; process stalled

New opportunities:
- Presidential leadership scaled up

Health Bill passed
- State of the Union Address called for legislation
- 2011 Budget: Int'l climate finance; Cap and Trade

Recent meeting with Senate Leadership
- Business case growing (jobs, competitiveness, certainty):
  - USCAP, BCSE, Ceres, BICEP
  - WSJ and Politico ads
- 88 Signatories - w/Labor, Security, Faith-based communities
How Do we get there?

“Tri-partisan” pathway:
- Kerry-Lieberman-Graham tasked by leadership with compromise track to 60-votes
- Legislative language in the works
- In Dec., offered “Framework” to:
  - Achieve 17% target by 2020
  - Nuclear, offshore drilling…

Other Possible tracks/ factors:
- Cantwell (WA) & Collins (ME) – Bipartisan cap-and-dividend
- Dorgan and Bingaman pushing energy-only bill
Conclusions

• Passing a bill through the US House last Summer was a major milestone
• EPA regulations under the CAA are being developed; Hill debate is overheated
• States and Regions are moving forward
• Senate action this spring is looking likely

• Through several pathways, US regulations of GHG emissions are already underway… the only question is what it will look like (& when)
Thank you!

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