



## Comparison of Recent Climate Change Legislation

November 22, 2008

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Sponsors	Dingell-Boucher	Markey
Title	Energy and Commerce discussion draft	iCAP
Bill # & Date	- 10/7/08	H. R. 6186 - 6/4/08
Status	Released as draft legislation	Introduced and referred to several committees
Scope/Coverage	<p>Coverage same as H. R. 6186 with threshold for coverage increased from 10,000 CO<sub>2</sub>e of ghg to 25,000 CO<sub>2</sub>e.</p> <p>Directs EPA to establish industry-specific emission standards for other industrial plants and set or consider non-road engine, transportation fuel; aircraft standards, and several options are presented for motor vehicle standards.</p> <p>New coal-fired power plants are required to capture and sequester at least 60% of carbon emissions by 2025.</p>	<p>Producers and importers of petroleum-based or coal-based liquid fuels, natural gas local distribution companies, power plants and large industrial facilities, geologic sequestration sites and entities that produce or import fluorinated gases (eg HFCs).</p> <p>Entities that do not meet a 10,000 tons CO<sub>2</sub>e threshold will not be required to submit allowances.</p> <p>Directs EPA to establish mandatory performance standards for coal mines, landfills, wastewater treatment operations, and large animal feeding operations and offers financial incentives to farmers and forest managers to reduce greenhouse gas emissions and increase carbon storage.</p> <p>New coal-fired power plants are required to capture and sequester 85% of their CO<sub>2</sub> emissions within a set timeframe.</p>
% of total GHGs	~88% of U.S. GHG emissions. 95% of industrial emissions are covered when industry specific standards are established by the EPA.	~87% of total U.S. greenhouse gas emissions. Will achieve 7% additional coverage (a total of 94% coverage) through incentives and mandatory performance standards.
Emission Targets to 2020	Reduces covered emissions by 6% below 2005 levels in 2020.	Reduces covered emissions by 20% below 2005 levels by 2020
Emission Targets to 2020+	Reduces covered emissions by 80% below 2005 levels by 2050.	Reduces covered emissions by 85% below 2005 levels by 2050
Price Stability & Cost Control	<p>Borrowing, banking and trading rules same as S. Amdt 4825 except the interest for borrowing is 8%.</p> <p>A cost containment auction to be held every at \$20-30 per ton in 2012, rising to 30-100% above rolling spot price average.</p>	Borrowing, banking and trading rules same as S. Amdt 4825.
Offsets	Covered entities can use domestic or international offsets for a portion of their obligation rising from 5% up to 35% by 2024. Regulated entities may also use international allowances from countries with programs at least as rigorous as this one.	Covered entities can meet up to 15% of their annual obligations with domestic offset credits and up to an additional 15% with international emission allowances or offset credits.

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<p align="center">Transition Assistance/Free Allocation</p>	<p>Contains four options for allocating allowances. Three of these scenarios include substantial allocations to the industry based on updated emissions. (Ranging from ~50% in 2012 to ~22% in 2025) No transition assistance after 2025.</p> <p>Transition assistance in option A focuses on the electricity sector; among all options, option B provides the most assistance to the industrial sector; option C offers less transition assistance than A or B; option D does not offer transition assistance.</p> <p>All four scenarios allocate all direct natural gas allowances to natural gas local distribution companies based on historical sales corrected for population changes, and with no restrictions.</p>	<p>Total of 6% (\$96 B) of allowances given as transition assistance in 2012. Transition assistance declines to zero in 2020.</p> <p>This assistance goes to U.S. industries that are energy-intensive and exposed to international trade competition (e.g., iron and steel, aluminum, cement, glass, and paper).</p>
<p align="center">Other Allocation</p>	<p>Transitions to a 100% auction in 2026 (Full auction from the start in option D). All proceeds after this date are returned to taxpayers on a per capita basis unless Congress reauthorizes the bill. Under each option, a relatively similar allowance allocation (~13%) is used to assist energy efficiency</p> <p align="center"><b><u>Federal Programs/Funds</u></b></p> <p>Bill establishes and allocates allowances to many federal programs with energy efficiency components including public information campaigns, and provides funding for existing programs such as Weatherization Assistance Program (WAP), Smart Grid Program, Advanced Battery Program, Energy Sustainability and Efficiency Grants and Loans for Institutions and Waste Energy Programs.</p> <p align="center"><b><u>Allocation to States and Local Governments</u></b></p> <p>The bill creates and allocates allowances to an State Energy Efficiency Development (SEED) Fund (~7% of allowances in 2012) which offers low, or no, interest loans for various energy efficiency projects, the formula for distribution to SEED funds to each state is based on per capita consumption of fossil fuels in 1990 and current population in each state.</p> <p>Funds are also distributed to states, cities, and counties to support the development and implementation of strategies to reduce ghg emissions by reducing vehicle miles traveled and improving transportation efficiency, and to states for recycling programs and for the State Electricity Efficiency Program. Allocation to these funds start at 0% in 2012 and reach ~5% in 2025.</p> <p>State Electricity Efficiency Program aims to encourage cost-effective investment in energy efficiency measures and programs as well as other clean energy measures and programs.</p> <p>Allocation for this program is based on a start-up formula for the first two years, a performance-based formula for the later years, and half on each formula in 2020 and 2021.</p>	<p>Transitions to a 100% auction in 2020. Returns over half of auction proceeds to low- and middle-income households through rebates and tax credits (55%-58.5% of auction proceeds (\$4,290 B))</p> <p align="center"><b><u>Federal Programs/Funds</u></b></p> <p>Bill establishes and allocates allowances to many federal programs with energy efficiency components including green jobs training and transition assistance for workers (1.5%-2% of auction proceeds (\$147 B)) and low carbon technology fund (12.5% of auction proceeds (\$963 B)); 35% of this fund is allocated to Renewable Energy &amp; Efficiency RD&amp;D which includes funding for Smart-grid technologies and electricity transmission &amp; distribution efficiency RDD&amp;D, combined heat and power and industrial efficiency technologies, low-emission vehicle technologies and conversion of U.S. manufacturing to low-emission vehicles and components and ARPA-E).</p> <p align="center"><b><u>Allocation to States and Local Governments</u></b></p> <p>National Energy Efficiency Fund (12%-12.5% of auction proceeds (\$963 B)) awards incentive payments to states based on the magnitude of energy savings each State achieves each year through consumer efficiency programs. These funds are to be used for incentives to reduce electricity and natural gas efficiency, to adopt and enforce strong building codes, to support state and local mass transit and smart growth projects and programs like Weatherization Assistance Program, the Low Income Home Energy Assistance Program.</p>

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	<p align="center"><b><u>Allocation to Utilities</u></b></p> <p>Three of these scenarios include substantial allocations to electric distribution utilities based on historical emissions corrected for population changes (44%-5%). These are to be used on consumer programs including energy efficiency.</p>	<p align="center"><b><u>Allocation to Utilities</u></b></p> <p align="center">None</p>
Complementary Policies	<p>Same national targets for model building codes as in S. Amdt 4825.</p> <p>Some appliance standards language is to be added. Bill also increases the qualifying threshold for Energy Star buildings; directs the EPA to create building energy performance labeling requirements and measurement protocols; directs the DOE to develop industrial plant energy efficiency certification standards</p>	<p>Same national targets for model building codes as in S. Amdt 4825.</p>
Int'l Climate Change Action	<p>Creates international reserve allowance program similar to S. Amdt 4825.</p> <p>Option C allocates 2-7.5% of allowances between 2014 and 2025 to be used for US obligation to developing countries under any international climate change agreements.</p>	<p>Creates international reserve allowance program similar to S. Amdt 4825, except the requirements begin in 2020 and cover only primary goods (e.g., iron and steel, aluminum, cement, glass, and paper).</p> <p>Developing countries that take comparable action to reduce emissions will have access to International Clean Technology Fund and will be allowed to sell offset credits into the U.S. market.</p>

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Sponsors	<b>Boxer-Lieberman-Warner</b>	<b>Waxman</b>
Title	Lieberman-Warner Climate Security Act of 2008	The Safe Climate Act of 2007
Bill # & Date	S. Amdt 4825 to S. 3036 – 6/4/08	H.R. 1590 – 3/20/2007
Status	Senate floor: Failed to stop filibuster preventing consideration of the bill.	Referred to the Energy and Commerce and Foreign Affairs Committees.
Scope/Coverage	Producers and importers of petroleum coke, petroleum or coal-based liquid or gaseous fuel, any natural gas processing plant or importer of natural gas, any facility that uses more than 5,000 short tons of coal in a year; facilities that produce or import at least 10,000 metric tons of carbon dioxide or equivalent (CO <sub>2</sub> e) of greenhouse gases (ghg).  Establishes a separate cap for hydrofluorocarbons (HFCs)	Directs EPA to include in the program the largest sources of emissions and/or those that are most cost-effective to control along with other appropriate entities as determined by EPA.  Directs EPA to issue standards for ghg emissions from motor vehicles that are at least as stringent as the current California standards. EPA is to revise these standards every five years starting no later than 2014, to further reduce motor vehicle ghg emissions, taking into account the reductions needed to reach the targets and the technological feasibility of various standards.
% of total GHGs	~87% of US emissions.	Directs the EPA to ensure sufficient coverage to achieve the emission targets.
Emission Targets to 2020	Cuts emissions covered under the cap by 4% below 2005 levels by 2012 and 15% below 2005 levels in 2020. HFC emissions are cut by at least 15% below 2012 levels in 2020.	Reduces total US emissions to ~15% below 2005 levels by 2020
Emission Targets to 2020+	Reduces covered emissions by 71% below 2005 levels by 2050. HFC emissions are cut by at least 45% below 2012 levels in 2030, and 70% below 2012 levels by 2040.	By 2050, total US emissions will be ~83% lower than 2005 levels.
Price Stability & Cost Control	Entities can borrow allowances to meet up to 15% of their compliance obligations to be repaid within five years with 10% annual interest; banking and trading allowed without any limits on the amount.  A cost containment auction is to be held each year between 2012-2027 at \$22-\$30 per ton for 2012. This limit is to be readjusted each year.  A price floor of \$10 per ton is set for all other auctions. This reserve price increases by 5% per year plus inflation.  Establishes a Carbon Market Efficiency Board that can implement cost relief measures if the market poses significant harm to the US economy.	Trading and banking allowed.
Offsets	The bill sets an aggregate limit on total offsets instead of limits for each entity. (15% cap on domestic offsets and 5% cap on international offsets, 10% cap on int'l forest carbon offsets. International allowances can be used if the int'l offset cap is not reached)  Cost-containment mechanism includes expanded offset use.	Not Specified

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<p align="center">Transition Assistance/Free Allocation</p>	<p>Total of 32% of allowances given as transition assistance in 2012. Transition assistance gradually declines to zero in 2031.</p> <p>In 2012, carbon-intensive manufacturing industries receive 11% (\$213 B through 2031), fossil electricity utilities receive 18% (\$307 B through 2031), oil refiners receive 2% (\$34 B through 2031), natural gas processors receive .75% (\$20 billion through 2031), companies that have taken early action receive 5% (\$30.7 B through 2031)</p>	<p>Directs the President to submit a plan for allocation to the Congress. Includes a provision to ensure no windfall profits for covered entities.</p>
<p align="center">Other Allocation</p>	<p>Transitions to 100% auction in 2031. The bill includes a \$800 B tax relief (~12% of allowances) fund to help consumers in need of assistance for higher energy costs.</p> <p align="center"><b><u>Federal Programs/Funds</u></b></p> <p>Establishes and allocates 0.75% of allowances (\$ 51B) to each of the Efficient Buildings Program (EBP), Efficient Equipment and Appliances Deployment Program (SEAD) and Efficient Manufacturing Program (EMP).</p> <p>EBP provides rewards to builders for efficient new buildings or increased efficiency of existing buildings. Eligibility requirement includes an Energy Star benchmark score of at least 75 for new buildings or a 30 point improvement for existing buildings. SEAD provides rewards to retailers for increasing their sales of highly-efficient equipment and appliances. EMP provides support to manufacturers that achieve high energy efficiency in their operations.</p> <p>Other federal programs established/funded by this bill include Low and Zero Carbon Electricity Technology (1%-2% of allowances (\$92B)), ARPA-E (0.25% of allowances (\$17B)), Kick-Start for Clean Commercial Fleets (0.5% of allocations through 2017 (\$4B)) and Advanced Technology Vehicles Manufacturing Incentive Program (1% of allocations (\$68B))</p> <p align="center"><b><u>Allocation to States and Local Governments</u></b></p> <p>Allocates 3-4% of allowances (\$254B) to states based on historical manufacturing employment and on historic coal production (during 1988-1992). Energy efficiency is one of the several options this money could be used for.</p> <p>Establishes and allocates 1-2.75% of allowances (\$171B) to the Transportation Sector Emission Reduction Fund for states to maintain or improve public transportation. States and local governments also get money from this fund for new or existing fixed guideway transit projects/systems (funds for this to be distributed to state and local governments) and for reducing transportation-related greenhouse gas emissions via VMT reduction, building bicycle and pedestrian infrastructure, telecommuting or carpooling projects.</p> <p>Allocates 2% of allowances (\$136B) to the Energy Efficiency and Conservation Block Grant Program established in Energy Independence and Security Act of 2007</p> <p>Allocates 4%-10% of allowances (\$566B) to states that have led in reducing emissions, based on a formula to be created by the EPA. Funds can be used for many different purposes including</p>	<p>No specific amounts for auction levels. Proceeds are to be used to maximize the public benefit and promote economic growth, including supporting technology research and development, compensating consumers for any energy cost increases, providing transition assistance for affected workers and regions, and protecting against harm from climate change.</p> <p align="center"><b><u>Federal Programs/Funds</u></b></p> <p align="center">Not Specified</p> <p align="center"><b><u>Allocation to States and Local Governments</u></b></p> <p align="center">Not Specified</p>

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	<p align="center">energy efficiency.</p> <p align="center"><b><u>Allocation to Utilities</u></b></p> <p>~10% of the allowances go to electricity local distribution companies; ~3.5% go to natural gas local distribution companies (total of <i>(\$911B)</i>) to be used for consumer assistance programs including energy efficiency. Allowances distributed based on updated energy consumption adjusted for savings from consumer energy efficiency programs.</p>	<p align="center"><b><u>Allocation to Utilities</u></b></p> <p align="center">Not Specified</p>
Complementary Policies	<p>Sets national targets for model building energy codes of 30 percent energy savings starting in 2010 and 50 percent savings starting in 2020. Directs states to adopt codes and achieve high rates of compliance.</p> <p>Also includes appliance energy efficiency requirements and updates.</p>	<p>Creates an Energy Efficiency Resource Standard program with targets for new electricity savings from utilities increasing gradually from 0.25% of sales of the previous year in 2010 to 1% in 2012 and each following year through 2020. DOE may increase EERS targets after 2020. Each year's savings are to be additional to the previous year's.</p> <p>Also establishes a Renewable Portfolio Standard that ramps up the requirements for renewable electricity to 20% of retail electricity through 2020</p>
Int'l Climate Change Action	<p>Beginning in 2014, US imported energy-intensive goods (both primary and manufactured) from countries that have not taken comparable action to reduce emissions must be accompanied by a sufficient number of Int'l Reserve Allowances or equivalent, exemptions apply.</p> <p>Includes provisions to create international partnerships for technology deployment, forest protection and adaptation.</p>	Not Specified

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*The Alliance to Save Energy is a coalition of prominent business, government, environmental and consumer leaders who promote the efficient use of energy worldwide to benefit consumers, the environment, the economy and national security.*