

# Climate Change at the Federal Level

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# Overview

- Major Provisions of key climate change legislative proposals
- Impact on State and Regional Systems
- Prognostication – federal level
- Plan B – EPA Regulation
- Prognostication – International  
(Copenhagen and beyond)

# Federal Legislation

- Current Templates:
  - ACES – Waxman-Markey (House)
  - Boxer-Kerry (Senate)
- Legislation addresses:
  - Cap
  - Allocation
  - Trading System – “Safety valve”?
  - Direct Energy and Efficiency Regulation
  - International

# Federal Legislation

- Cap:
  - ACES – 17% from 2005 by 2020
  - Boxer-Kerry – 20% from 2005 by 2020
  - Both 83% reduction by 2050
  - Important in International Negotiations
- Allocation of Rights to Emit

# ACES – how allocated

- 15 % auctioned per year
- Initially, other percentage given away
- Approx. 59% to industry; 25% for needs/interest of public- adaptation, enviro, etc...

# ACES – how allocated

2012	4,627	□	2031	3,408
2013	4,544	□	2032	3,283
2014	5,099 *INC COVERAGE	□	2033	3,158
2015	5,003	□	2034	3,033
2016	5,482*INC COVERAGE	□	2035	2,908
2017	5,375	□	2036	2,784
2018	5,269	□	2037	2,659
2019	5,162	□	2038	2,534
2020	5,056	□	2039	2,409
2021	4,903	□	2040	2,284
2022	4,751	□	2041	2,159
2023	4,599	□	2042	2,034
2024	4,446	□	2043	1,910
2025	4,294	□	2044	1,785
2026	4,142	□	2045	1,660
2027	3,990	□	2046	1,535
2028	3,837	□	2047	1,410
2029	3,685	□	2048	1,285
2030	3,533	□	2049	1,160
		□	2050 and each year thereafter	1,035

# ACES - Allocation

35% for electric utility sector;

- ▣ Last version gives percentage to rural electric cooperatives; fight over allocation
- ▣ 15% for carbon-intensive industries, such as steel and cement, in 2014 (reduced by 2% every year)
- ▣ 9% for local natural gas distribution companies, in 2016 (reduced to zero between 2026 and 2030)
- ▣ 3% for automakers toward advanced technologies through 2017 (reduced to 1% from 2018 and 2025)
- ▣ 2% for oil refineries from 2014 to 2026
- ▣ 2% for carbon capture and storage technology from 2014 to 2017 (increases to 5% after 2018)

# ACES - Allocation

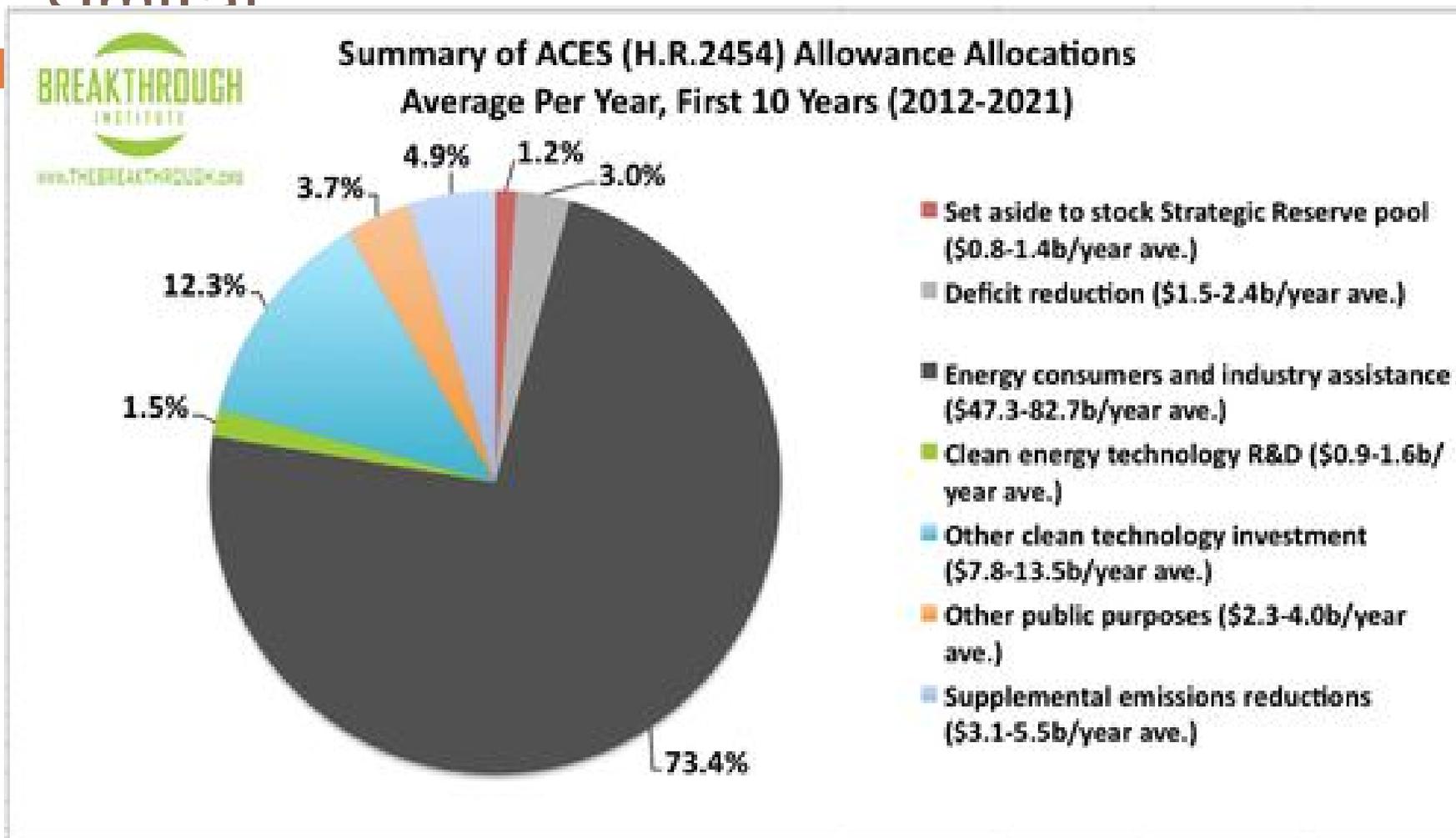
To states and other funds:

- 10% for states for renewable energy and efficiency investment from 2012 to 2015 (reduced to 5% between 2016 to 2022)
- 5% for tropical deforestation prevention projects
- 2% for domestic adaptation to climate change between 2012 and 2021 (increases to 4% between 2022 to 2026, to 8% in 2027)
- 2% for international adaptation and clean technology transfer from 2012 to 2021 (increases to 4% between 2022 to 2026, to 8% in 2027)
- 1.5% for programs helping home heating oil and propane users (reduced to zero between 2026 and 2030)
- 1% for Clean Energy Innovation Centers for R&D funding
- 0.5% for job training from 2012 to 2021 (increases to 1% after 2022)

# ACES breakdown – Boxer-Kerry

similar

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# ACES - Allocation

- Under Current distribution formula – Southern States about even
- Harder for Electricity Suppliers than Petroleum
  - 8-12 cents a gallon – pass through
  - \$8-30 per month – electric (reduction in Pacific Northwest)

# Renewable Electricity Standards

- Percentage
  - ▣ 6-20% in ACES to 2020
  - ▣ Boxer Kerry similar but could change
- Qualifies
  - ▣ ACES - Wind, solar, geothermal, renewable, certain biogas and biofuels, “qualified” hydropower, marine and hydrokinetic energy – gubernatorial waiver provision for increasing energy efficiency
- Pre-emption
  - ▣ ACES – floor pre-emption

# Both – Pre-emption of State Programs

- First Five years
- Boxer- Kerry – (9 month delay)
- Pre-emption of RGGI as well
- Some play and compromise

# Additional Big Issues

- Offsets
- Revenue
- Targets revisited

# Prognostication

- 2010
- Driven by EPA regulation
- Close on targets
- Funding for states in pre-emption
- Offsets – maybe international agreement?

# EPA Regulation

- Finalize endangerment finding by March 2010
- Regulate under Performance Stds.
  - ▣ Exemption of small sources - problematic
- NAAQS possible - difficulty
- Trading Preferred
- Offsets possible

# International - Copenhagen

- Big Issues
  - ▣ Binding Targets by Developing Countries
  - ▣ Financial Assistance Transfer
    - Adaptation
    - Other Losers
- Anyone's Guess how will End
  - ▣ New agreement
  - ▣ Framework for moving forward
  - ▣ Role of US

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