



PEW CENTER
ON
Global CLIMATE
CHANGE

CLIMATE CHANGE – DOMESTIC LEGISLATION AND INTERNATIONAL AGREEMENTS

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Overview of Presentation

- ❑ Introduction to the Pew Center
- ❑ Climate and Energy Policy Overview
- ❑ US climate policy state-of-play



Pew Center on Global Climate Change

- Founded in May 1998
- Independent, non-profit, non-partisan
- Divided into five major program areas:
 - ▣ Scientific Studies/Analyses
 - ▣ Solutions
 - ▣ Communications
 - ▣ Domestic and International Strategies
 - ▣ Outreach Activities
 - States
 - Business



Business Environmental Leadership Council



Climate and Energy Policy Overview

Climate Policy is Energy Policy

- 80% of US greenhouse gas emissions are carbon dioxide from combustion of fossil fuels.
- Therefore climate policy and energy policy are inextricably linked.



Three Energy Policy Challenges

US climate-energy policy must meet three interrelated challenges:

- To power continued economic growth
- To reduce US vulnerability to energy-related security threats
- To reduce risk of climate change and other environmental threats

Energy Sources

Must pursue all energy options:

- Natural gas
- Coal with carbon capture and storage
- Nuclear power
- Renewable energy
- Energy efficiency and conservation

Climate Policy Options

Options for reducing greenhouse gas emissions:

- Voluntary reduction programs
- Subsidies and tax cuts for R&D and deployment
- Command-and-control
- Tax
- Cap-and-trade

Key Elements

- The Pew Center believes that cap-and-trade is a key element of an All-of-the-Above energy policy that meets our economic, security, and environmental challenges.
- Under cap-and-trade, industry and the private market – not the government – pick the winning energy sources and technologies.



US Climate Action Partnership

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US Climate Action Partnership

Why do major businesses want climate-energy legislation?

- Regulatory uncertainty hinders investment
- There is no “no regulate option”
- Multinationals understand cap-and-trade
- Want US to have a strong position in international negotiations
- Convinced of climate science and risks to business

US Climate Policy State of Play

Climate Policy in 2009-2010

Major events of 2009 and 2010:

- Climate change a top priority of Administration and Congressional leadership
- House passage of bill with GHG cap-and-trade
- Major GHG regulatory actions
- Major businesses (e.g., USCAP) advocating for GHG cap-and-trade

Climate Policy in 2009-2010

Key challenges:

- Much of U.S. public appreciates importance of climate action, but not urgency
- Climate change, and cap-and-trade in particular, have become tied up in partisan politics
- The economy
- Obama and Congressional attention limited

Waxman-Markey Bill

House situation:

- Simple majority required for House passage
- Energy and Commerce Committee lead legislative effort
- 2008 Dingell-Boucher
- Overwhelming majority in the House
- Powerful Speaker of the House
- Started early in the 2-year Congressional term

Waxman-Markey Bill

Global warming provisions of House-passed Waxman-Markey bill:

- Covers 85% of US GHG emissions through cap-and-trade
- 17% below 2005 levels by 2020; 83% below by 2050
- 85% of allowances allocated for free
- 2 billion tons domestic & int'l offsets; discounted by 20%
- Strategic reserve of 2.5 billion allowances available if allowances prices rise above trigger price
- GHGs emissions from most stationary sources not subject to command-and-control regulation
- U.S. state GHG cap-and-trade programs on hold for 5 years

Senate

Senate situation:

- 60 out of 100 votes required for Senate passage
- 59 Democrats in Senate, 20+ from states with strong manufacturing, fossil energy sectors
- Never was a partisan option for climate action
- 6 committees have jurisdiction over climate and energy
- Limited time left in Congressional term

Senate

Kerry-Lieberman proposal:

- Reduce GHGs economy-wide 17% below 2005 levels by 2020 and 80% by 2050 through a sectoral approach
- Support for increased nuclear power and CCS
- Increased access to domestic oil & gas supplies
- GHG allowance “price collar”
- Some pre-emption of state and EPA action

Final Action

Two essential ingredients for success:

1. Administration leadership of legislative process
2. Engagement by Republican Senators

For More Information

www.pewclimate.org