

The Boxer-Lieberman-Warner Climate Security Act Substitute Amendment

The Boxer-Lieberman-Warner Climate Security Act (S. 3036) substitute amendment, released by the Senate Environment and Public Works Committee on May 21, 2008, is a strong start toward cutting global warming pollution and investing in America's clean and secure energy future.

The Climate Security Act is expected to come before the full Senate for debate and a vote in early June. If enacted, this bill would start the United States, and the world, on a path to avoiding the most dangerous impacts of global warming.

State and local action, court decisions, business plans, and consumer decisions are all pointing the United States toward taking serious action to curb global warming pollution. The time to act is now. We are already seeing the impacts of global climate disruptions: More heat waves, wildfires, floods, and droughts. Endangered species such as the polar bear driven to the brink. More severe hurricanes, melting ice caps, and disappearing glaciers.

The Climate Security Act has helped center national discussion on how quickly we can and must reduce our emissions. We have the solutions—cleaner energy sources, new vehicle technologies and industrial processes, and enhanced energy efficiency. Now we need national legislation to ensure these solutions are implemented quickly and comprehensively.

Summary of the Climate Security Act Substitute Amendment

Like the bill passed last year by the Environment and Public Works Committee, the Climate Security Act Substitute Amendment sets a declining cap on U.S. emissions of greenhouse gases:

- Starting from 2005 levels, the bill cuts covered sources' emissions of carbon dioxide and four other global warming pollutants 4 percent in 2012, 19 percent in 2020, and 71 percent in 2050.
- Emissions of heat-trapping hydrofluorocarbons (HFCs) are cut more rapidly, declining from 2012 levels by at least 15 percent in 2020, 45 percent in 2030, and 70 percent by 2040.
- More emission reductions are achieved outside the cap by dedicating more than 5 percent of the emissions allowances to reducing emissions in the domestic agriculture and forestry sectors and to international efforts to reduce deforestation and increase technology cooperation.

Achieving Reductions at Least Cost

To achieve these reductions at least cost, the bill:

- Creates a cap-and-trade system administered by the Environmental Protection Agency, together with an emissions monitoring and reporting system.
- Phases out free emission allowances for polluting industries and allocates an increasing share of allowances to public benefits, reaching 100 percent by 2031. These benefits include measures that bring down costs, such as deployment of energy efficiency, renewables, and other low-carbon technologies, and protect consumers, support leadership states, and ease adaptation to the impacts of global warming that can no longer be avoided.
- Allows firms to comply in part with "offsets"—emission reductions achieved outside the cap. Offsets from domestic agriculture and forestry may total up to 15 percent of the cap. Another 15 percent may come from international actions, including 10 percent from national-level programs to reduce tropical deforestation.
- Allows firms to trade and bank emissions allowances. Firms also may borrow limited amounts of emissions allowances, repaying them with interest by making deeper reductions in later years. A carbon market efficiency board has limited authority to change borrowing and offset limits and payback periods.

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- Creates a cost containment auction in which firms can buy a limited number of emissions allowances borrowed from the program's later years if allowance prices rise above expected levels. An auction reserve price is set by the president between \$22 and \$30 per ton in 2012 and rises at a real rate of 5 percent each year. If allowances are sold through the cost containment auction, 70 percent of proceeds will be used to achieve make-up emission reductions outside the cap and 30 percent will be used for low-income assistance.
- Sets a floor price of \$10 per ton, rising by a real 5 percent each year. If allowance costs fall below this floor price, the EPA is instructed to tighten the cap by reducing the number of allowances issued each year.
- Strengthens the capacity of states to implement cost-saving energy efficiency measures, while protecting their ability to reduce national emissions.

Emission Allowance Allocation

The bill allocates emission allowances—with an estimated value ranging from \$100 to 200 billion each year—to achieve important public objectives such as:

- Cutting program costs through investments in energy efficiency, renewable energy sources, and other low-carbon technologies.
- Protecting low- and middle-income consumers.
- Assuring a just transition for affected communities and workers.
- Addressing adaptation needs for people and communities suffering climate change impacts in the United States and around the world.

Support for these objectives is accomplished by directly allocating allowances or by auctioning them and using the proceeds for these dedicated activities. From 2012 through 2050, the principal allocations are directed as follows:

Allowance Allocation Beneficiaries	Cumulative % Allowances, 2012-2050
Consumers, states, and tribes	49%
Free allocations to industry	9%
Low-carbon technology development and deployment	
■ Energy efficiency, renewable and zero emission sources (6 percent)	
■ Advanced coal with carbon capture and storage (2 percent)	
■ Advanced biofuels and vehicles (1.5 percent)	9.5%
Domestic agricultural and forestry activities	4.5%
Worker training for green jobs	3%
International mitigation and adaptation	6%
Domestic wildlife adaptation and ecosystem protection	4%
Pay-as-you-go budget offset and other program costs	15%

Progress in Combating Global Warming

The upcoming floor debate on the Climate Security Act represents a historic moment in the move toward comprehensive limits on U.S. global warming emissions. The Climate Security Act Substitute Amendment is a strong start on cutting global warming pollution and investing in America's clean and independent energy future. If enacted, this bill would put the United States, and the world, on a path to avoiding the worst impacts of global warming. It's time for Congress to strengthen and pass the Climate Security Act.