

**Federal Climate and Energy Activities Weekly Roundup
December 14—December 18**

Update on International Negotiations in Copenhagen:

Tensions have been high all week at the United Nation's Copenhagen climate summit, with various countries holding up negotiations at different points. As of this writing—the last day of the talks—negotiations remain at a standstill. Disagreements this week have focused primarily on emissions goals (and to whom they ought to apply), transparency necessary to verify emissions reductions and funding for developing countries for adaptation and clean energy technologies.

Developing nations continue to favor an extension of the Kyoto Protocol over a new agreement because the Kyoto Protocol only required emissions reductions from the developed world and did not make similar requirements of developing countries. This is something U.S. and European negotiators have rejected.

The transparency issue centers on U.S. insistence that countries have third party verification of their emissions reductions. China has balked at this and maintains it intends to self verify. Transparency for both China and India is complicated by the fact that both countries have pledged to reduce their carbon intensity, rather than an absolute reduction in carbon emissions. Because carbon intensity is measured as carbon output relative to unit of Gross Domestic Product (GDP), not only would true transparency require verification of emissions output, but also of actual GDP.

The issue of funding for developing countries got a boost when U.S. Secretary of State Hillary Clinton announced on December 17 that the United States will help raise \$100 billion annually by 2020 to help poor countries adapt to climate change and reduce their emissions. However, Clinton said that the funding is contingent upon fast-growing nations like China and India accepting binding emissions commitments that can be inspected and verified by a third party. Clinton said the money would be a mix of public and private dollars, including revenue from a U.S. cap-and-trade system assuming one is enacted. However, she did not say how much of that funding would come from the U.S. She also noted that any funding would go entirely to “the poorest and most vulnerable among us,” which is in line with statements other U.S. officials have made about China being prohibited from receiving such funding, and even required to contribute to an international climate fund.

President Obama, numerous U.S. officials and members of Congress have participated in the talks this week. Senator John Kerry (D-MA) spoke to negotiators on December 16, expressing optimism about the Senate climate bill and pushing for transparency. Speaker of the House Nancy Pelosi (D-CA) and 19 other members of Congress arrived on December 17, and President Obama spoke to the participants on December 18 urging action. However, as of this writing no agreements have been made. A legally binding deal is not expected to result from the Copenhagen meeting. Instead, negotiations will continue into 2010.

Update on Senate Climate Legislation:

On December 10, Senators John Kerry (D-MA), Lindsey Graham (R-SC) and Joe Lieberman (I-CT) released a “framework” for the bipartisan climate legislation the three Senators are working on together. The Framework does not provide significant details about some of the more controversial issues under discussion, but instead reiterates their focus on a market-based system with new resources for nuclear energy and coal, and increased offshore drilling. The Framework states that the near term emissions reduction target would be in the range of 17 percent below 2005 emissions levels. Meanwhile, the Congressional Budget Office issued an analysis of the Senate climate legislation (S. 1733) as passed by the Environment and Public Works Committee estimating the bill would create a \$21 billion surplus over a ten-year period.

Cantwell and Collins Introduce Cap-and-Dividend Alternative to Cap-and-Trade

On December 11, Senators Maria Cantwell (D-WA) and Susan Collins (R-ME) introduced the Carbon Limits and Energy for America’s Renewal (CLEAR) Act, S. 2877. The bill uses a “cap-and-dividend” approach to capping carbon emissions, and is an alternative to the cap-and-trade approach used in the House-passed climate bill and the Senate legislation currently being debated. Like the climate legislation passed by the Senate Environment and Public Works Committee, the CLEAR Act would cap carbon emissions at 20 percent below 2005 levels in 2020, and require an 83 percent emissions reduction from 2005 levels by 2050. But it does not include a marketplace system for trading emissions credits. Additionally, it would auction off all of the carbon permits rather than give away permits to specific industries. The bill sets a price range with a \$7 floor and a \$21 ceiling for 2012 (prices would rise in subsequent years, but there would always be a floor and ceiling). Three quarters of the proceeds achieved through the auction would be sent back to tax payers as direct payments and the remaining 25 percent would be dedicated to renewable energy research and development and programs that reduce carbon dioxide emissions. The bill would not allow for offset projects as a means for emitters to reduce their carbon output. It would also significantly limit derivatives trading, which would prevent Wall Street speculation in a new carbon market.

Republican-Sponsored Resolution Seeks to Overturn EPA Endangerment Finding

On December 16, Representative Jerry Moran (R-KS) introduced a resolution disapproving of the Environmental Protection Agency (EPA) finding that greenhouse gases endanger public health. The finding allows EPA to regulate carbon dioxide and other greenhouse gases under the Clean Air Act. Senator Lisa Murkowski (R-AK) expects to introduce a similar resolution in the Senate soon. Senate rules would require the full Senate to take up the resolution if 30 Senators sign a petition of support of floor action, and Murkowski is hopeful that a number of Democrats would support it. However the House does not have similar rules and it is unlikely that it will be acted upon in that chamber. In order to nullify the finding, the resolution would need to be passed by both houses and signed by the President.

New Legislation:

- On December 11, Senator Maria Cantwell (D-WA) introduced S. 2877. The bill would direct the Secretary of the Treasury to establish a program to regulate the entry of fossil carbon into commerce in the United States to promote clean energy jobs and economic growth and avoid dangerous interference with the climate of the Earth, and for other purposes. It was referred to the Committee on Finance.

- On December 15, Representative Rodney Alexander (R-LA) introduced H. Res. 974. The resolution urges the Administrator of the Environmental Protection Agency to reevaluate the endangerment and cause or contribute findings regarding greenhouse gases signed on December 7, 2009. It was referred to the Committee on Energy and Commerce.
- On December 16, Representative Thaddeus McCotter (R-MI) introduced H.R. 4344. The bill would prohibit the Environmental Protection Agency from obligating any amounts for the regulation of emissions of carbon dioxide. It was referred to the Committee on Energy and Commerce.
- On December 16, Representative Earl Pomeroy (D-ND) introduced H.R. 4396. The bill would amend the Clean Air Act to provide that greenhouse gases are not subject to the Act, and for other purposes; to the Committee on Energy and Commerce.
- On December 16, Representative José Serrano introduced H.R. 4399. The bill would further the national deployment of electric drive vehicles, to strengthen and enhance the national power grid through the integration of such vehicles, and for other purposes. It was referred to the Committee on Oversight and Government Reform, and in addition to the Committees on Energy and Commerce, Transportation and Infrastructure, and Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
- On December 16, Representative Jerry Moran (R-KS) introduced H.J. Res. 66. The joint resolution would disapprove of a rule submitted by the Administrator of the Environmental Protection Agency relating to endangerment and cause or contribute findings for greenhouse gases under section 202(a) of the Clean Air Act. It was referred to the Committee on Energy and Commerce.
- On December 17, Senator Michael Bennet (D-CO) introduced S. 2897. The bill would establish incentives to increase the energy efficiency of federally assisted housing. It was referred to the Committee on Banking, Housing, and Urban Affairs.
- On December 17, Senator Diane Feinstein (D-CA) introduced S. 2899. The bill would amend the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986 to provide incentives for the development of solar energy. It was referred to the Committee on Finance.