

**Federal Climate and Energy Activities Weekly Roundup
October 19—October 23**

Update on Senate Climate Legislation:

Environment and Public Works (EPW) Committee Chairman Barbara Boxer (D-CA) plans to release her chairman's mark of the Senate climate legislation today, October 23. However, as of this writing it is not available. The chairman's mark will fill in some of the blanks left in the bill as introduced, including how allocations would be distributed. Boxer will release her chairman's mark concurrently with an analysis by the Environmental Protection Agency (EPA) that will gauge the cost of the bill. However, the EPA analysis that will be available today is only a preliminary overview. EPA plans to provide a more detailed analysis, but it may not be ready for several more weeks. Republicans have criticized Boxer for not providing details of the allocations formula sooner, as the Committee heads towards hearings on the legislation on October 27. They also maintain that they should have a chance to see EPA's full analysis prior to the Committee markup. Boxer hinted this week, that the EPW Committee markup could occur as early as the week of November 2. Meanwhile, the jurisdictional disagreement over the allocations formula between the EPW Committee and the Finance Committee remains, and Finance Committee Chairman Max Baucus (D-MT) has said he will begin hearings on the formula for allocations and on trade issues before Thanksgiving.

Senate Foreign Relations Committee Chairman John Kerry (D-MA), the bill's lead sponsor, has said he has scheduled a meeting with Senate Majority Leader Harry Reid (D-NV) on October 26 to establish a timetable for moving the bill forward. In addition to the Foreign Relations Committee, the EPW Committee and the Finance Committee, a number of other Senate committees have jurisdiction over portions of the bill and could hold markups. Kerry says he hopes all committees of jurisdiction will complete their work by Thanksgiving.

Cantwell to Introduce Alternative Senate Climate Legislation:

Senator Maria Cantwell (D-WA) is poised to introduce legislation that would compete with the Kerry-Boxer climate change legislation in the Senate. Like the Kerry-Boxer bill, Cantwell would cap total overall emissions and require entities emitting greenhouse gases to purchase permits to account for their emissions. However, it would require a 100 percent auction of the allowances and would refund 75 percent of the revenue to consumers to help them cover the rising costs of energy. The remaining 25 percent would be used for research and development into clean energy and renewable energy technologies. As noted above, details of the Kerry-Boxer bill's allocation formula have not yet been released, however, it is more than likely that at least a portion of the allocations would be given away to emitters free of charge for a period of time. Another critical difference between the Cantwell approach—termed “cap and dividend”—and the Kerry-Boxer bill is that Cantwell would bar the trading of the emissions allowances as commodities. Under the Cantwell bill, covered entities could trade emissions allowances with each other, but no outside market could take part in the trades. Cantwell and other Senators have expressed concern that the

commodities market set up under a cap and trade bill would be vulnerable to manipulation and speculation.

House Passes Solar Energy Bill:

On October 22, the House passed H.R. 3585, which would create a committee within the Department of Energy tasked with crafting a long-term research plan for how best to commercialize the use of solar energy. The bill also authorizes \$2.5 million over 3 years for solar energy research and development and demonstration projects. A Republican amendment that would have cut funding to \$750 million failed.

GAO Releases Report Calling for Federal Attention to U.S. Adaptation Needs:

This week, the Government Accountability Office (GAO) released a report recommending that the federal government—in particular the White House Council on Environmental Quality and the Office of Science and Technology Policy—take a lead role in preparing a strategy to help the country adapt to the impacts of climate change. According to the report, some states and local governments have begun making adaptation plans, however they need additional federal guidance and resources. As part of the report, GAO conducted a survey of federal, state and local government officials, approximately 70 percent of whom said there is a lack of clear roles and responsibilities among the various levels of government in regards to adaptation planning. GAO Director of Natural Resources John Stephenson testified about the report on October 22 before the House Select Committee on Energy Independence and Global Warming.

Senate Energy Committee Holds Hearing on Allocation of Allowances:

At an October 21 hearing, the Senate Energy and Natural Resources Committee heard from witnesses about how the allocation of emissions permits under a cap and trade program could impact energy prices. The Energy Committee does not have jurisdiction over this portion of the energy and climate bill—the Environment and Public Works Committee and the Finance Committee both claim to have jurisdiction in this area—however, Committee Chairman Jeff Bingaman (D-NM) said before the hearing that he wanted to make sure his committee members are educated on the subject. Ranking Member Lisa Murkowski (R-AK) expressed concerns that giving away free earmarks to specific industries would be akin to “decades-long earmarks.” Similarly, Senator Bob Corker (R-TN) said he favored auctioning all of the allowances and refunding the money back to taxpayers.

House Subcommittee Discusses Biomass R&D:

On October 21, the House Science and Technology Committee Energy and Environment Subcommittee held a hearing on biomass technology. Subcommittee Members considered technology issue areas such as gasification systems, directed-fired systems, and anaerobic digestion and discussed how the federal government could better overcome barriers to new biopower technologies.

New Legislation:

- H.R. 3909 introduced on October 22 by Representative Deborah Halvorson (D-IL). The bill would enhance the energy security of the United States by encouraging investments in renewable and alternative energy and to authorize appropriations for research in and

development of fungible biofuels. It was referred to the Committee on Ways and Means, and the Committee on Science and Technology.

- H.R. 3918 introduced October 22 by Representative Mike Thompson (D-CA). The bill would amend the Internal Revenue Code of 1986 to provide a tax credit for qualified distributed thermal energy storage property, and for other purposes. It was referred to the Committee on Ways and Means.