

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

Update on Senate Climate Legislation

This week, Senate Majority Leader Harry Reid (D-NV) hinted that the Senate's consideration of climate change legislation could slip into 2010, due to the competing priorities of healthcare and financial regulatory overhaul. A spokesperson for his office later backtracked on this claim and stated the Senate is moving forward with a cap and trade bill to be debated on the Senate floor this year. Environment and Public Works (EPW) Committee Chairman Barbara Boxer (D-CA) and Foreign Relations Committee Chairman John Kerry (D-MA), who are working jointly on the cap and trade provisions of the bill said they are still on track to introduce a bill in late September, or, according to Kerry, early October at the latest. Boxer's Committee would hold hearings and a markup of the legislation in October. Late last week, Boxer and Kerry received suggested language relating to coal provisions of the bill from Senator Thomas Carper (D-DE) who led a taskforce of coal-state senators working on the coal-related provisions of the bill. Carper's taskforce is pushing for greater support for coal states and the coal industry in the Senate bill than was included in the House-passed legislation. A copy of their suggested language is attached. Boxer and Kerry are still awaiting suggestions from the other taskforces Boxer set up to work on offsets and protecting U.S. manufacturing. Also this week, some key Democrats expressed reservations about climate change legislation. Senate Agriculture Committee Chairwoman Blanche Lincoln (D-AR) said she does not support the House-passed bill and would not support a Senate bill that resembled the House bill. She expressed concerns about the impact the legislation could have on rural and poor areas and costs to farmers. Senator Byron Dorgan (D-ND) also expressed concern over the complexity of regulating an emissions trading approach.

New Auto Emissions Standards Released

On September 15, the Administration released its detailed proposal to increase automobile corporate average fuel economy (CAFE) standards. The new CAFE standards were initially announced last May, but this proposal provides further details on the regulations. The new CAFE standards would require an average fuel economy for cars and light trucks of 35.5 miles per gallon by 2016. In addition to the upped CAFE standards, the proposal also includes the first ever mandatory greenhouse gas emissions standard for automobiles. Under the proposal, automobile manufacturers would be required to meet an average greenhouse gas emissions level of 250 grams of carbon per mile. EPA Administrator Lisa Jackson claimed the proposal would reduce oil consumption by 1.8 billion barrels, prevent greenhouse gas emissions of approximately 950 million metric tons and save consumers more than \$3,000 in fuel costs over the life of a vehicle. A proposed rule will be published in the Federal Register shortly, followed by a 60-day comment period.

Sen. Murkowski May Try to Delay EPA Emissions Regulations Under Clean Air Act

Senator Lisa Murkowski (R-AK) is reportedly considering introducing an amendment to the 2010 Interior Appropriations Bill that would postpone EPA's efforts to regulate greenhouse gas

emissions from stationary sources. EPA issued a proposed endangerment finding in April, and is expected to release the final endangerment finding any time. The endangerment finding, which is in response to the 2007 Supreme Court case *Massachusetts v. EPA*, would give EPA the authority to regulate emissions from both stationary and mobile sources under Clean Air Act authority. According to Sen. Murkowski's spokesperson, the amendment would "request a one-year timeout on money that would be spent on regulation of non-mobile sources" in order to give Congress an additional year to come up with a legislative solution.

#### Senate Energy and Natural Resources Committee Hearing on Cost of Cap and Trade

On September 15, the Senate Energy and Natural Resources Committee held the first in a series of hearings on details of a cap and trade bill. While the Committee does not have jurisdiction over climate legislation (the Environment and Public Works Committee is the committee of jurisdiction), Chairman Jeff Bingaman (D-NM) has introduced climate change legislation in previous congresses and the Energy Committee reported energy-specific legislation last June that Senate leaders intend to merge with climate legislation for floor debate. Bingaman has said he does not intend to introduce his own cap and trade legislation this year. The September 15 hearing focused on managing the cost of a cap and trade program. Witnesses discussed the need to control price volatility within the carbon market set up by the bill.

#### CRS Report Claims Cost Estimates of Cap and Trade Should be Viewed with Skepticism

The Congressional Research Service (CRS) published a report on September 14 that analyzed several recent studies providing cost estimates of the House climate legislation and concluded that "long-term cost projections are at best speculative, and should be viewed with attentive skepticism." The CRS report considered cost estimates released by the Environmental Protection Agency, the Energy Information Administration, the Congressional Budget Office, the National Black Chamber of Commerce, the Heritage Foundation, the Massachusetts Institute of Technology and a joint report by the American Council for Capital Formation and the National Association of Manufacturers. These reports came to vastly different conclusions regarding the cost of the House climate legislation. The CRS report maintained that it is extremely difficult to make accurate long-term cost projections because so many unpredictable factors may influence those costs, especially the availability of new technologies. A few days after the CRS report's release, the Congressional Budget Office (CBO) came out with a new analysis of the House climate change bill, which concluded that the bill could reduce gross domestic product by 1 to 3.5 percent by 2050. CBO considers this to be a mild impact on the economy.

#### Houses Passes Bill to Fund Research into Advanced Vehicle Technology

On September 16, the House passed H.R. 3246, the Advanced Technology Vehicle Act, which would authorize \$2.85 billion over between 2010 and 2014 to expand federal funding of research into advanced technology vehicles such as electric vehicles and plug-in hybrids.

#### New Legislation:

- H.R. 3592. Introduced September 18 by Representative Bill Pascrell (D-NJ). The bill would amend the Internal Revenue Code of 1986 to allow a tax credit for producing oil from recycled waste. Status: Referred to the Committee on Ways and Means and the Committee on Energy and Commerce,