

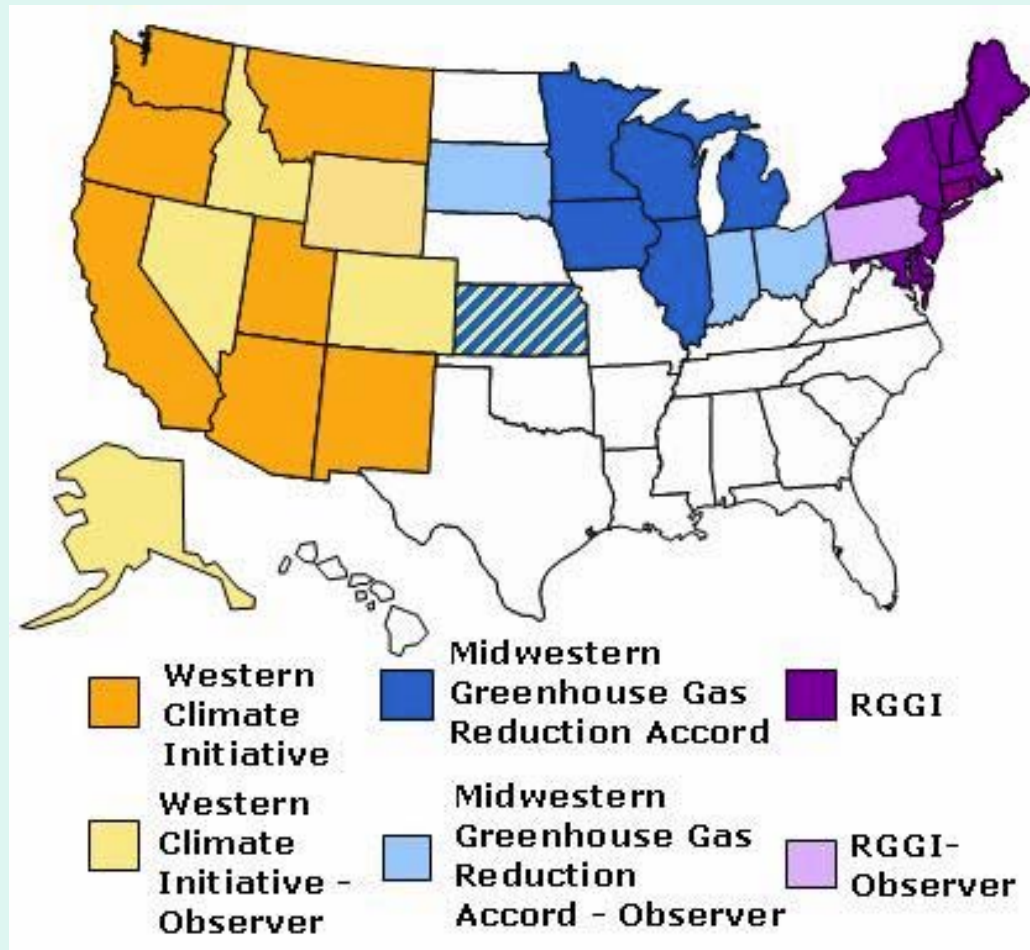
Global Perspectives on Climate Change  
2009 NCSL Legislative Summit  
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# Today's focus

- US climate focus shifts from regional to national carbon strategies
- Waxman-Markey bill moves to Senate
- Copenhagen issues and outlook

# Regional climate initiatives are yielding to federal programs



Source: Pew Center (2008).

## Regional climate programs differ in scope, stringency and implementation

- Targets and timetables for emission reductions and allowance allocation methods differ among regions.
- Northeast RGGI freezes electric utility emissions at current levels, then a 10% reduction by 2014-2018. Covers only electric utilities, 1/3 of regional emissions.
- Western Climate Initiative calls for 15% reduction of total greenhouse gases from 2005 levels by 2020.
- Midwest Governors Accord is aiming at 17% below 2005 emissions by 2020 in six states, using an untested first jurisdictional deliverer (FJD) point of regulation.

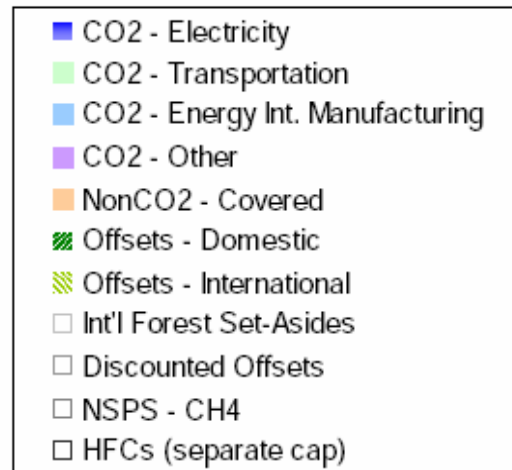
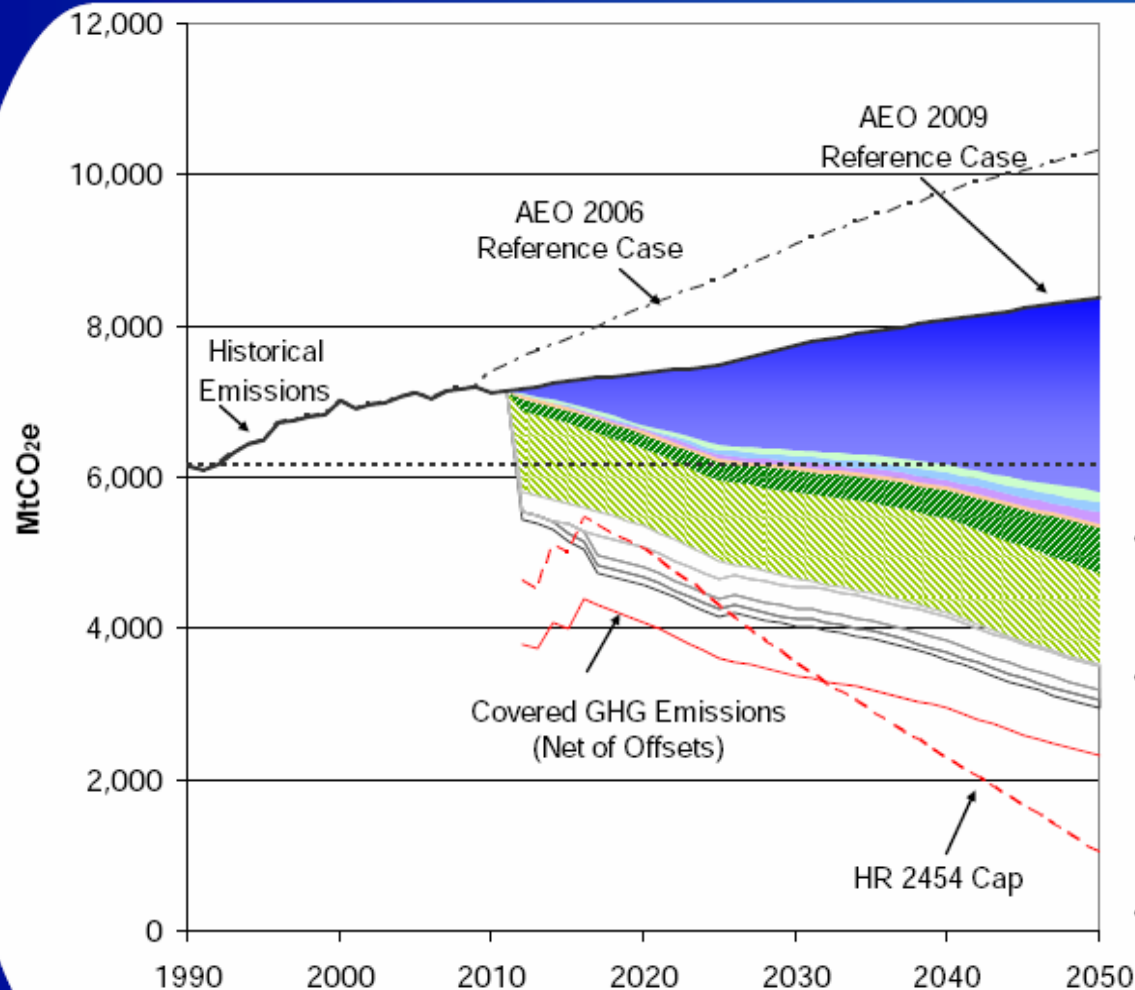
# Key concerns

- Duplicative state and federal cap & trade programs increase the costs of greenhouse gas emission reductions with little or no environmental benefit (federal allowances are traded to other states.)
- Requiring two permits to cover the same ton of CO<sub>2</sub> emissions, or imposing targets and timetables more stringent than those adopted in national legislation, would undermine the purposes of a national cap & trade program, raising costs for non-participants.
- Widespread agreement on the need for a “single currency” for national emissions trading.

# Waxman-Markey HR 2454

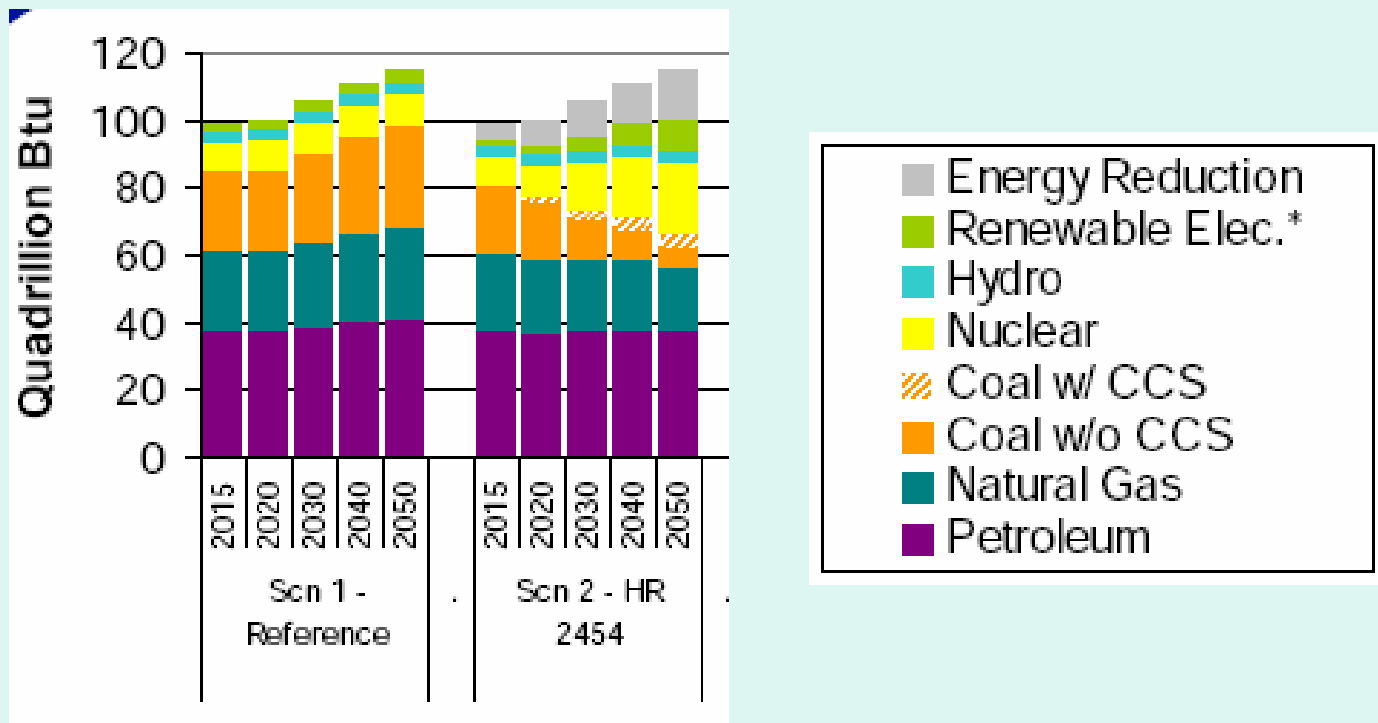
- Comprehensive climate, renewables, and energy efficiency bill approved 219-212 by House of Representatives on June 26.
- 44 Democrats voted “no”.
- Faces uncertain road ahead in Senate to obtain 60 votes.
- Senate action expected by December, in advance of Copenhagen negotiations.

# HR 2454 would dramatically reduce U.S. greenhouse gas emissions



- The updated reference case for this analysis is based on AEO 2009, and the old reference case from EPA's S. 2191 analysis was based on AEO 2006.
- Cumulative 2012-2050 GHG emissions are 14% (51 bmt) lower in the AEO 09 baseline compared to the AEO 06 baseline in ADAGE due to the inclusion of EISA, lower initial (2010) GDP (\$13.2 trillion in AEO 09 vs \$14.6 trillion in AEO 06), and a lower projected GDP growth rate (2.5% in AEO 09 vs 3.0% in AEO 06).
- International forest set-asides, discounted offsets, NSPS provisions for landfill and coal mine methane, and the HFC cap all provide additional abatement that does not help to meet the main cap.

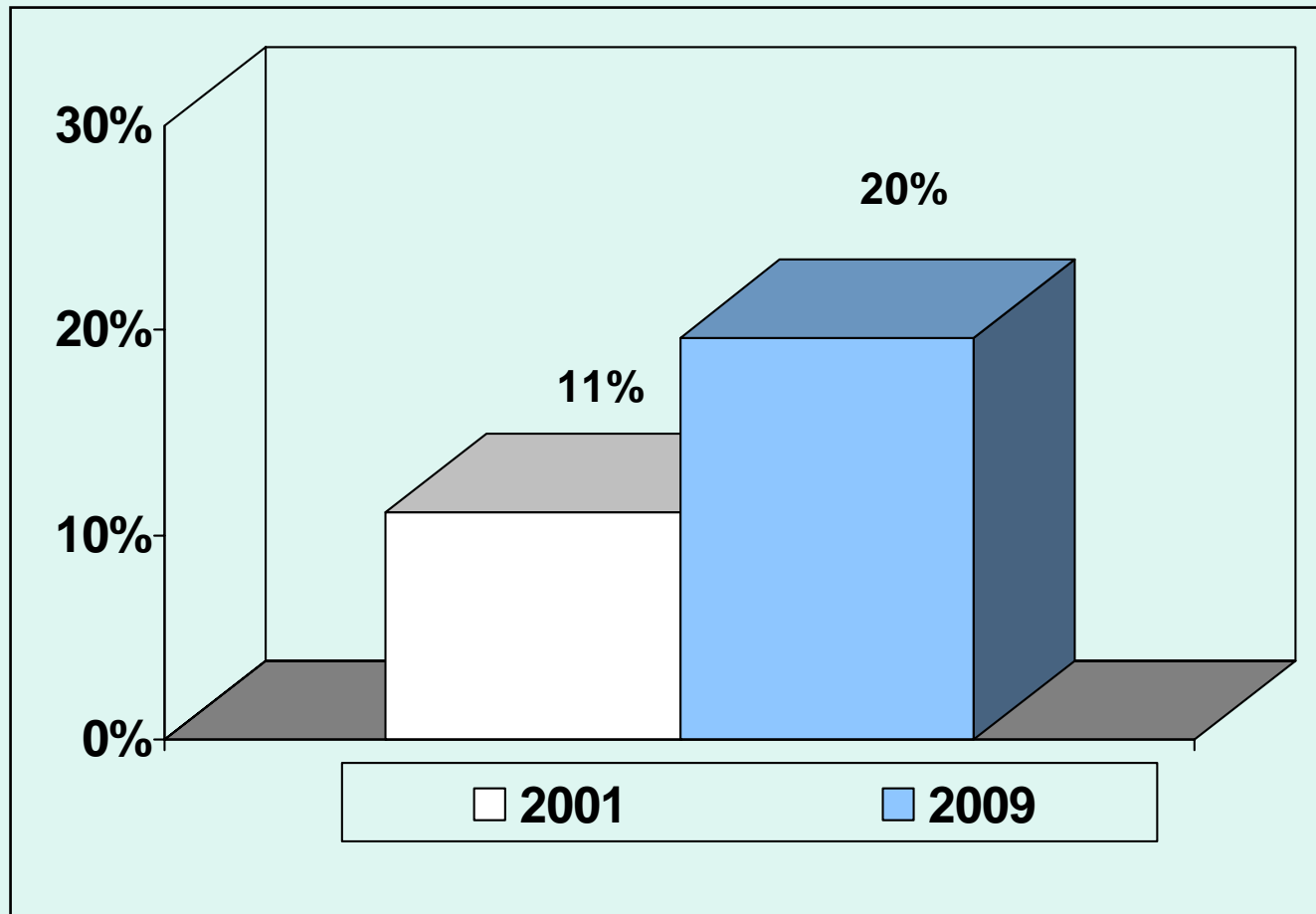
# HR 2454 would transform U.S. energy use



Source: US EPA Analysis of HR 2454 (June 23, 2009).

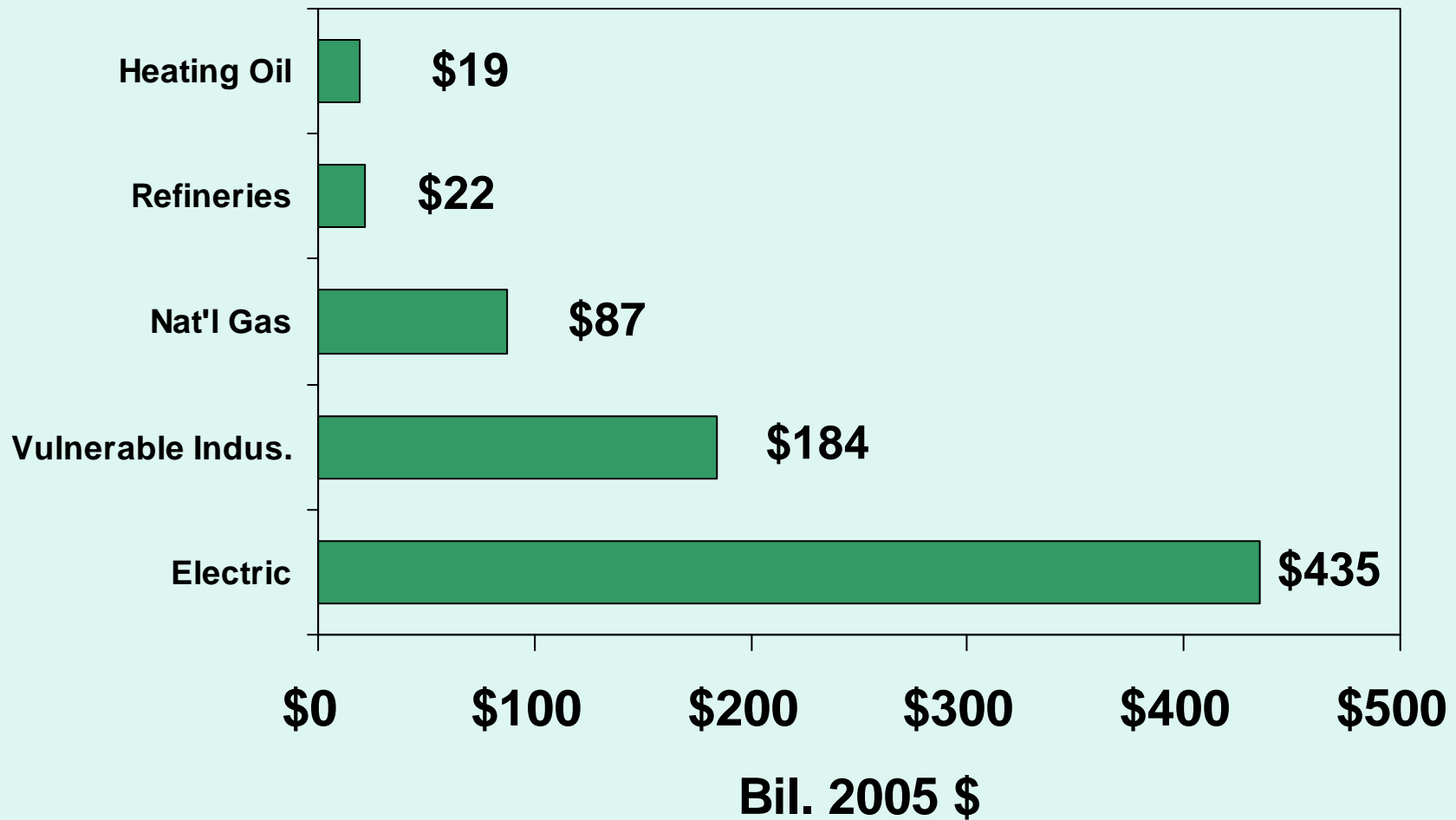
Why the costs of energy  
transformation (and timing)  
matter

Energy costs are now consuming 20% of the after-tax incomes of the 50% of families with pretax income less than \$50,000 annually

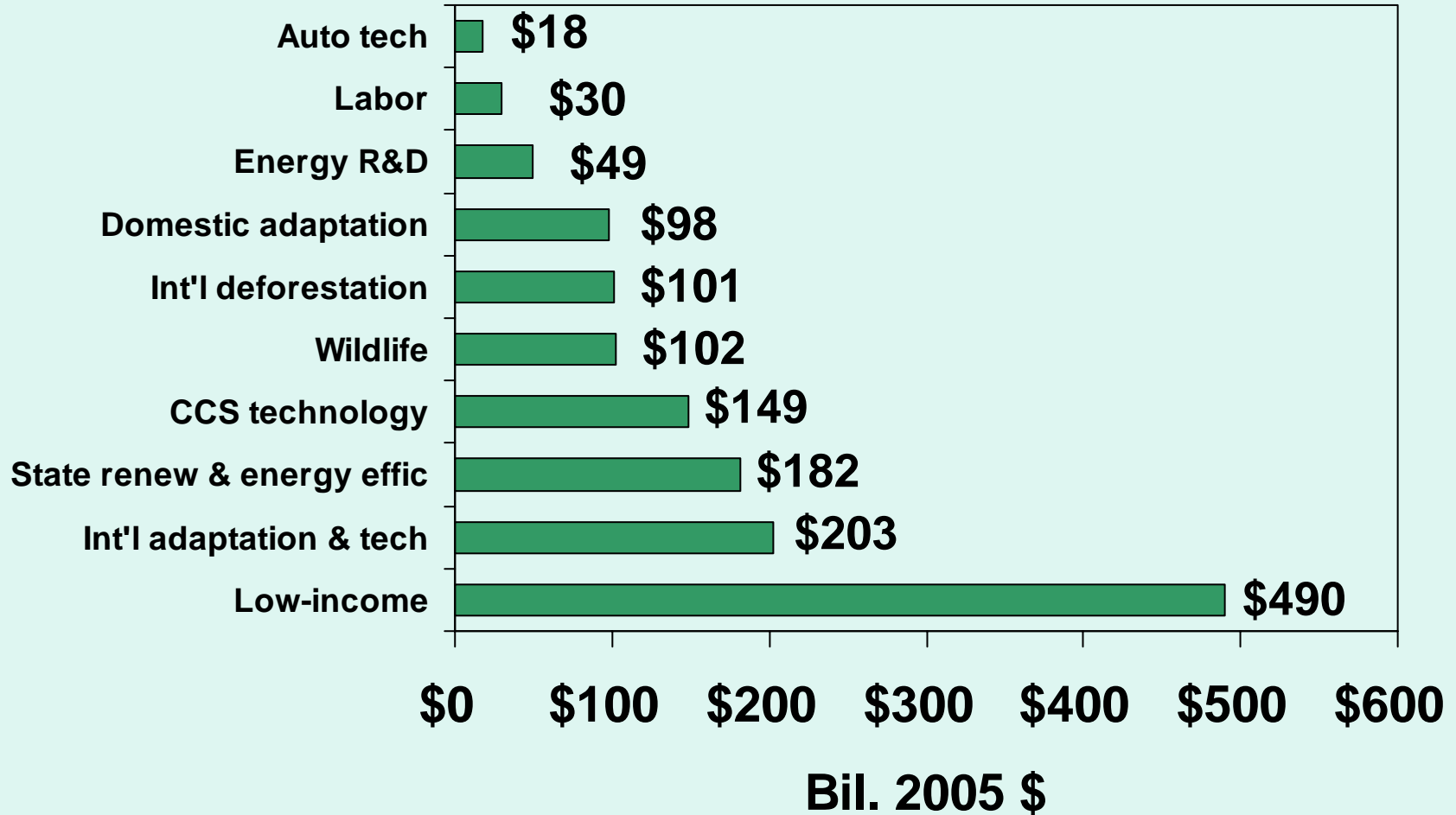


Source: U.S. Department of Energy, U.S. Bureau of the Census

# “Emitting-source” allocations in Waxman-Markey (\$0.7 trillion total 2012-2050)



# “Non-source” and international allocations in HR 2454 (\$1.3 trillion total 2012-2050)



## A few key Senate issues

- Stringency and impacts of 2020 target
- Availability of CCS control technology by 2020
- Adequacy of CCS incentives (8% Bingaman Specter vs. 4.6% HR 2454)
- Extension of electric allocations beyond 2025
- Sales/emissions allocation formula for electric allocations and regional impacts of alternatives
- International border adjustments

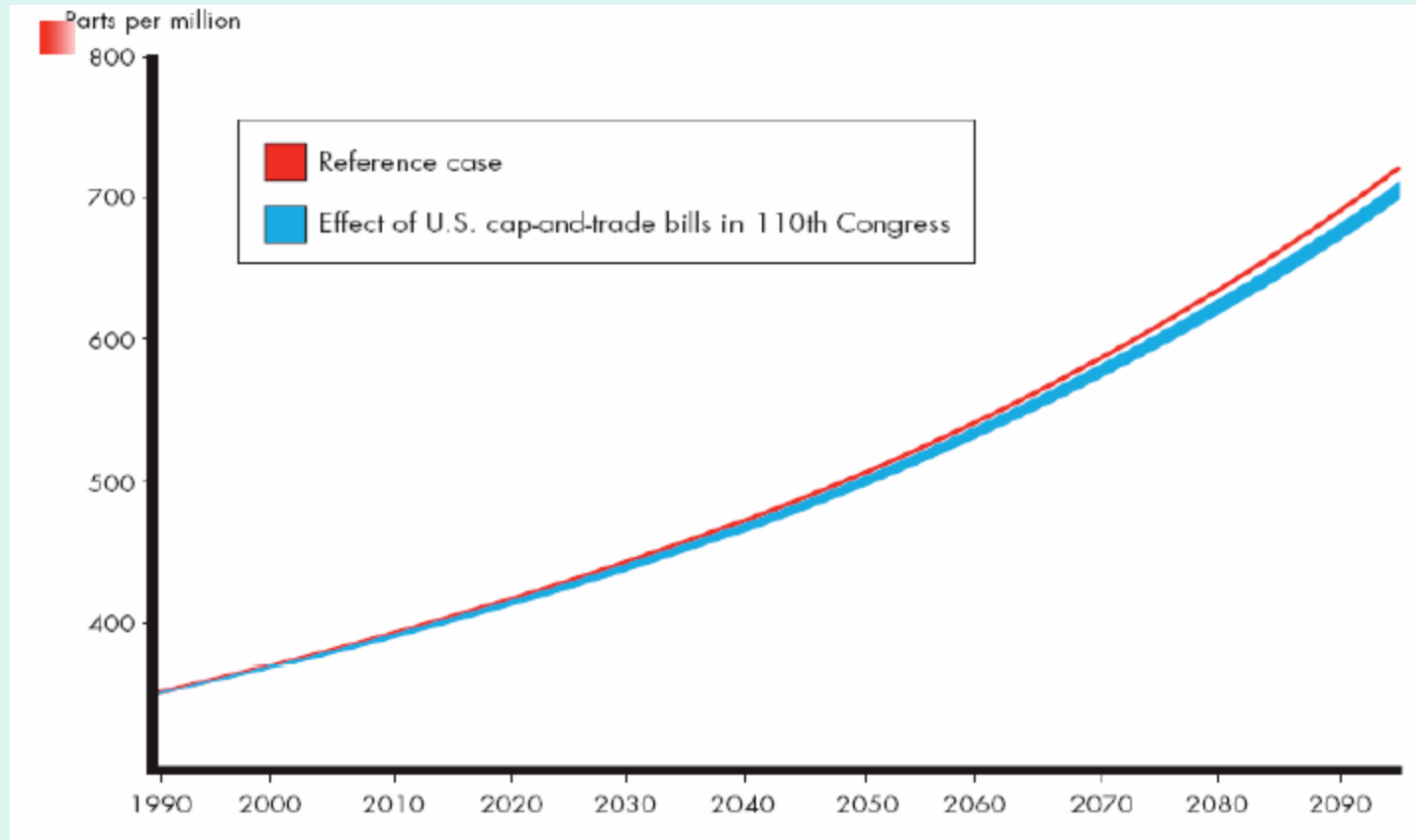
# Outlook for Copenhagen!



## Bones of contention ...

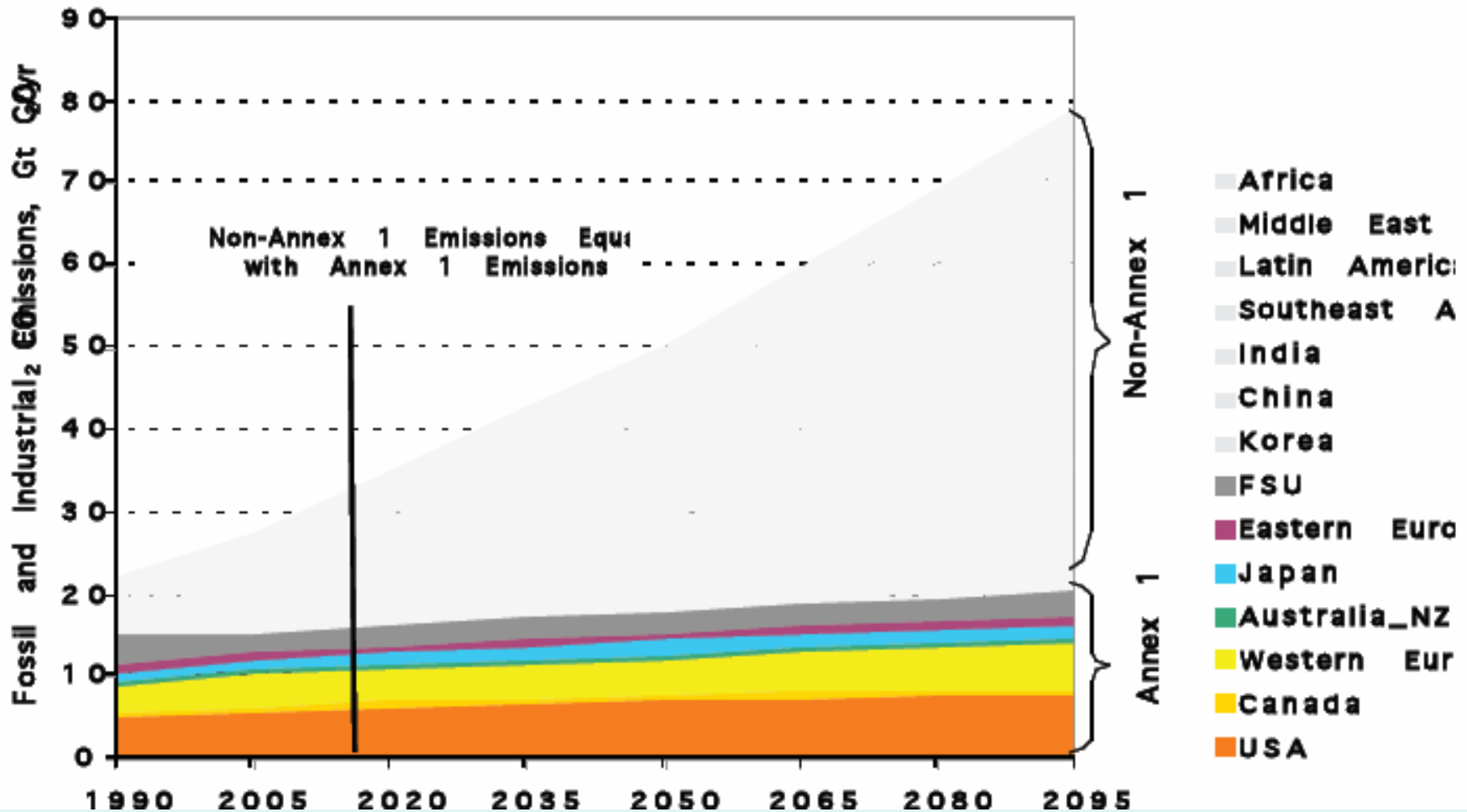
- US at 14% or 17% (?) below 2005 by 2020
- EU at 20% below 1990, 30% if US joins
- Japan proposes 15% below 2005 by 2020
- Developing countries seek benefits from technology transfer, forest credits and financial mechanisms, without quantified targets or timetables

# US actions will have little effect on future GHG concentrations



Source: Economic Report of the President (2009).

# GHG emissions from developing nations will rapidly outpace industrial country emissions



Source: Batelle Memorial Institute (2007).

# Critical issues at Copenhagen

- Resolving differences among industrial nations commitments
- Addressing international forest conservation (REDD) to provide significant flow of offsets to Annex I parties and financial resources to developing nations
- Other mechanisms for transfer of technology and financial resources to developing nations
- Expanding participation of “advanced” developing nations beyond limited approach to the Bali Action Plan taken by G-77 & China in Bonn in June 2009

# G-77 & China Bonn Position

- “Measurable, reportable and verifiable” actions by developing countries are *only those actions made possible by the transfer of technology and financial resources from industrial nations.*
- Resistance to proposals to reclassify parties based on relative stage of economic development (e.g., G-20 including China, India, Brazil, Saudi Arabia).
- One-sided agreement in Copenhagen risks repeat of Kyoto.

# Questions?

