

## Senators Cantwell and Collins Introduce Worthy Bipartisan Climate Bill The Friends Committee on National Legislation Endorses CLEAR Act



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### Can a Gridlocked Congress Pass Climate Legislation in 2010?

It is hard to keep up with all of the congressional maneuverings on climate change legislation in Washington, DC. After the House passed its 1,400-page climate and energy bill, [H.R. 2454](#) back in June 2009, many thought the Senate would follow suit and possibly approve a bill in time to bring to the international climate treaty conference last November in Copenhagen.

That was not to be. Hardly had the dust from the House vote settled before many in the Senate rushed to pronounce the House-passed Waxman-Markey climate bill [dead on arrival](#). Even with all of the [cash giveaways](#) to the fossil fuel industry, the House legislation was not "[business-friendly](#)" enough for the architects of the Senate's inchoate climate and energy bill. Thus, instead of completing one of President [Obama's top legislative priorities](#) in his first year of office, the climate bill ship ran into an iceberg named the U.S. Senate.

For the Friends Committee on National Legislation ([FCNL](#)) and other [like-minded organizations](#) and people who consider H.R. 2454 a step in the wrong direction, the [ignominious end](#) of a House-type cap-and-trade bill was cause for conflicted celebration; the Waxman-Markey House bill had been rejected, but for the wrong reasons – the Senate was calling for something even weaker.

In the long congressional chill that followed (minus a short-lived attempt by Sen. Barbara Boxer (CA) to push [her climate legislation](#)), [three Senators](#) came forward promising to cobble together a climate and energy bill that would garner the 60 votes needed for passage. Senators Kerry (MA), Lieberman (CT), and Graham (SC), or "K-L-G," have been attempting to hammer out the details of an as yet to be introduced broad-ranging climate

and energy bill. Giving K-L-G top credibility, President Obama and Senate Majority Leader Harry Reid (NV) have tacitly endorsed the trio's role as captains of the Senate's climate bill ship.

While the K-L-G plan is lacking legislative details, the team has been explicit in their [priority commitment](#) to include new incentives for offshore oil drilling, coal-fired power plants, nuclear power, as well as carbon permit giveaways and billions of tons of "[carbon offsets](#)" in their final legislation.

Unfortunately in this context, the prospects for what the Friends Committee on National Legislation views as a productive climate bill look dim; [FCNL opposed](#) the House-passed climate and energy bill, and the K-L-G negotiations in the Senate appear ready to produce legislation that may also not responsibly address the environment and consumers.

Some organizations may be content holding their noses again (after the House ordeal) and giving unqualified support to any legislation that the Senate can pass and label a climate bill. Many proponents of the K-L-G process assure that even a very unpleasant bill is better than nothing and that a Senate-passed K-L-G bill can be fixed down the road. FCNL is not as sanguine that a bill structured around offsets, [industry giveaways](#), and [Wall Street trading](#) can be changed to responsibly address climate change, especially when amending the legislation in the future would involve revoking its newly minted and permanent cash handouts to assorted powerful industries.

### **Wait, New Senate Legislation Provides Reason for Hope!**

In the current relative quiet of the Senate's inaction on climate legislation, two Senators working across the aisle recently introduced a [simple](#), polluter-pay and industry-neutral [bill](#) to decarbonize the U.S. economy while compensating consumers for the inevitable increase in energy costs.



The Carbon Limits and Energy for America's Renewal Act ([CLEAR](#)) was introduced quietly by Sen. Maria [Cantwell](#) (WA) and Sen. Susan [Collins](#) (ME) in December 2009, but has since begun to make a bigger and [bigger splash](#) in [Washington](#) and [across the country](#). As bipartisan legislation from two Senators whose votes will be needed to pass any climate legislation, the bill immediately became a serious addition to the Senate climate conversation. Sen. Graham of the K-L-G trio has himself concluded that the CLEAR Act's "dividend" approach "[makes sense](#)."

From FCNL's perspective the Cantwell-Collins climate bill is a real step forward that can be built upon in the future. The CLEAR Act meets most of [FCNL's principles](#) for fair and effective climate legislation and in our estimation represents the strongest legislation that the Senate may be able to pass for some time. And while the CLEAR Act is not perfect, the legislation sets up a sustainable structure for curbing greenhouse gases that can be turned up when the political will is present.

## How the Cantwell-Collins CLEAR Act Works

CLEAR Act Snapshot:

### 1. 100 percent auction of pollution permits

Following the "polluter pays" principle, there are [no free giveaways](#) to industry in the CLEAR Act; every company selling a ton of fossil carbon dioxide into the economy is charged an equal price.

### 2. "Energy security dividend"

Although putting a price on carbon will increase consumers' energy prices in the short-term, 70 percent of the public will actually feel a **positive** net financial impact from the CLEAR Act according to a University of Massachusetts, Amherst [report](#). These [progressive energy dividend benefits](#) occur because 75 percent of the pollution revenue collected by the government is returned equally every month to every legal resident of the United States.

### 3. Protection from market manipulation

The CLEAR Act limits participation in the carbon market to those companies who must turn in carbon permits for compliance. This and other provisions in the CLEAR Act address concerns that Wall Street traders will drive up and down the price of carbon permits to attain greater profits at the expense of consumers and clean energy investments. Volatile energy prices have shown to decrease investor confidence and [reduce low-carbon investments](#). Extreme or prolonged price spikes can jeopardize the entire pollution-reduction system due to the politically untenable increased energy costs to consumers (as occurred in Los Angeles, California's RECLAIM cap and trade program according to the [Congressional Budget Office](#)).

### 4. No offsets

CLEAR does not contain [carbon offsets](#). Offsets are used in other climate legislation to substitute for U.S. industry pollution reductions, but the [Government Accountability Office](#) concludes that offsets are impossible to consistently verify as real emission reductions. Offsets also delay the decarbonization of the U.S. economy, making the inevitable transition more abrupt and potentially more costly than necessary.



### 5. Does not pick technology winners and losers

CLEAR does not subsidize coal, nuclear power, or renewable energy. Instead it [deposits 25 percent](#) of the carbon revenue that the government collects into a fund to be used in the annual congressional appropriations process. This approach avoids the lock-in of [40-year](#) dedicated government funding streams to specific technologies that may not end up becoming effective low-carbon solutions. Instead, the CLEAR Act allows congressional appropriators to re-allocate funding as technological realities change.

## 6. "Upstream cap"

CLEAR requires compliance as high up in the economy as possible – at the wellhead, coal mine, or import point. This reduces the administrative burden to only [2 to 3 thousand](#) producers and importers and ensures catching the vast majority of fossil carbon that enters the U.S. economy. Thus, the upstream approach is a much simpler and less bureaucratic system for capping carbon dioxide.

## 7. Keeps Clean Air Act protections

The ability of the Environmental Protection Agency to [set minimum standards](#) for the largest greenhouse gas emitters is left intact.



Find out more about the CLEAR Act; the [40-page bill](#) and supporting documents can be found on [Sen. Cantwell's website](#).

The CLEAR Act is not perfect and if signed into law our work to avoid catastrophic climate change will only have begun. Particularly, the [emissions targets](#) are well below the levels that FCNL believes are the United States' fair share based on historical emissions.

However, if *any* climate legislation is signed into law in 2010, it is apparent that it [will not](#) put the United States and the world on a path to meet the [Copenhagen Accord's](#) goal of keeping global warming under 2 degrees Celsius. Legislation, if passed, will instead be in the range of a 17 percent reduction from 2005 emission levels by the year 2020, matching the [president's conditional commitment](#) in Copenhagen.

Thus, even with passage of the CLEAR Act, FCNL and other like-minded organizations will not stop building the popular pressure to create the political space for stronger global warming action. And when world and domestic events combine to allow Congress to commit the United States to additional reductions in greenhouse gas emissions, the established cap and dividend structure put in place by the CLEAR Act will be ready and resilient enough to meet the challenge.

## CLEAR Act Concerns and Responses

Three main concerns with the CLEAR Act are:

1. CLEAR cannot pass;
2. CLEAR does not ensure sufficient emissions reductions; and
3. CLEAR does not provide adequate funding for needed programs like adaptation, mitigation, and clean energy research and development.

Responses to these concerns:

### **1. CLEAR cannot pass**

Answer: The CLEAR Act has [bipartisan appeal](#) and puts money in people's pockets during a tough economic period and in a political climate when anything viewed as big government spending brings people to the streets. We believe that a dividend structure has more political viability in this environment, as well as being good policy.

### **2. CLEAR does not ensure sufficient emissions reductions**

Answer: The CLEAR Act's emission reductions will need to be improved, but are superior to the House-passed bill's and K-L-G's [reliance on dubious offsets](#) to meet their [similar emissions goals](#). The CLEAR Act requires emission reductions of 20 percent of 2005 levels by 2020 (The House-passed bill requires 17 percent by 2020). Cantwell-Collins obtains its reductions from a cap on fossil carbon and additional spending of carbon revenues on further greenhouse gas reductions. Neither approach is perfect, but the CLEAR Act's ban on offsets ensures the integrity of its cap, which can be strengthened when the political will is present.

### **3. CLEAR does not provide adequate funding for needed programs like adaptation, mitigation, and clean energy research and development**

Answer: The CLEAR Act does not pick industry winners or losers through permanently earmarked funding for any one industry, technology, or program. Instead, 25 percent of the carbon revenue collected by Cantwell-Collins' cap and dividend system is deposited into a fund authorized to be used only for [global warming-related programs](#), and which is subject to the annual appropriations process. Thus, although dedicated funding for climate adaptation and clean energy research and development is not provided in CLEAR, neither is dedicated funding for coal-fired power plant carbon capture and storage, nuclear power, biofuels, nor any other single technology. The CLEAR Act is "technology-neutral."

### **What others are saying about the CLEAR Act:**

[Washington Post Editorial](#)

[Denver Post Editorial](#)

[The Economist](#)

[CNN Money](#)

[AlterNet](#)

### **Take Action**

Please contact your Senators and ask them to support the simple and equitable climate energy security approach – the Cantwell-Collins CLEAR Act, S.2877.

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