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RECENT HOUSE ACTION ON CLIMATE CHANGE: DOGGETT "CLIMATE MATTERS ACT" AND OTHERS

DOGGETT "CLIMATE MATTERS ACT"

Several allies of House Speaker Nancy Pelosi (D-Calif.) recently introduced a climate change bill that, for the first time, falls primarily in the hands of the House Ways and Means Committee. The bill is sponsored by Rep. Lloyd Doggett (D-Texas) and cosponsors include Democratic Caucus Chairman Rahm Emanuel (D-Ill.) and Democratic Congressional Campaign Chairman Chris Van Hollen (D-Md.), the fourth and fifth highest-ranking House Democrats. Beyond Ways and Means, the Doggett-led bill also received referrals to Dingell's panel and eight other committees, including Agriculture, Natural Resources and Transportation and Infrastructure.

The bill -- called the Climate MATTERS Act -- has 75 cosponsors. The cap-and-trade measure would require emissions reductions of 80 percent below 1990 levels by 2050. The bill would give the Treasury Department primary authority instead of U.S. EPA for the implementation of key components of the new climate program. The bill calls for 85 percent of the emission credits to be auctioned off at the start of the cap-and-trade program, scaling up to a 100 percent auction in 2020. Auction revenue would be dedicated to a variety of areas, including energy technologies, health care and adaptation.

The bill is significant because it signals that the 2009 cap-and-trade debate will be larger than one committee and go well beyond the bounds of the Energy and Commerce Committee and its chairman, Rep. John Dingell (D-Mich.). Boucher and Dingell are viewed as more industry-friendly than other Democrats pushing proposals.

At a press conference in the Ways and Means Committee hearing room, the bill's sponsors acknowledged they don't expect floor action this year -- so far only a July hearing has been promised. "We want to be close on having legislation perfected next year when a new president calls ... for us to move forward, and then puts all of the muscle and I hope the honeymoon period of a new White House behind this initiative," said Rep. Lloyd Doggett (D-Texas).

Support for the climate bill comes from Environment America, Environmental Defense Fund, the Sierra Club and the National Venture Capital Association.

CLIMATE MATTERS: OFFSET ALLOWANCES

Under the Act, domestic offset projects would be allowed using criteria to be developed by EPA and USDA. Domestic offset allowances would be limited to those



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projects that achieve GHG reductions below, or increases in sequestration above, the project baseline. Eligible projects would include GHG reductions from enteric fermentation or manure management and disposal; afforestation or reforestation of acreage *not forested as of June 2008*; and other agricultural offset projects as approved under review of the National Academy of Sciences (NAS). *NAS would be responsible for reporting on the types of agricultural projects and specific protocols that would result in real, verifiable, additional, permanent and enforceable reductions in GHGs.*

Under the Act, a covered facility could meet:

- **Not more than 10% of its allowance obligation with domestic allowances. Initially, agricultural offset projects subject to NAS review would be limited to no more than 4% of this compliance obligation.** This amount could be increased or decreased as a result of NAS review, but in no event could a covered facility satisfy more than 5% of its compliance obligation with those agricultural offset projects subject to NAS review.
- No more than 15% of its compliance requirement with foreign allowances and no more than 15% of its compliance requirement with international forest carbon activities.
- No more than 25% of its compliance obligation with a combination of foreign allowances, international foreign allowances, and domestic offset allowances.

The Secretary could increase or decrease the number of emission allowances and percentages for each year as authorized by the Carbon Market Efficiency Board or recommended by EPA pursuant to the NAS report.

CLIMATE MATTERS: OTHER ITEMS OF NOTE

- The Act would establish a Citizen Protection Trust Fund, funded primarily by 85% of the proceeds from the auction of allowances. The Fund would support:
 - An Early Action Account (1%) that would recognize actions taken since January 1994 that resulted in verified and credible GHG emissions reductions, including activities covered by state or regional GHG programs and purchases of 3rd party certified offsets.
 - **A Domestic Agriculture and Forestry Account (3%)** that would distribute funding to entities that carry out GHG mitigation projects on agricultural and forest land. Reductions in nitrous oxide through soil management and methane through enteric fermentation and manure management would consist 0.5% of the average annual amounts under this program.
- The Secretary of Agriculture is directed to develop a report on the status of research on agricultural and forestry GHG management and to establish a



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- standardized system for carbon measurement and certification for the agricultural and forestry sectors.
- The bill includes a unique trade program that would establish a market for international reserve allowances. Under the Act, a “covered good” is a carbon-intensive product similar to domestic product affected by the requirements of the Act. Each covered good that enters the US must be accompanied by sufficient international reserve allowances. Proceeds would be used to mitigate the negative impacts of global climate change on disadvantaged communities in undeveloped WTO countries that have entered agreements with the United States to limit GHG emissions.

OTHER BILLS

A climate bill from Rep. Ed Markey (D-Mass.) introduced earlier this month, [H.R. 6186](#), was sent to Energy and Commerce, Ways and Means, and eight other committees. Markey's bill, [H.R. 6186](#), the "Investing in Climate Action and Protection Act," would require an 85 percent reduction in emissions.

Under the Markey legislation, agriculture would not be considered a “covered entity” subject to the cap on GHG emissions. The bill would provide offset credits to agricultural projects and would establish a fund to provide incentives for agriculture and forestry to reduce GHG emissions. Certain facilities would, however, be subject to performance standards. In the bill, a performance standard source is defined as a stationary source of methane or nitrous oxide emissions that is not covered by a compliance requirement but that exceeds 10,000 carbon dioxide equivalents per year. These sources include animal feeding operations, but not sources of emissions from agricultural soil management, rice cultivation, field burning of agricultural residues, or management of forest lands. EPA is directed to establish standards for the best available control technologies and practices for reducing methane or nitrous oxide emissions from sources in that category or subcategory. Facilities subject to this section would not be eligible for offset credits.

Rep. Henry Waxman (D-Calif.) produced a climate bill in March 2007, [H.R. 1591](#), that was sent both to Dingell and the Foreign Affairs Committee. Waxman's measure, [H.R. 1590](#), the "Safe Climate Act," calls on U.S. EPA to set up a cap-and-trade program that would reduce mid-century emissions by more than 80 percent. It also would auction all emission credits to industry, although EPA and the president would have authority to make many of the critical implementation decisions.

OTHER RECENT ACTIVITY

On June 25th, the Select Committee on Energy Independence and Global Warming and a House Intelligence Subcommittee examined the threat climate change poses to



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national security, a topic that has some anxious experts calling for immediate action to prevent potential conflicts.

On June 26th, the Energy and Commerce Committee held its second climate hearing in two weeks, this time to consider the "cost of inaction" on the threats global warming presents.

Sources:

Sections adapted from E&E Publishing's ClimateWire, available at <http://www.eenews.net/cw/>.

110th Congress. HR 6316. Climate MATTERS Act of 2008.

110th Congress. HR 6186. Investing in Climate Action and Protection Act.