

U.S. CLIMATE CHANGE LEGISLATIVE UPDATE

[Bipartisan legislation](#) proposed by senators John McCain (R-Arizona) and Joe Lieberman (D-Connecticut) **guarantees reductions in heat trapping gases from all major sectors of the U.S. economy.** The bill would require all major energy, industrial and transportation sources of the six major heat trapping gases to limit their total pollution to year-2000 levels by 2010. The legislation uses a cap and trade market to lower costs, protects economic growth and promotes innovation. The cap and trade approach was first used in the 1990 federal Acid Rain Program, where it succeeded brilliantly, achieving more total reductions in sulfur dioxide, at lower costs than predicted, by spurring technological innovation not seen under earlier air pollution programs.

Predicted costs are low. Independent analysis by the highly respected Massachusetts Institute of Technology shows that by 2010, the average annual costs of the McCain-Lieberman bill would be US \$15-20 per household. At this level the bill cannot be linked to any unemployment effects. The bill encompasses key flexibility provisions:

- **Sequestration.** Farmers and foresters can sell credits into the market by using soils and forests to capture and store carbon from the atmosphere.
- **International Trading.** The bill allows U.S. companies to obtain extra reductions from sources in other countries, provided that those countries have their own, rigorous reduction and trading programs.
- **Early Reductions.** The bill establishes a method by which sources may earn credits for reductions achieved before the start of the mandatory reduction requirement.

The bill applies the "cap and trade" model to reduce greenhouse gas emissions (GHGs) throughout the U.S. economy. By combining mandatory reduction targets with an emissions trading market, the bill would not only ensure the achievement of guaranteed reductions in heat trapping gases but would harness the vast ingenuity of the U.S. economy in finding the cheapest and most innovative ways of achieving those reductions.

In October 2003, the Climate Stewardship Act garnered an unprecedented 43 votes in the U.S. Senate. As the first ever vote on mandatory reductions of greenhouse gases, it represented tangible and significant progress toward a real U.S. global warming policy. While a different version of the bill got only 38 'yes' votes when several supporters of action on climate balked at new subsidies for nuclear energy, **a majority of the US Senate** voted in July 2005 in favor of mandatory market-based caps on carbon emissions.

SENSE OF THE SENATE.--It is the sense of the Senate that Congress should enact a comprehensive and effective national program of mandatory, market-based limits and incentives on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that--

- (1) will not significantly harm the United States economy; and
- (2) will encourage comparable action by other nations that are major trading partners and key contributors to global emissions.

A growing bipartisan majority in the US Senate is demanding action