



Cantwell/Collins climate bill promises simpler route to 83% greenhouse gas reductions

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Washington, Dec. 11 – A new bipartisan climate bill introduced Friday by Sens. Maria Cantwell (D-WA) and Susan Collins (R-ME) shares the goals of the House-passed Waxman-Markey bill and the Kerry-Boxer bill passed by the Senate Environment Committee: clean the air, reduce dependence on imported oil and tackle climate change by reducing U.S. greenhouse gas emissions 83% from 2005 levels by 2050. But the Cantwell-Collins “Carbon Limits and Energy for America’s Renewal” (CLEAR) Act proposes what its authors consider a far simpler approach, less vulnerable to political pressures or financial industry fraud and abuse.

One sign of the new bill’s simplicity is that it’s only 39 pages long. Another: its “cap” would apply only to “fossil fuel carbon that producers and importers of coal, natural gas, and oil sell into the U.S. economy.” So the CLEAR Act’s “upstream” point of regulation, the senators point out, “means that only 2,000 to 3,000 fossil fuel producers and importers will face any new compliance obligations, greatly reducing any regulatory bureaucracy.”

The Cantwell-Collins bill proposes “to establish a program to regulate the entry of fossil carbon into commerce in the United States to promote clean energy jobs and economic growth and avoid dangerous interference with the climate of the Earth, and for other purposes.”

A key third point of simplicity is that instead of carbon allowances being openly traded in financial markets, raising concerns about price manipulation and “derivatives” abuses, under CLEAR only fossil fuel companies would be permitted to bid for “carbon shares” sold in monthly government auctions. The bill also specifies that “To minimize price volatility for consumers, fuel producers, and investors in new energy technologies, a price collar governs carbon permit prices.” That tightening collar would set an initial \$7 price floor and \$21 ceiling for 2012, with the floor rising at inflation plus 6.5% per year and the ceiling rising at inflation plus 5.5% per year. In comparison, the Waxman-Markey bill uses a \$10/\$28 collar for 2012.

A final point is that 75% of the monthly carbon shares auction revenue would be paid directly to American citizens in monthly “dividends” automatically deposited in bank accounts or via debit cards. The bill forecasts that the average dividend for a family of four would be about \$1,000 per year to offset higher energy prices. The remaining 25% of auction revenues would be used to fund a new “Clean Energy Reinvestment Trust Fund” to pay for “additional greenhouse gas emissions reductions, low-carbon energy investment, climate change adaptation, and related regional economic adjustment projects.”

John Diamond, a spokesman for Sen. Cantwell, told *Agri-Pulse* that the new proposal does not include the “carbon offset” provisions that other bills would create as a way to reward farmers and ranchers for carbon sequestration practices. Instead, he explained, there would be discretionary authority to use the bill’s Clean Energy Reinvestment Trust Fund to pay for an unspecified range of carbon sequestration measures.

In announcing the bill, Senator Cantwell explained that “Energy is a six-trillion dollar market opportunity, and green jobs can transform the U.S. economy. But we need a signal on carbon so that this can happen. This bill provides a simple approach to getting off of carbon and on to clean energy alternatives. The CLEAR Act provides businesses and investors with a simple, predictable mechanism that will open the way to clean energy expansion while achieving America’s goals of reducing carbon emission.”

Senator Collins said that “This bill addresses the most significant energy and environmental challenges facing our country. It would help reduce our dependence on foreign oil, promote alternative energy and energy conservation, and advance the goal of energy independence for our nation. Climate change legislation must protect consumers and industries that could be hit with higher energy prices. Such legislation also must provide predictability so that businesses can plan, invest, and create jobs. Finally, climate change legislation should encourage adoption of energy efficiency measures and the further development of renewable energy, which would spur our economy and job creation. The CLEAR Act achieves all of these goals.”

For more information on the Cantwell-Collins climate bill proposal, go to: <http://cantwell.senate.gov/issues/CLEARAct.cfm>.

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