Prospects for U.S. Climate Policy

National Action and International Cooperation in a Changed Political Landscape

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- The 111th Congress was unable to pass comprehensive climate and energy legislation despite Democrats controlling both chambers of Congress and having a Democratic President. The House of Representatives passed a bipartisan bill but the Senate was unable to muster a super majority of sixty votes to pass its own bill. The major reason for the failure to enact meaningful legislation was high unemployment and the worst economy in eighty years. In addition, there was near unanimous opposition from Republican senators, while Democratic senators were not united. The chance of any meaningful legislation in the coming Congress is very slim due to the Republicans gaining control of the House of Representatives and narrowing the gap in the Senate. Republicans and some Democrats will focus on removing or delaying EPA's authority to set greenhouse gas pollution reduction standards.

- Besides federal legislation, the United States has alternative mechanisms that it can use to meet its 2020 target goal of reducing emissions by 17% below 2005 levels as promised in Copenhagen. These include using executive authority to reduce carbon pollution under the Clean Air Act as well as existing regional and state carbon reduction programs.

- It is important to note that the majority of the American public supports government and international action to mitigate climate change: 77% of those polled in a specific GMU-Yale poll on climate change believe that global warming should be of some concern for Congress.

- U.S. and European cooperation on climate and energy should not be overburdened with expectations for outcomes that are not possible under current political circumstances. There are, however, areas where cooperation is possible and would help advance the debate in the United States: constant pressure, defending climate science, strengthening the business component of a clean energy economy, and reaching out to subnational initiatives can help advance the climate agenda despite a challenging political climate.

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Introduction: The Road Since Copenhagen

Any close observer of the last year of international climate negotiations would conclude that its been a difficult time for those determined to find a cooperative, international solution to solving the problem of global warming. Many of the accomplishments achieved in the Copenhagen Accord, especially on finding a compromise between developed and developing countries on MRV (measurement, reporting, and verification) and other technical matters eroded over a long summer of negotiations where confidence in the accord did not show the resilience that many had hoped to see. Nonetheless, progress was made on other parts of the Copenhagen agreement:

The initial delivery of $30 billion in »fast start« financing from developed countries.

The UN Secretary General's Advisory Group on Finance (AGF) produced a report in October 2010 staking out the viability of various mechanisms that could be employed to meet the long-term climate finance goal of mobilizing $100 billion in a global climate fund annually by 2020.

The largest carbon polluting nations continued to make progress in putting in place national plans and policies commensurate with their commitments under the Copenhagen Accord.

These national plans are not yet sufficient to stabilize an emissions pathway which can meet the goal of the Copenhagen Accord – holding temperature increase to 2 degrees C over pre-industrial levels. However, they do get us more than two-thirds of the way towards the reductions by 2020 that scientists tell us are essential to slow warming if all parties achieve the more ambitious range of the plans submitted under the accord. Furthermore, because of a continued decrease in »business as usual emissions« due to the economic downturn, and improvements globally in programs to stem deforestation, an optimistic scenario has the world only 4 gigatons shy, out of 12 total, of the annual emissions decrease needed to give us a reasonable chance of stabilizing at 2 degrees C.

One of the biggest sources of concern to many is the role of the United States in international climate action. While the U.S. House of Representatives passed a comprehensive climate and energy bill last year, the U.S. Senate was not able to complete its own bill. On July 22nd the Democratic Caucus, led by Senator Harry Reid (D-NV), met and decided that with no Republican co-sponsors or supporters, it was impossible to reach the sixty vote threshold to pass a comprehensive bill. This effectively ended the hopes of many that President Obama would be able to deliver on his campaign promise of a comprehensive climate bill upon which U.S. global leadership on climate change could be restored. If the world's largest per-capita emitter was not able to deliver on its promised pollution reductions under the Copenhagen Accord, other countries might well drop their commitments as well, thus endangering the possibility of a global climate agreement.

Ten days after the Senate climate bill collapsed, the U.S. administration announced that its commitments under the Copenhagen Accord, and therefore its global commitments on climate change to date, remained in place. At the opening of an interim UN negotiating session in Bonn starting on August 2nd, the U.S. deputy climate envoy reaffirmed this position stating that the outcome at Cancun did not depend on passage of legislation and that the U.S. would still achieve its promises under the Copenhagen Accord by other means if necessary. (Importantly, and often overlooked, is that technically, the administration could have used the failure of Congressional action on a climate bill to back away from its commitments under the Copenhagen Accord but chose not to).

While reaffirming its commitment to the promised reductions in carbon pollution does not necessarily deliver those reductions, it is a critical first step. Some complain that these reductions are not enough of a fair share of the U.S.'s contribution to the problem, but it is more important to address the question of whether the U.S. can now make good on this promise, especially given the congressional changes due to the midterm elections in November 2010. Our view is that while it will be difficult, the U.S. can still achieve its goals and the international climate negotiations can move forward apace.

In what follows we will:

- Explain the legislative context in the U.S. for moving forward

- Assess the results of the U.S. Congressional Midterm U.S. elections

- Outline the tools left to achieve carbon reductions short of comprehensive legislation

- Briefly consider the current state of U.S. public opinion on climate change

- Close with a short discussion of potential for U.S-European cooperation this year

1. Internal Political Obstacles and Policy Options for Mitigation

The gridlock on U.S. climate action may seem surprising and incomprehensible to some observers. It can be better understood if the fundamental differences between the governmental systems within Europe and the United States are taken into account. While the parliamentary system in many European countries allows the political majority to successfully pursue policies without the threat of opposition parties derailing progress, the U.S. system lacks this relative simplicity. The separation of powers between the legislative and executive branches and the exhaustive process of passing a law, with multiple checks and balances, provide many points at which a bill can be stopped. As a result, even in the most streamlined political atmosphere, such as the one following the 2008 election when the Democratic Party controlled both the White House and had comfortable margins in both houses of Congress, the American system does not ensure results. Quite simply, unlike a prime minister in a parliamentary system, the president of the United States does not lead the majority party in the Congress even when that party is the same as his or her own. While the U.S. president may advance an agenda he or she still needs Congress to embrace it as its own as well. In addition, due to the arcane rules of the U.S. senate, even while there are only 100 members of the body, 60 votes are needed to pass any significant legislation.

A year after President Obama was inaugurated in January 2009 the Democrats lost a critical special Senate election in Massachusetts, dropping them below this 60-vote threshold. From then on Republican support was needed for Senate passage of any legislation. Prior to the 2010 Congressional midterm elections for the entire House and 35 Senate seats, the combination of a Democratic majority in Congress and a Democratic President seemed like a prime environment in which to pass comprehensive climate change and energy legislation. However, a nearly united Senate Republican minority, and a disjointed Democratic caucus made passing climate legislation a tougher fight than many outside observers would have expected. The highly partisan Congressional atmosphere coupled with an extensive and contested legislative agenda put that fight on an incline, turning smooth passage of climate legislation into an uphill battle.

2. The Impact of the 2010 Elections

After the 2010 midterm elections it's clear that comprehensive global warming solutions are off the Congressional agenda for at least two years. The Republican Party now controls the House of Representatives by a significant margin and the Democratic majority in the Senate has been reduced. The 112th Congress will be quite different than the 111th Congress that enacted major health care and financial reforms and came close on comprehensive climate and energy legislation. Potential still exists, however, for bipartisan cooperation between President Obama and the Republicans in Congress on reducing oil use and investing in clean energy technologies and jobs through more targeted pieces of legislation. These include proposals to reduce oil consumption and improve energy security via incentives to buy natural gas trucks and electric cars. There is also bipartisan support for employing energy efficiency building retrofits that would create jobs and increase consumer savings. This includes, the Home Star and Building Star acts, along with some building efficiency standards. Many in Congress, from both parties, also support additional investments in renewable electricity to create jobs, putting forth bills on a renewable electricity standard (RES), a Green Bank, upgraded transmission lines, clean energy exports, and financing for clean energy business.

President Obama acknowledged this potential before the election when he said in an interview with the National Journal on October 24th that »another big omnibus, comprehensive one-size-fits-all energy bill« isn't likely. But he suggested that he is willing to take a cooperation path. The president expressed optimism that he could find common ground with Republicans on some energy issues: »We're probably going to have a series of more bite-sized pieces that have to do with renewable energy standards, that continue to build on the good work we've done to improve fuel efficiency in

cars, energy efficiency in buildings. [. . .] I think there are going to be a whole bunch of Republicans who continue to be interested in how we can foster a clean-energy industry here, and how can we do a better job with traditional energy sources like nuclear and natural gas.«

Perhaps the most interesting question though is whether the 112th Congress will eventually move forward with targeted pieces of energy legislation to add to the reductions in emissions possible from the Clean Air Act and the state programs. Any viable energy proposal that reduces greenhouse gases in a Republican-dominated Congress needs to meet certain criteria. It should include similar ideas that previously had significant bipartisan support, significant support from business, and little impact on the federal deficit. It should also intentionally avoid mentioning climate. The budget implications are particularly crucial because the new Congress will make budget cutting one of its top priorities. Programs that are expensive or don't pay for themselves are much less likely to get enough support to pass.[1]

3. Tools Left to Achieve Carbon Emissions

In terms of the pledges made by the U.S. at the Copenhagen Climate Summit on the reduction of carbon emissions, however, there are some domestic policy areas where either partisan gridlock is less important or the possibility of bipartisan political action between the two parties and between Congress and the President is still possible. In addition to the smaller package of emission reductions that the U.S. has already put in place legislatively, there are three ways the U.S. can still pursue a pathway to reducing our emissions 17% below 2005 levels by 2020 without relying on Congress:

Exercise existing executive authority to reduce carbon pollution under the Clean Air Act

Implement regional and state carbon reduction programs

Continue clean energy efforts under the stimulus package

Executive Authority to Regulate Carbon Under the Clean Air Act

The Clean Air Act is one of the most powerful pieces of environmental legislation in the United States and has now become the de facto tool for the federal government to curb carbon pollution without passing additional laws. The Clean Air Act, passed in 1970, and significantly strengthened in 1977 and 1990, defines the Environmental Protection Agency's responsibilities for protecting and improving the nation's air quality when a substance has been determined to endanger human health and the environment.

In 2004 a dozen states sued the Bush Administration over the refusal by the EPA to rule whether CO_2 and other greenhouse gases constituted an »endangerment« under the Clean Air Act. The Supreme Court ruled in *Massachusetts v. EPA* in 2007 that the EPA was obligated to go through this process. While the Bush Administration conducted the scientific assessment essential to make the endangerment finding, it failed to act on this assessment. President Obama ordered the EPA to complete this process a few months after his inauguration.

During the Copenhagen Climate Summit in 2009, the EPA Administrator Lisa Jackson announced that the agency had finished its process and ruled that CO_2 was an endangerment under the Clean Air Act. An important aspect of the endangerment finding is that it requires EPA to establish pollution reduction standards. Although the Obama administration preferred comprehensive global warming legislation, it is required to act on its own under the Clean Air Act. The EPA has already issued new standards consistent with this authority and will move forward with other rules for stationary sources starting in 2011.

It is important to note that even if there had been no changes to the make up of the Congress, the authority of the president to regulate carbon emission would have been challenged anyway. When the EPA made the endangerment finding that laid the groundwork for EPA limits on greenhouse gases, Republican Member of Congress, Senator Lisa Murkowski (R-AK) offered a Resolution of Disapproval to stop the EPA. Murkowski's resolution received 47 votes, including 6

[1] For a list and description of possible legislation that could garner bipartisan support see Annex I

Democrats, which was just 4 votes short of the 51 votes needed to pass it. Sen. Rockefeller (D-WV) has also drafted a bill to prevent the EPA from limiting GHG for two years to protect his state's coal and industry from costly safeguards. In the new, more conservative 112th Congress, Congress will likely debate and vote on proposals to block or delay the EPA from setting pollution reduction standards. .

President Obama could veto such legislation, but will he? Administration officials have indicated that he would veto legislation to block EPA's authority. However, opponents of global warming reductions could attach a »rider« to an EPA spending bill that would deny EPA funds necessary to develop and implement pollution limits. Such a rider could be added to other spending or »must pass« bills. The new Republicans Congress in 1995 used such riders to block air and water pollution safeguards. President Clinton vetoed these bills. This anti-environment agenda effort weakened public support for many Republican legislators, and some lost their next election because of their votes to undermine these safeguards.

Regional State and Climate Programs

Many of the individual American states have programs that promote clean energy and reduce the overall carbon footprint of the U.S. These include renewable electricity standards, of which there are 30 mandatory state programs in various states and six additional voluntary programs, and other policies aimed at improving energy efficiency and reducing co-pollutants from sources of carbon pollution. A few states are still considering strengthening their ambitions with these programs. The California Air Resources Board unanimously voted to increase the state's Renewable Portfolio Standard (RPS) to 33 percent by 2020. Potentially more important moving forward are the three state regional climate initiatives that are other areas of promise for altering domestic policy outside the confines of Congress.

The Midwest Greenhouse Gas Reduction Accord (MGGR), which includes Illinois, Iowa, Kansas, Michigan, Minnesota, Wisconsin, and the Canadian province of Manitoba, requires that these member states establish regional greenhouse gas reduction targets including a multi-sector cap-and-trade system designed to meet a target of 20% reductions in CO_2 below 2005 levels by 2020. Another GHG reduction accord for the Midwest is the Energy Security and Climate Stewardship Platform for the Midwest, which, signed by 11 states and the Canadian Province of Manitoba, establishes regional goals and initiatives to achieve energy security and promote renewable energy by 2020. In addition, the platform also pledges to institute carbon capture and storage (CCS) capabilities on all new coal plans by 2020.

Another joint effort to reduce greenhouse gas emissions and address climate change is the Western Climate Initiative (WCI), which includes California, New Mexico, Oregon, Washington, Utah, Montana, as well as the Canadian provinces of British Columbia, Manitoba, Ontario, and Quebec, and has observer members including six U.S. states, two Canadian provinces, and six Mexican states. The WCI has set a target of reducing GHG emissions 15% below 2005 levels by 2020, which is approximately 33% below business-as-usual levels, by using a regional market-based allowance trade program beginning in 2012.

The Regional Greenhouse Gas Initiative (RGGI) is an agreement among northeastern States of Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, Vermont, Massachusetts, and Maryland to implement a mandatory cap-and-trade program for CO_2, with the goal of reducing emissions 10% by 2019. Another agreement in the northeast and mid-Atlantic is the Transportation and Climate Initiative (TCI), which includes the RGGI members along with Pennsylvania and the District of Columbia. It approaches GHG reductions through the transportation sector, which accounts for 30% of GHG emissions in the region.

One of the most attractive things about these programs are the estimates on potential job creation. For example, the MGGR estimates the creation of 2.3 million jobs over the next 20 years. The Midwestern Governors report holds that such programs could create up to »1.2 million jobs over the next decade with as much as a third of those in high-wage, high-skill manufacturing and construction jobs.« While the new Republican governors of Iowa, Kansas, Illinois and other states may try to back away from the MGGR, advocates will urge them to stay in based on these job projections. Recent studies from Environmental Northeast show the creation of 16,500 job-years from RCGI investments.

While a national carbon-pricing program will remain stalled, moving forward with programs like these are

critical not only in achieving carbon reductions, which can help the U.S. as a whole meet its 2020 mitigation goal, but also demonstrate the economic and health benefits of such a program. The most important regional climate programs in terms of development – the programs in the Northeast (RGGI) and Western (WCI) – survived the midterm elections with three important wins by supportive gubernatorial candidates in California, New York, and Massachusetts. In addition, a California referendum, Proposition 23, which would have suspended the state's most important energy and climate legislation, was soundly defeated signaling renewed support for the state programs. The WCI is especially important from an international perspective because it will include the first cross-border carbon trading with the most populous Canadian provinces and eventually the northernmost Mexican states. While the initial carbon price in the WCI will likely be too low to immediately integrate it with the European Trading System, eventual harmonization between the regional state programs and the ETS is possible. Altogether, if all three regional programs succeed then just over half of the U.S. population and just under half of the U.S. economy will be subject to an emissions trading program.

The American Recovery and Reinvestment Act

In February 2009 President Obama signed the largest energy legislation in American history as part of the American Recovery and Reinvestment Act (the U.S. stimulus package). It includes more than $90 billion in clean-energy investments and tax incentives, including $11 billion for a bigger, smarter and more efficient electricity grid; $5 billion for low-income home weatherization projects; $4.5 billion to make federal buildings more efficient and cut their energy bills; $6.3 billion for state and local renewable energy and energy efficiency efforts; $600 million in green job training programs; and $2 billion in competitive grants to develop the next generation of advanced batteries. This bill represents the United States' largest investment ever in clean tech, and will double our generation of renewable energy in three years.

The Recovery Act funded hundreds of clean energy and energy-efficiency projects since it was passed in 2009. Two of ARRA's most popular provisions include $2.3 billion for Advanced Energy Manufacturing Tax Credits assisting 183 clean energy projects in 42 states, and another $5.2 billion for the Section 1603 program to provide cash assistance to clean energy producers in the place of tax credits. An additional $2.8 billion of the ARRA budget has financed an Energy Efficiency and Conservation Block Grant Program to assist US cities, counties, states, territories, and Indian tribes to develop and implement energy efficiency and conservation projects that reduce fossil fuel emissions, reduce total energy use, and create and retain jobs. ARRA has also provided over $76 million for 58 projects dedicated to supporting advanced energy-efficient building technologies and training programs. ARRA funds have supported developing more efficient vehicle technologies, dedicating over $2.78 billion to programs focusing on heavy-duty truck and passenger vehicle efficiency, alternative fueled vehicles, advanced battery and electric drive components, and transportation electrification. Renewable energy projects funded by ARRA include $698 million for advanced biofuels, biorefinery, and fueling infrastructure projects, $368 million for geothermal energy projects, $41 million for fuel cell market transformation, $117 million for solar development and deployment, $30 million for hydropower infrastructure projects, and $118 million for wind energy research and development projects.

4. U.S. Public Support for Climate Action More Than Recognized

Of course, significant government effort to reduce greenhouse gas pollution in the United States is going to require a generous amount of public support. Over the past few years, intense messaging wars on climate change have escalated, with parties on each side battling to influence the American people, media and public officials. The scientific and environmental community has worked to dissipate concern and spark action to stop global warming. At the same time, opponents have escalated the fight to undermine the scientific creditability of global warming, and use the recession to scare Americans out of supporting emissions reductions.

Different polls indicate different levels of support for greenhouse gas emissions reductions. Broad general polls, like the Pew Research Center for the People and the Press' annual poll of yearly »top priorities« for Americans reliably indicate that global warming is at the bottom of a list of 20 concerns, well below the economy, jobs, terrorism, and specific entitlement programs (though concerns about »energy« are reliably

in the middle of this list). It is not surprising though that such undifferentiated polls would yield such results. Pollsters have long recognized the phenomenon of a »finite pool of worry« – the idea that there are simply a limited number of things that people are concerned about at any one time, which does not in itself demonstrate that something not at the top of a list of other priorities at any given time is unimportant.

Every other specific poll on climate change reveals that the majority of Americans believe that climate change is real, caused by humans, and should be addressed both domestically through industry standards and by international treaties involving the U.S. For example, the George Mason University-Yale University »Climate Change Six Americas« series, found stronger belief in the problem of climate change and more support for climate change mitigation policies. Utilizing a stratification analysis of raw data collected on public attitudes on climate change, the GMU-Yale poll created six categories of American public attitudes on climate change: alarmed, concerned, cautious, disengaged, doubtful, and dismissive. As of June 2010, 65% of people identified themselves as »alarmed, concerned, or cautious,« with the largest proportion (28%) being »concerned.« When asked about the cause of global warming, 50% of people believe that global warming is caused »mostly by human activities,« with an additional 7% of people believing that it is caused by natural changes and human activities. 69% of people consider themselves »very« or »moderately« interested in global warming, and 53% are »very« to »somewhat« worried about global warming.

While such views may be softer than those evinced in Europe, they are certainly evidence of more concern than one would find in the more general Pew poll. The past two years also show less softening of public concern over climate change than one would expect in the wake of the East Anglia stolen emails along with the relentless attacks on science and scientists from Fox News and other right wing media outlets. Equally or more impressive, over half of the disengaged, doubtful, and dismissive categories would support tax rebates for the purchase of energy efficient vehicles and solar panels and by similar margins would support a requirement by automakers to increase the fuel efficiency of cars, trucks and SUVs even if this resulted in additional cost to the consumer. The survey also found that a majority of Americans support government and international action to mitigate climate change. An impressive 77% of Americans believe that global warming should be of some concern for Congress, with 44% supporting global warming as a »high« to »very high« priority. Likewise, when asked about signing an international treaty to cut CO_2 emissions by 90% by 2050, 65% of Americans support it. Of those, 21% »strongly« support it, as contrasted to the 16% who »strongly oppose«.

All of this is encouraging news. But if these surveys are reliable then why do American politicians not respond to this sentiment with stronger climate policies? The reasons are complicated but in some sense explain the gap between polls like the GMU-Yale poll and the Pew poll. While most Americans do support climate action, a majority do not yet vote based solely or even primarily on their views on climate change. (The exception may be in California where the state's climate bill was an issue in and of itself, which drove a large part of the assessments of the gubernatorial, and senate candidates.) For this reason campaigns designed to get voters to ignore or delay climate action are often successful as voters will put aside possible concerns they have over climate in the face of momentary uncertainty to focus on issues of more immediate concern, in particular the economy and jobs. On the other hand there has been a very successful effort to get those who are most dismissive and skeptical on climate to threaten to punish their legislators if they show sympathy for voting for stronger climate policies. The result is that the average Member of Congress hears more from the intensely opposed minority than they do from the more complacent majority who favor a progressive response to the problem.

5. Keys to European-American Cooperation Moving Forward

- The U.S. will continue to make additional climate pollution reductions, and it will be a constant fight to do so. It is likely that this issue will beome part of the 2012 presidential election because the Republicans will likely nominate a strong opponent of pollution reductions who will attack President Obama's efforts to reduce this pollution. Steady pressure from the international community must continue since this is currently the community to which the president has made the strongest promises on climate action, which could hurt U.S. interests if they go unfulfilled.

- U.S. cooperation with our allies, most notably Europe, cannot be overburdened with expectations for outcomes that are impossible under current political circumstances.

- We must recognize the constrained terrain of climate action in the U.S. such as that outlined in the foregoing sections of this document.

Most of this will be an internal matter but there are at least three areas in which international efforts can make a difference:

- Defend climate science and communicating the urgency of action

- Make the case for policy architecture that enhances economic competitiveness via public, private, and cooperative ventures

- Reach out to those subnational jurisdictions, especially the U.S. states in regional greenhouse gas initiatives that are prepared to act now on clean energy and climate programs.

Different parties will have capacity for different parts of initiatives, which would fit these broader themes. In the first two areas we must remind ourselves that our collective efforts so far, while impressive, are not yet sufficient to motivate a critical mass of the American public, political elites and the U.S. business community to see change as in their interest and demand it. Some of the reasons for this go well beyond the domain of climate action but others do not. For example, more European business must demonstrate to their American colleagues the economic benefits of a transformation to a clean energy economy and state parties must foment more collaboration between these potential partners. Cooperation between transatlantic competitors would be beneficial for the following reasons:

- Transatlantic cooperation increases the chance that U.S. and European firms will partner in joint clean tech ventures, which will be mutually beneficial to both entities.

- The expansion of clean energy projects in the U.S. designed to engage the private sector at a large enough scale will open up new markets for European businesses.

- More activity by American businesses will help to fill gaps in the European market, which could accelerate European innovation.

On the third area of potential activity – support for state programs – there have been comparatively fewer efforts so there are ample opportunities. While the regional and state programs were one of the hallmarks of climate action during the Bush Administration in response to federal inertia, these efforts slowed after the 2008 election in anticipation of a federal program. Indeed, if national climate legislation would have passed, then most of the state programs would have been folded into it as part of the promise that lawmakers made to business leaders that national legislation would give them one set of regulations to deal with rather than multiple and differentiated sets. Now that it is clear that such comprehensive climate legislation is at least several years away, state programs should again become the focus of cooperative efforts. For example, the EU has the most experience with growing and perfecting a carbon trading system and everything from joint ventures to technical assistance could help to again grow these programs into a backbone for an eventual national program. Now is the time to reach out to those partners again.

Finally, since it is an inopportune time to pursue a broad federal climate and energy program, the same is likely true in the realm of international negotiations. Until the 2012 presidential election is over, the president will be wary of agreeing to a comprehensive treaty on global warming. This does not mean however that the U.S. should give up on efforts to forge a set of less comprehensive international agreements to solve this global problem. Nor should the U.S. be given a free pass by our European allies if we show signs of sitting on the sidelines. But while the UN process will continue apace, it must be complimented now with more constrained agreements to make progress. In that vein we support »sectoral« agreements on forestry, energy efficiency, renewable energy, air transportation and other similar programs in the UN process. Additionally, we should use alternative platforms like the G20 and the Major Economies Forum to advance this agenda outside of that process. Substantial reductions in emissions can come from narrower agreements. Many advocates share the view that it is essential to make progress wherever possible. We should not frame such a constrained agenda as an admission of failure, or the end of the struggle for a

comprehensive agreement. Instead, it is a realistic path that can make progress within the limits of the current political and economic environment.

Annex I

The Nat Gas Act

The NAT GAS Act, S. 1408 and H.R. 1835, would provide tax credits for the purchase of natural-gas-fueled vehicles and the construction of infrastructure necessary to fuel these vehicles. The Senate version would authorize up to $30 million in annual grants to help manufacturers develop more effective engines. The total cost would be $4.5 billion. CAP estimates that converting a significant portion of medium and heavy trucks and buses to natural gas could save 1.2 million barrels of oil per day by 2035. Further, the Senate Democratic Policy Committee notes that, »The natural gas industry (. . .) estimated that this program will create more than 100,000 direct manufacturing and labor jobs and more than 450,000 indirect jobs.« The SDPC also notes that if successful, natural gas-run cars would reduce total emissions by 25%. Senate NAT GAS Act supporters include Sen. Lisa Murkowski (R-AK), and conservatives Orrin Hatch (R-UT) and Tom Coburn (R-OK). The House bill has 146 cosponsors. These include more than 60 Republicans such as staunch conservatives Reps. Ron Paul (R-TX), Dan Burton (I-IN), and the current and former heads of the National Republican Congressional Committee.

Electric Vehicle Deployment Act, S. 3442 and H.R. 5442

The Electric Vehicle Deployment Act, S. 3442 and H.R. 5442, would speed the transition to electric vehicles by creating a $400 million pilot program to help up to 15 communities create electric vehicle recharging infrastructure for plug-in hybrid and all electric vehicles, such as the Chevrolet Volt and Nissan Leaf. According to an Electrification Coalition report, the Electric Vehicle Deployment Act will reduce Carbon Emissions by 300 million tons annually by 2030, and create approximately1.9 million jobs. Both the Senate and House versions have bipartisan cosponsors. Sens. Byron Dorgan (D-ND), Lamar Alexander (R-TN), and Jeff Merkley (D-OR) penned the Senate bill. Alexander is third in the Senate Republican leadership. Lead House sponsors are Reps. Ed Markey (D-MA) and Judy Biggert (R-IL).

HOME STAR, H.R. 5019 and BUILDING STAR, H.R. 5476

These programs would create tax incentives to ease the cost of retrofits to make homes and businesses more energy efficient. HOME STAR could create 168,000 jobs over two years, primarily in construction and manufacturing. The program would help 3 million families save $9 billion on their electricity bills over a decade, and it would reduce global warming pollution equivalent to taking 615,000 cars off the road. HOME STAR passed the House of Representatives by a vote of 246-161. Eleven Republicans voted for it. These included House Energy and Commerce Committee Ranking member Joe Barton (R-TX), who could be the next chair of the committee. The incoming chair of the House Ways and Means Committee, Dave Camp (R-MI), also voted for it. The Senate version of HOME STAR, S. 3177, also enjoys bipartisan support. Its sponsors are Sens. Mark Warner (D-VA), Jeff Bingaman (D-NM), and Lindsey Graham (R-SC). BUILDING STAR, H.R. 5476, has three Republican cosponsors. It would cover 30 percent of the cost of installing energy efficiency technologies in commercial and apartment buildings, which comprise 40 percent of energy use. This could reduce energy bills by over $3 billion annually. Further, the program would create 150,000 to 200,000 jobs over the next two years. An EPA report indicates that the increasingly successful EnergyStar program, the forerunner to these two building programs covering applicances, prevents the emissions of approximately 45 MMTCE of GHGs a year.

A renewable electricity or portfolio standard

Thirty states have a renewable electricity or portfolio standard, or RES, which requires electric utilities to generate a specific amount of power from renewable sources such as wind, solar, geothermal, biomass, and other emerging technologies. A national RES would increase demand for these clean electricity sources and help speed their commercialization at scale. A national RES passed both the full House and the Senate Energy Committee during the 111th Congress. Additionally, Sen. Jeff Bingaman (D-NM) introduced a RES only bill, S. 3813. Bingaman's proposal has 32 cosponsors, including Sens. Chuck Grassley (R-IA), Sam Brownback (R-KS), John Ensign (R-NV), and Susan Collins (R-ME).

Clean Energy Deployment Administration or »GreenBank«

An independent Clean Energy Deployment Administration (CEDA) or »green bank« would provide loans, guarantees, and credit enhancements to help companies successfully traverse the so-called »valley of death« to take new technologies from successful R&D to deployment. Clean technology companies typically have enough capital to get started but not enough capital to begin commercial production. A dearth of funding is currently available to assist companies with this process. CEDA funds would provide this capital and leverage $10 in private capital for every $1 of public investment. CEDA has bipartisan support in the House and Senate. It was included in the House passed energy bill and the Seante Energy Committee legislation. It could be resurrected as a stand alone bill.

COMPETES Reauthorization Act, H.R. 5116

In May the House approved the America COMPETES Reauthorization Act, H.R. 5116, with 17 Republican supporters. It would provide $85.6 billion over five years for research, development, and deployment of new technologies across a range of industries, including clean energy, as well as funding for education in science, technology, and math that will help prepare students to become leaders in the low-carbon economy. A Congressional Research Service report gives a broad overview of some of the key areas that would be opened up with this legislation.

Financing for Clean Energy, ARRA Sec 1603 and 48(c)

Finally, two measures may attract attention at the end of this Congress or the beginning of the next one: the Sec. 1603 program in ARRA provides grants in lieu of tax credits for renewable energy project developers, and the 48C program provides tax credits to facilities that manufacture clean tech components. Both are essential to maintain support for the small but growing clean tech sector, particularly during these rough economic times. They are essential measures particularly during this tough economy, and in abscence of a program that limits carbon pollution. Without them, the wind, solar, geothermal, biomass, and smaller renewable energy companies lack the critical financing they need to maintain their operations and complete existing and new projects. Both the 1603 and the 48C programs have been included in a number of tax extender bills in both houses of Congress, including. S. 3935, introduced by Jeff Bingaman (D-NM) and Olympia Snowe (R-ME). House Ways and Means Chair Sander Levin (D-MI) included similar provisions in his Domestic Manufacturing and Energy Jobs Act of 2010. The 48C program extension is also included in S. 2857, co-sponsored by Bingaman, Hatch, Lugar, and Debbie Stabenow (D-MI). Both 1603 and 48C also boast strong business support not only from the American Wind Energy Association, Solar Energy Industry Association, and other renewable energy firms but also from more traditional firms such as Google.

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