

# U.S. Climate Change Policy



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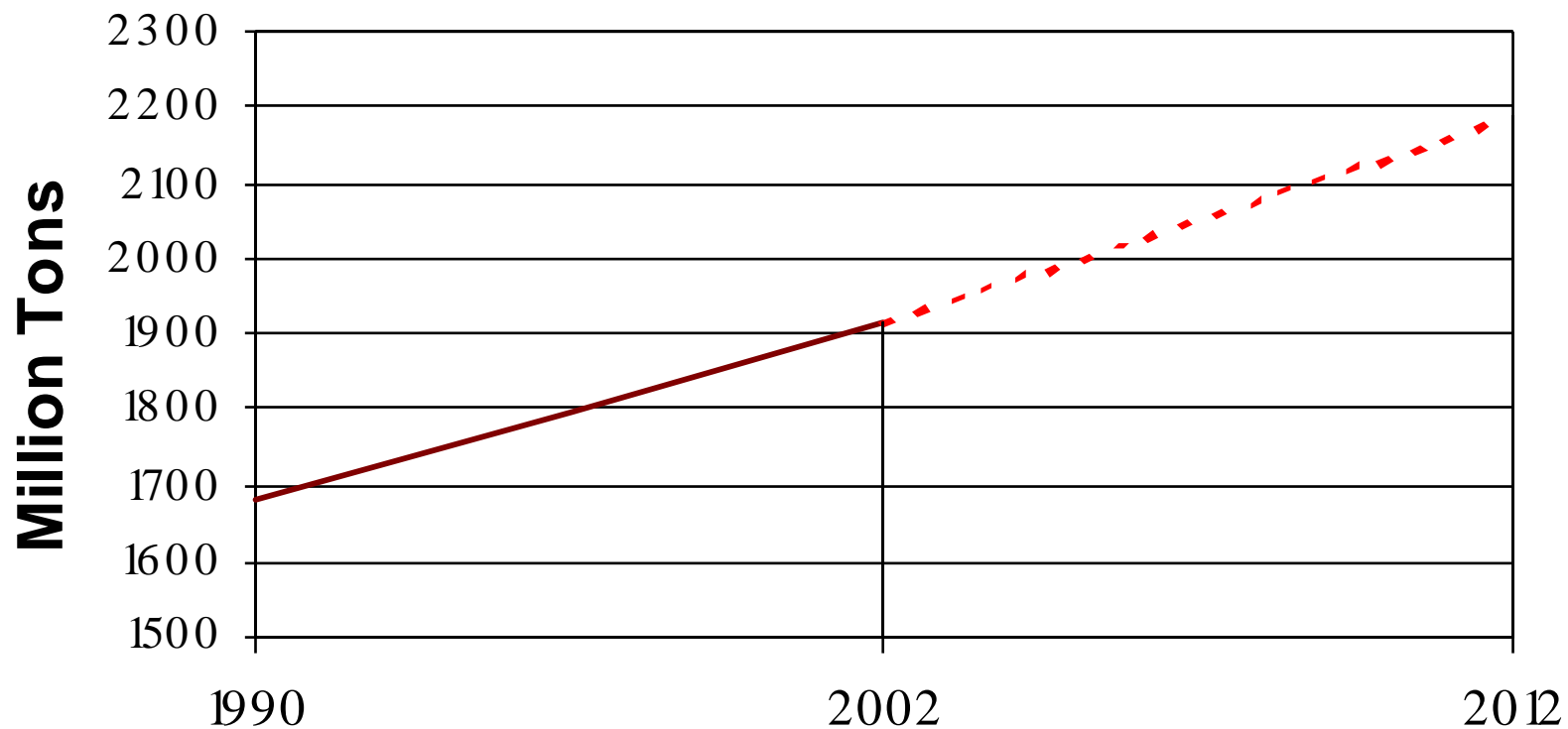
## Key Points

- U.S. Policy is Unstable
  - Administration policy is out of step with trends
- U.S. will have mandatory policies
- International re-engagement will follow
- Bush approach will last longer if:
  - Kyoto fails
  - Other countries weaken domestic policies
  - U.S. voluntary, long-term policy is taken seriously

# Bush Administration National Policy -- February 2002

- National 18% Emissions Intensity Goal
- Voluntary industry commitments
- Technology R&D
  - FutureGen: advanced coal, sequestration
  - Hydrogen/Fuel Cells
- Revisions to the national GHG registry
- Science Research

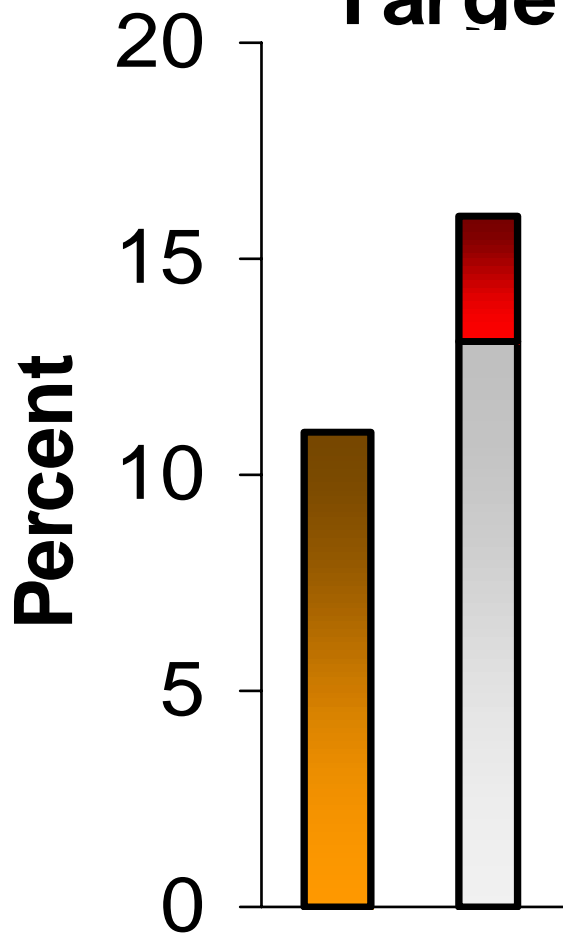
## Administration Plan: Total U.S. carbon pollution (all sectors) keeps growing 14% per decade -- same as before



# National Goal Will Increase Emissions

- Emissions Increase
  - RIVM: 32% Above 1990 in 2012
- Reductions from BAU emissions growth?
  - White House: 100 MMTC in 2012
  - Less than 4 percent reduction from 2012
- Repackage Existing Programs
- No review until 2012

## Power Sector Voluntary Target, reduce intensity 3-5%,

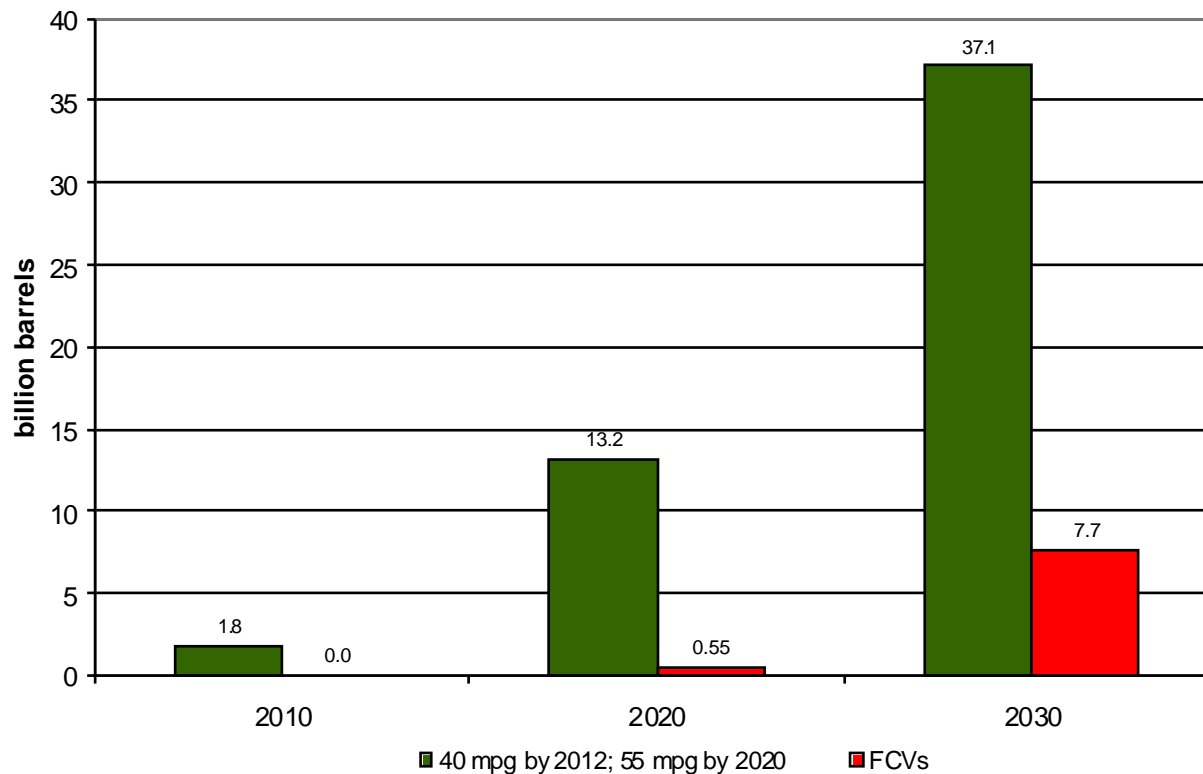


Edison Electric Institute's promise:  
13-16% more CO<sub>2</sub>

Energy Information  
Administration's business-as-usual  
projection:  
11% more CO<sub>2</sub>

# Support Fuel Cells, but Ignore Vehicle Efficiency

Cumulative Oil Savings:  
Fuel Economy Standards vs. Fuel Cell Vehicles



Fuel economy scenarios from *Dangerous Addiction, Ending America's Oil Dependence*, NRDC, January 2002.

## **New Coal Technology; No Reason to Use It**

- FutureGen Coal Plant CO<sub>2</sub> Capture Demo
  - 10 years to build plant using technology available now
- Oppose all emission limits that would ensure rapid investment and deployment
- Weaken Clean Air Act to Avoid Clean Up of Existing Coal Plants
- Oppose Renewable Energy Standards



# Claim Reductions While Emissions Rise

- Electric power companies claim 140 MMT of reductions, emissions up 420 MMT
- Proposed revisions by Bush administration
  - Entity wide reporting
    - Entity can be “facility or sub-facility”
  - Register reductions
    - Pick any of 5 approaches
    - Pick any portion of your entity
    - Pick your own criteria
- Same problems will remain

# Exaggerating Scientific Uncertainty

- “The extent to which the human-made portion of greenhouse gases is causing temperatures to rise is still **unknown**”
  - Financial Times, December 1, 2003
- Bush administration exaggerates uncertainty, and uses it to delay action
- “Plan lacks a clear guiding vision and does not sufficiently meet the needs of decision-makers”
  - National Academies of Science, 2003

## Appear Busy & Present False Choices

- “The President has a global warming policy”
- Dobriansky: “Kyoto Straightjacket” v. “Technology Breakthrough”
  - No logical or analytical basis
  - No driver for private sector investment
- Deploy Available Technology v. Develop New Technology
  - Lets emissions grow while waiting
  - Ignores learning by doing
  - Inadequate resources (repackaging R&D resources)

## For More on Bush Administration Actions

- Faking Action report released at COP9

[www.climatenetwork.org/uscanweb/fakingactionfinal.doc](http://www.climatenetwork.org/uscanweb/fakingactionfinal.doc)

# Encouraging Signs in the U.S.

- Public Opinion
  - Consistent ~75% support for action
- State Actions, including mandatory limits
- Congressional Action:
  - McCain-Lieberman bill: mandatory national limit
- Law Suits
- Investor activity
- Corporations: targets; support for action

# Where to Learn About State Action

- WWF: “Rising Tide”
  - Copies available here
- Pew Center: [www.pewclimate.org](http://www.pewclimate.org)
- Center for Clean Air Policy:  
[www.ccap.org/pdf/State\\_Actions.pdf](http://www.ccap.org/pdf/State_Actions.pdf)

# California Vehicle CO2 Standard

- “Achieve the maximum feasible reduction of GHG emissions” from passenger vehicles
- Regulations will be adopted in 2005
- Schwarzenegger administration is supporting
- Legislation passed despite vigorous industry advertising campaign
- Bush administration joined auto industry law suit against California

# Northeast Regional Governors Initiative

- 10 Northeast and Mid-Atlantic States
  - Majority have Republican Governors
- Commitment to 1990 levels by 2010, 10% below 1990 levels by 2020
  - MA, NH already limit power plant emissions
  - Maine has state-wide limit on GHG emissions
- Starting simple
  - Power plant cap-and-trade
  - CO2 only
- Other regulatory policies planned
- Other states “observing” but not committed yet

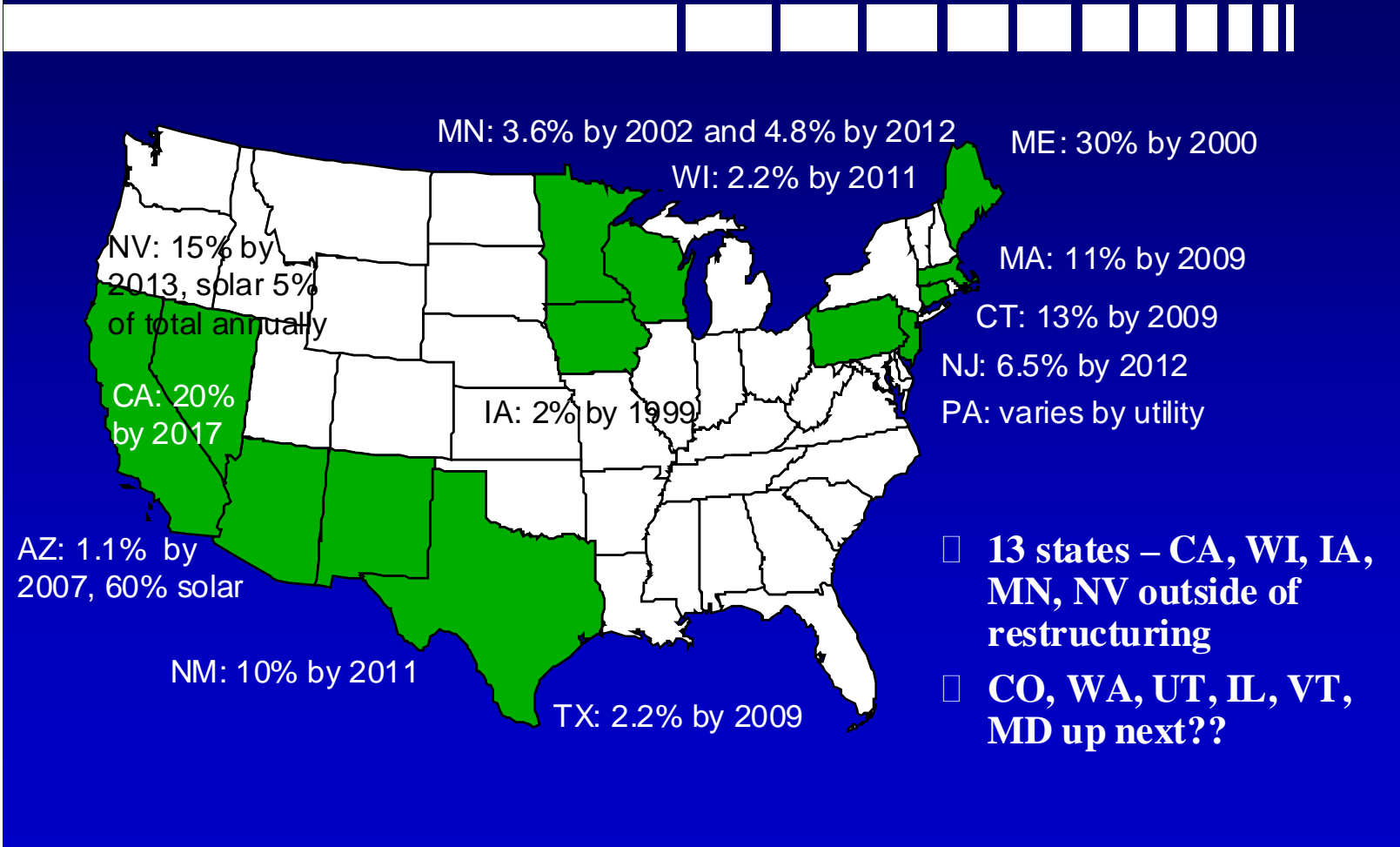






Union of  
Concerned  
Scientists

# Renewable energy standards



## State Action is Important – large emissions

- **New York** > Taiwan or Venezuela
- **New England** > Netherlands or Argentina
- **New Jersey** > Egypt, Belgium, or Algeria
- **Massachusetts** > Greece, Austria, Denmark, Kuwait, Norway, Sweden, Israel, or Portugal
- **Connecticut** > Switzerland, Ireland, New Zealand
- **Maine** > Croatia, Estonia, or Tunisia
- **New Hampshire** > Lithuania, Jordan
- **Rhode Island** > Bolivia, Jamaica, Panama, Kenya
- **Vermont** > Paraguay, Tanzania, Iceland

# Top Emitters of CO<sub>2</sub> (1998 Mtons C)

1	UNITED STATES OF AMERICA	1486
2	CHINA	850
3	RUSSIAN FEDERATION	390
4	JAPAN	310
5	INDIA	290
6	NORTHEAST STATES + CALIFORNIA	230
7	GERMANY	225
8	UNITED KINGDOM	150
9	NORTHEAST STATES	130
10	CANADA	125



## State Action Leads to Broader Action

- Significant Emission Reductions
  - Prepares businesses, spurs technology
- States copy each other
  - 4 states and Canada follow CA auto standards
    - 26% of North American automobile market
- State laws lead to major national legislation
  - 1970 air quality law
  - 1980 acid rain law

# McCain-Lieberman Bill

- Economy wide GHG emissions limit
  - 75% of U.S. GHG emissions
    - Power plants, transportation, large industrial
  - All 6 Kyoto GHGs
  - 2000 levels in 2010 (2<sup>nd</sup> phase: 1990 in 2016)
  - Emissions Trading
  - Offsets, international allowances (15%)
  - Allocation: Auction, grandfather hybrid
  - Legal enforcement with penalties

## McCain-Lieberman Bill support...

- 43-55: Narrow defeat in Senate, October 2003
  - Replaces the 1997 Byrd-Hagel Resolution (0-95)
- Bush administration: “strongly opposed”
- Bipartisan: 6 Republicans
- Diverse
  - Industrial states
  - Coal states
  - Agricultural states
- Strong enough to filibuster in the Senate
  - >40 votes in Senate can block action

## Congressional Action – Two Key Points

- U.S. Congress can act independently of the Administration
  - Introduce and pass legislation
  - Hearings and reports
- Congressional efforts are:
  - Mandatory and legally enforceable limits
  - Emissions trading
  - International linkage through trading

# U.S. Needs Mandatory Emissions Limits

- Voluntary global warming programs have been in place for over ten years
  - Emissions increasing 14% per decade
- Methane emissions below 1990 levels
  - Largely due to landfill gas regulation for air toxics
- No industry consensus to participate in voluntary programs with credible targets or reporting
- No major environmental problem solved by voluntary measures in the U.S.



# Bush Administration Policy is Unstable

- State and Congressional action is moving beyond voluntary actions and delay
  - “Classic” signals of emerging political will
- Timing of “tipping point” uncertain
  - Election outcome important, but won’t change the current instability

# US Businesses Realize Change is Coming

- "We don't expect Kyoto timeframes to be enforced in the United States but we do expect the international consensus on this issue will prevail in the United States"
  - Susan Tomasky, chief financial officer, American Electric Power
  - AEP is the largest user of coal in the US

# Pathways to US Int'l Re-engagement

- Build domestic political support first
  - National mandatory limit on emissions
- Timing of re-engagement?
  - First commitment period: too late
- Separate Mandatory Regimes Co-Exist
  - (limited) Trading linkages
- Kyoto regime will encourage linkage

## What Can Japan (and others) Do?

- Successfully implement policies
  - International agreement
  - Domestic policies
  - Share experiences with US
- Avoid US false choice of voluntary action and research
  - White House: “strongly opposes” Kyoto “straightjacket”
  - Intensity metric is not enough to re-engage US

# What About Post-2012 Policy?

- Timing is very Uncertain
  - Election
  - Domestic support, legislation
  - Int'l negotiations (assuming entry into force!)
- Will US be constructive partner in time?
- If not, must continue parallel system
  - US not in Kyoto regime 2<sup>nd</sup> period

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