



INSPIRING AMERICANS TO PROTECT WILDLIFE FOR OUR CHILDREN'S FUTURE.

# Fact Sheet

CONFRONTING GLOBAL WARMING



## Clean Energy Jobs & American Power Act of 2009, S. 1733

Overview of the Bill as passed by the Senate Environment and Public Works Committee on 11/5/09

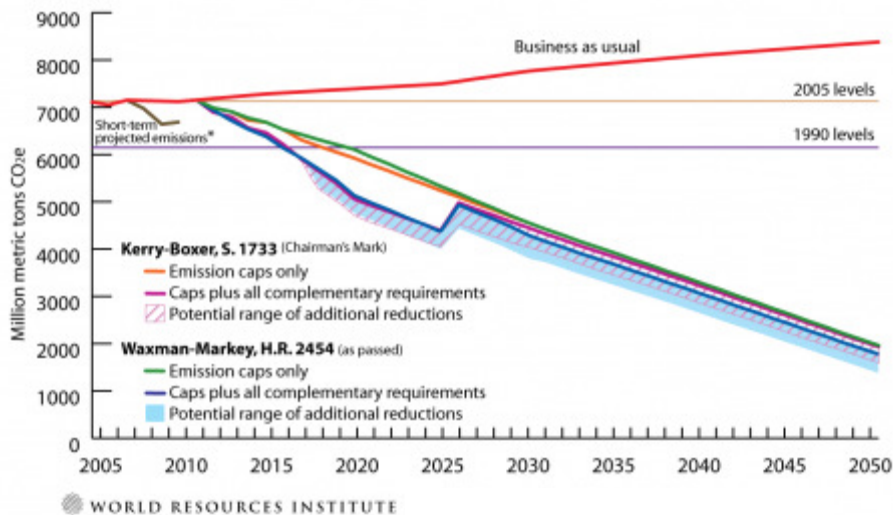
National Wildlife Federation's top legislative priority is the passage of comprehensive climate and energy legislation. **NWF's view is that we must pass legislation that reduces global warming pollution and puts science in the driver's seat, facilitates an effective international climate agreement, and requires polluters to pay their fair share to invest in "clean, green, and fair" climate solutions that serve the public interest.**

Recognizing that our dependency on fossil fuels is a dangerous threat to our economy, national security, and environment, President Obama has called upon Congress to deliver comprehensive climate and energy legislation. On November 5, 2009, the Senate Environment and Public Works Committee passed the **Clean Energy Jobs & American Power Act of 2009, S. 1733**, bringing Congress one step closer in sending climate and energy legislation to the President's desk. The proposal builds upon the House of Representatives' passage of the American Clean Energy and Security Act of 2009, H.R. 2454, in June. U.S. action to confront the climate crisis is long overdue, and these legislative accomplishments outline a pathway forward to repower our economy with clean energy, reduce global warming pollution, and realize a global climate change agreement.

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**The Clean Energy Jobs & American Power Act of 2009 can jumpstart a new clean energy economy, create millions of well-paying jobs, and ensure America is a leader in developing and selling clean energy technology around the world. It can do this while fulfilling our moral duty to confront global warming to ensure our children and grandchildren are not left with a world fundamentally different than the one we have enjoyed.**

Emission Reductions Under Cap-and-Trade Proposals in the 111th Congress, 2005-2050  
October 28, 2009



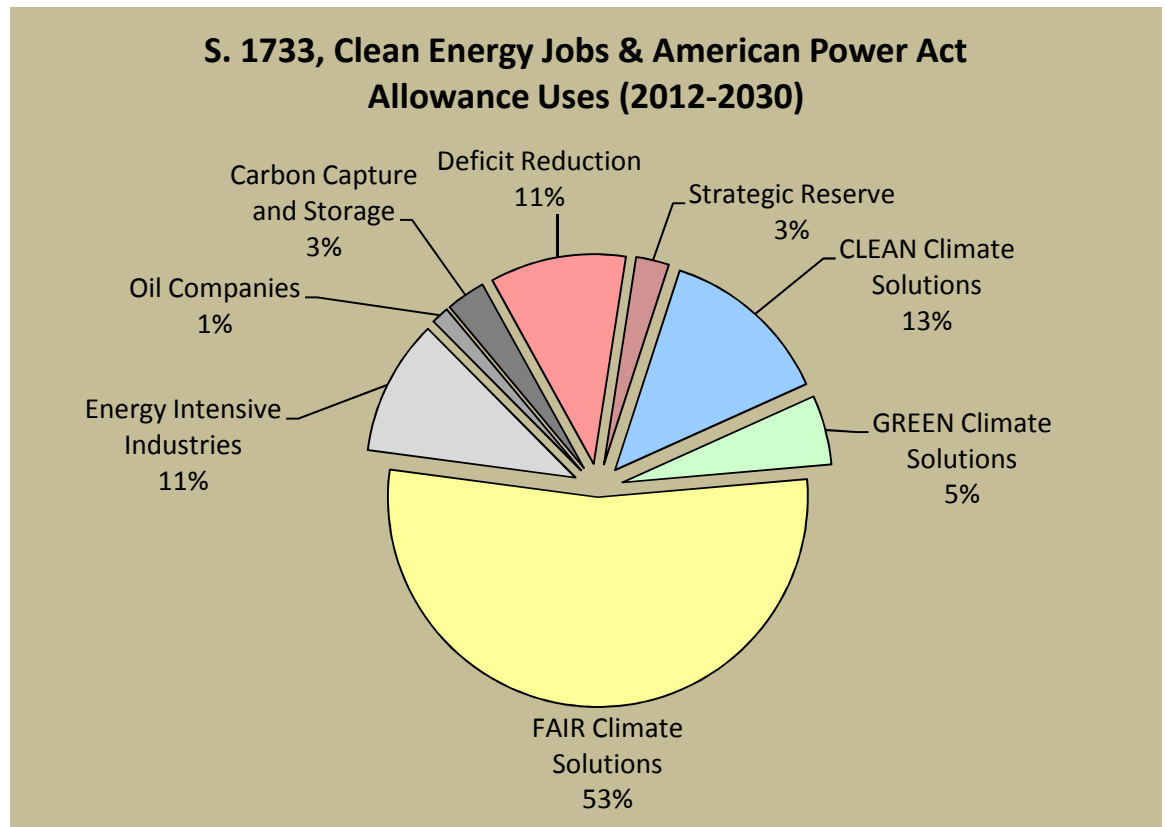
The Clean Energy Jobs and American Power Act represents one more step toward passing a comprehensive climate and energy bill in the whole Senate. Senators Kerry (D-MA), Lieberman (I-CT), and Graham (R-SC) are now collaborating on a bi-partisan effort that will continue the process to bring comprehensive climate and energy legislation to the Senate floor in early 2010. The final package is also expected to be shaped by the energy bill passed by the Energy and Natural Resources Committee in July, 2009 and the outcome of the global negotiations at the U.N. Climate Summit in Copenhagen in December, 2009.



The legislation caps emissions through a Global Warming Pollution Reduction and Investment Program, which has strong targets to achieve economy-wide emission reductions of 20% by 2020 and 83% by 2050. To achieve these targets, the legislation builds on the foundation of the Clean Air Act without undermining existing authority of the Environmental Protection Agency (EPA) to protect public health and the environment from pollution. The program has scientific benchmarks to ensure its effectiveness, requiring EPA to do regular scientific reviews of the program and adjust it if any shortfalls are identified.

The Clean Energy Jobs & American Power Act of 2009 charges EPA with creating a limited number of emission allowances for each year from 2012-2050. This number decreases annually according to the program’s emission reduction targets. America’s biggest polluters are required to turn in one emission allowance per ton of global warming pollution. The emission allowances are either auctioned or distributed directly to certain emitters, and can be traded in regulated carbon markets (S. 1733 has placeholders for other Senate committees to further develop the market provisions in the legislation). The increasing scarcity of the emission allowances gives them their value in the marketplace, which EPA models estimate will total an average of \$85 billion annually from 2012-2030.

**The program directs the financial resources generated by the emission allowances to: 1) Invest in “clean, green, and fair” climate solutions, 2) Assist industries in increasing energy efficiency and reducing emissions, and 3) Reduce the federal deficit.**



The following is a summary of how the allowance value generated by the program is directed in the bill passed by the Environment and Public Works Committee. (Value estimates are based on allowance prices used in EPA cost analyses.) The bill includes other complimentary policies and programs to reduce global warming pollution which are not described here.

## CLEAN Climate Solutions

NWF's view is that a program to reduce global warming pollution should invest in making the transition to a clean energy future. The program should be a part of a broader clean energy strategy that promotes clean, renewable energy technologies and significantly enhances energy efficiency.

### S. 1733 establishes and funds the following "clean climate solutions":

- **State energy efficiency and renewable energy:** Funds programs to reduce emissions, promote energy efficiency and conservation, and accelerate the deployment of renewables for states, Indian tribes, local governments, metropolitan planning organizations, and renewable electricity generators. (5.23%, \$4.21 billion – annual avg. thru 2030)
- **Energy efficiency in building codes:** Funds work to establish and implement a national goal for improvement in building energy efficiency and national energy efficiency building codes for residential and commercial buildings. (0.42%, \$350 million – annual avg. thru 2030)
- **Energy innovation research:** Funds research and development of clean energy technologies through regional energy innovation hubs and Advanced Research Projects Agency-Energy (ARPA-E) research programs and projects, respectively. (1.65%, \$1.33 billion – combined annual avg. thru 2030)
- **Energy efficiency and renewable energy worker training:** Funds the Energy Efficiency and Renewable Worker Training program authorized in the Workforce Investment Act of 1998. (0.44%, \$250 million – annual avg. thru 2015; phases out in 2016)
- **International clean energy deployment:** Provides support for activities in developing countries to deploy clean energy technology, and achieve substantial and measurable reductions in global warming pollution. (1.32%, \$1.25 billion – annual avg. thru 2030)
- **Clean vehicles:** Funds retooling and domestic manufacturing of advanced and plug-in electric drive vehicles and components, cutting black carbon emissions from heavy duty diesel trucks, electric vehicle infrastructure, and development of a national transportation low-emission energy plan. (1.24%, \$860 million – annual avg. thru 2030)
- **Clean transportation:** Funds states and metropolitan planning organizations to implement transportation emissions reduction strategies in line with national targets, including efficiency improvements such as transit, planning, bike, rail and other measures. (2.19%, \$1.9 billion – annual avg. thru 2030)
- **Agriculture and forestry greenhouse gas reduction and renewable energy program:** Establishes and funds a new program to assist agriculture and forestry landowners with projects that reduce emissions or sequester carbon, and a research program to develop and deploy renewable energy technologies in the agricultural and forestry sectors. (1.12%, \$920 million – annual avg. thru 2030)





## GREEN Climate Solutions

NWF believes it is imperative to invest in safeguarding public health and the vital natural resources we depend on from current and future impacts of global warming. We must also invest in ensuring America does its part to stop destruction of tropical forests around the world, which causes an estimated 15-20% of global emissions.

### S. 1733 establishes and funds the following “green climate solutions”:

- **Public health and climate change:** Funds the Department of Health and Human Services to prepare and implement a national strategic action plan to assist health professionals in preparing for and responding to the impacts of global warming on public health. (0.08%, \$70 million – annual avg. thru 2030)
- **Natural resource safeguards:** Funds relevant federal agencies, states, and Indian tribes to establish and implement the most comprehensive, science-based plan to safeguard and restore natural resources threatened by global warming ever considered in legislation. (1.47%, \$1.43 billion – annual avg. thru 2030)
- **Reducing deforestation abroad:** Directs and funds the EPA Administrator to achieve an additional 10 percent reduction in U.S. global warming pollution (from 2005 levels) by reducing emissions from international deforestation. These reductions are “above and beyond” the reductions from the cap. (3.81%, \$3.11 billion – annual avg. thru 2030)



## FAIR Climate Solutions

NWF’s view is that a program to transition America to a clean energy economy should invest in bringing new jobs and economic opportunities to every community. It should also provide the financial resources to protect people, especially in low-income communities, from any potential short-term financial hardship that could result from the program. Additionally, the legislation should provide assistance to safeguard communities, both at home and abroad, from the devastating impacts of global warming.

### S. 1733 establishes and funds the following “fair climate solutions”:

- **Consumer protection:** Establishes and funds programs to protect consumers from price increases in electricity, natural gas, and heating oil. Emission allowances are allocated to the local distribution companies (LDCs or utilities) that deliver energy to consumers. The free allowances must be used for ratepayer benefit, and in the case of natural gas and heating oil, a portion must be used for energy efficiency programs. An additional portion is allocated to small LDCs and rural electric co-ops. (4 allowance uses combined, with most allowances allocated to electric LDCs – 33.55%, \$26.77 billion – annual avg. thru 2030)
- **Protection of low- and moderate-income consumers:** Establishes a program to distribute the proceeds of auctioned emission allowances to low- and moderate-income consumers through a combination of refundable tax credits and electronic benefit payments. (12.60%, 10.75 billion – annual avg. thru 2030)





- **Consumer Rebates:** Many of the allowance uses phase out starting in 2026. As they phase out, the program requires the remaining allowances to be auctioned with the proceeds distributed to consumers through tax credits. (14.48%, \$20.67 billion – annual avg. thru 2050)
- **Worker transition:** Establishes a program to provide any workers displaced as a result of the Act with supplemental income and additional employment services for skills assessment, job counseling, training, and other services. (0.59%, \$540 million – annual avg. thru 2030)
- **State programs for greenhouse gas emissions reductions and adaption:** Funds programs to develop and implement projects to reduce global warming pollution and build resilience to the impacts of global warming for states and Indian tribes. Portions are reserved for coastal state economic protection programs and transit grant programs. (0.84%, \$800 million – annual avg. thru 2030)
- **International climate change adaptation and global security:** Establishes and funds a program within USAID to provide U.S. assistance to the most vulnerable developing countries to deal with the impacts of global warming. (1.81%, \$1.75 billion – annual avg. thru 2030)
- **Early action recognition:** Distributes emission allowances to entities that have taken early steps to reduce global warming pollution, including voluntary offset projects, for the first two years of the program. (1.69%, \$944 million – annual avg. thru 2014)

## Industry Transition

**NWF's view is that any emission allowances allocated to industries under a program to reduce global warming pollution should not result in windfall profits for corporations and should be used primarily for increasing energy efficiency and reducing global warming pollution. Construction of new coal-fired power plants should not be allowed without enforceable plans to capture and sequester the vast majority of their emissions.**

### S. 1733 establishes and funds the following industry transition initiatives:

- **Oil refiners:** Distributes emission allowance rebates to large refiners, mid-sized refiners, and small business refiners to be used to increase energy efficiency and reduce global warming pollution. (1.36%, \$1.10 billion – annual avg. thru 2030)
- **Reducing industrial emissions:** Distributes emission allowance rebates to eligible industrial sectors, which are determined by assessing their energy use and emissions, to ensure that the economic competitiveness of U.S. industries is not adversely affected by the Act. Creates a program to ensure real reductions in industrial emissions. (10.47%, \$8.86 billion – annual avg. thru 2030)
- **Carbon capture and sequestration (CCS):** Establishes a program to distribute emission allowances to support the commercial deployment of CCS technologies for electric power generation and industrial applications. Structures the program to provide greater incentives for facilities to deploy CCS technologies early in the program and for facilities to capture and sequester larger amounts of carbon dioxide. (3.03%, \$2.84 billion – annual avg. thru 2030)
- **Nuclear worker training:** Directs the proceeds of auctioned allowances to be deposited in a Nuclear Worker Training fund to increase the number of nuclear science and talent and competitiveness grants available under the Department of Energy. (0.05%, \$30 million – annual avg. thru 2030)



## Market Stability Reserve Fund and Deficit Reduction Fund

- **Market Stability Reserve Fund:** Creates a Market Stability Reserve Fund to help contain the costs of meeting the emission reduction targets and minimize price fluctuations. Sets aside a number of allowances from each year's total, which will be released for auction at a certain price (\$28 per ton in 2012 and increasing thereafter). (2.54%, \$2.25 billion – annual avg. thru 2030)
- **Deficit Reduction Fund:** Establishes a deficit reduction fund in the U.S. Treasury. (10.49%, \$9.15 billion – annual avg. thru 2030)