



INTERNATIONAL PROVISIONS OF U.S. CLIMATE CHANGE LEGISLATION—ACES AND CEJAP

WHY THEY MATTER FOR COPENHAGEN

The American Clean Energy and Security Act (ACES) (H.R. 2454), introduced by Representatives Henry A. Waxman (D-CA) and Edward J. Markey (D-MA), was passed by the U.S. House of Representatives in June 2009. The Clean Energy Jobs and American Power Act (CEJAP) (S. 1733), introduced by Senators John F. Kerry (D-MA) and Barbara Boxer (D-CA), was reported out of the Senate Committee on Environment and Public Works on Nov. 5, 2009. Both bills would significantly boost the U.S. negotiating position in Copenhagen, where nations will meet to craft a new global climate treaty. Both the reduction in emissions that these bills would mandate and the climate finance commitments that would be generated by

allowance set-asides are critical to U.S. negotiating strategy within the United Nations Framework Convention on Climate Change (UNFCCC). Below is a summary of these allocations for the years 2016, when the cap-and-trade system would be fully operational, and 2030, when emissions permits would no longer be given away.¹

Analyses conducted by the UNFCCC, World Bank and European Union find that the global finance needed for mitigation projects will be in the range of \$100 billion to \$200 billion annually by 2030.² The allowance allocations for climate finance contained in U.S. legislation are only one mechanism that the United States should use for committing adequate and predictable funds.

ADAPTATION

HR 2454		S 1733
ACES would establish an International Climate Change Adaptation Program, with input from the U.S. Agency for International Development (USAID), Treasury and the Environmental Protection Agency (EPA). The bill would allocate annual greenhouse gas emission allowances for international adaptation projects on a schedule that would increase until achieving an 83 percent reduction over 2005 levels by 2050.		CEJAP would establish an International Climate Change Adaptation and Global Security Program, with input from USAID, Treasury and the EPA, aimed at providing assistance for the most vulnerable developing countries. Allocations decrease over time.
These funds could be disbursed through bilateral assistance, multilateral funds or international institutions pursuant to the UNFCCC, such as the Global Environment Facility (or an agreement negotiated under the Convention), or a combination of these two mechanisms.		Same.
ACES stipulates that at least 40 percent and no more than 60 percent of the allowances would be allocated to one or more multilateral funds or international institutions, such as development banks pursuant to the Convention. ACES also would limit the amount of bilateral assistance for any country to 10 percent of the total allocation for adaptation.		CEJAP contains no similar stipulation.
Year	2016	2016 (after "haircut")
Allocation	1%	1.11%
Estimated value	\$675 million	\$749 million

CLEAN TECHNOLOGY DEPLOYMENT

HR 2454		S 1733
<p>ACES would direct the secretary of state to establish an interagency group to administer a program aimed at encouraging widespread implementation of activities that reduce, sequester or avoid greenhouse gas (GHG) emissions in developing countries. The bill would allocate annual emission allowances for clean technology in developing countries on a schedule that would increase over time.</p>		<p>CEJAP would direct the president to designate an interagency group to establish an International Clean Energy Deployment Program to encourage widespread implementation of activities that reduce, sequester or avoid GHG emissions in developing countries. The bill would allocate annual emission allowances for clean technology in developing countries on a schedule that would increase over time.</p>
<p>Also like international adaptation, funds for clean technology abroad could be in the form of bilateral assistance or multilateral funds or institutions pursuant to the Convention (or a new agreement negotiated under it) or a combination of the two.</p>		<p>Same.</p>
<p>The ACES bill would limit the amount of bilateral assistance to any one country for clean technology deployment to 15 percent of total allowances.</p>		<p>CEJAP contains no similar stipulation.</p>
Year	2016	2016 (after "haircut")
Allocation	1%	0.86%
Estimated value	\$675 million	\$580.5 million

REDUCING EMISSIONS FROM DEFORESTATION IN DEVELOPING COUNTRIES

HR 2454		S 1733
<p>In addition to limiting GHG emissions from polluting sectors across the U.S. economy such as manufacturing and power, ACES would allow for an additional 10 percent reduction in emissions by reducing deforestation abroad by allocating funds for qualifying activities. Deforestation is responsible for approximately 20 percent of all global warming pollution and is the largest source of emissions from the developing world. The bill would allocate emission allowances to deforestation projects abroad on a decreasing scale over time to achieve a supplemental 10 percent reduction in carbon emissions</p>		<p>Same.</p>
Year	2016	2016 (after "haircut")
Allocation	5%	4.3%
Estimated value	\$3.4 billion	\$2.9 billion

1 Congressional Research Service, "Climate Change: Comparison of the Cap-and-Trade Provisions in H.R. 2454 and S. 1733," Report R40896, Nov. 5, 2009, http://assets.opencrs.com/rpts/R40896_20091105.pdf.

2 The Institutional Architecture for Financing a Global Climate Deal: An Options Paper, June 2009, www.usclimatenetwork.org/resource-database/Options%20Paper%20Final%20May%2028.pdf; World Bank, "The Economics of Climate Change," <http://siteresources.worldbank.org/INTCC/Resources/EACCFinalRelease.pdf>.

3 In the early years of the program, 10 percent of allowances would be auctioned off the top for deficit reduction under S. 1733. In later years, that figure would increase to 25 percent.

4 To help counter the decreased allocation due to deficit reduction, S. 1733 would allocate an extra 0.25 percent from the years 2012 to 2016 for international adaptation.

5 Calculated using the Congressional Budget Office estimate of total allowance values of \$67.5 billion in 2016 (\$21/allowance). CBO, H.R. 2454, American Clean Energy and Security Act of 2009, <http://www.cbo.gov/ftpdocs/102xx/doc10262/hr2454.pdf>.

6 B. Schlamadinger et al., "A Synopsis of Land Use, Land-Use Change and Forestry (LULUCF) under the Kyoto Protocol and Marrakesh Accords," Environmental Science & Policy, 10:4 (2007), pp. 271-82, www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6VP6-4NBR475-2&_user=10&_rdoc=1&_fmt=&_orig=search&_sort=d&_docanchor=&view=c&_searchStrId=1106566947&_rerunOrigin=google&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=d6858490bc521a8ccb978c8138e6ed1d%20www.globalcarbonproject.org/global/pdf/Schlamadinger_et_al_2007.pdf.

