



S. 3036—the Lieberman-Warner Climate Security Act of 2008

- The Lieberman-Warner Climate Security Act of 2008 is scheduled to be debated by the United States Senate the week of June 2, 2008.
- The Act, if enacted into law, would establish a market-based cap-and-trade program for greenhouse gas (GHG) emissions in the United States, and establish other measures to reduce GHG emissions.
- This is the first cap-and-trade legislation to proceed to the Senate floor through regular order—that is, through the committee process. A previous version of this bill, then titled S.2191, was passed 11-8 by the Senate Environment and Public Works (EPW) Committee in December 2007. The version that will be debated on the Senate floor has been extensively revised from the version passed by the EPW committee.
- An estimated 87% of U.S. GHG emissions would be subject to the bill's cap-and-trade program. Those required to submit emissions allowances under the program include: coal-fired power plants and other entities that use more than 5,000 metric tons of coal, natural gas processors and importers, petroleum processors and refiners, manufacturers and importers of more than 10,000 metric tons of GHGs (as measured in CO₂ equivalents), and any entity that emits more than 10,000 metric tons (CO₂e) of HFCs as a byproduct of the manufacture of hydrochlorofluorocarbons (HCFCs). The bill establishes a separate cap-and-trade system for HFCs produced or imported (including those in products and equipment).
- The cap-and-trade program would reduce GHG emissions from covered sectors by 4% below 2005 levels by 2012; 19% below 2005 levels by 2020; and 71% below 2005 levels by 2050.
- The bill would allocate 75.5% of all allowances for free in 2012— including 18% to power plants, 11% to manufacturers, 2% to petroleum refiners, and 0.75% to natural gas processors (transitioning to zero in 2031); 12.75% to electricity and natural gas local distribution companies for the benefit of energy consumers, and 15% to states, etc. The proportion of allowances auctioned would increase from 24.5% in 2012 to 58.75% by 2032.
- The bill would establish numerous measures to contain the cost of the cap-and-trade program, including allowing the use of domestic and international offsets, and the banking and borrowing of allowances; establishing a Carbon Market Efficiency Board empowered with certain cost-relief powers; and establishing a “cost-containment auction” of a fixed quantity of allowances each year that will initially be offered only to those with compliance obligations and within a certain price range. The bill also establishes a working group that will create regulations designed to protect the market from fraud and manipulation.
- The bill would provide funds to compensate low-income energy consumers and assist in worker transition.
- The bill would provide funding and incentives for development and deployment of geological carbon capture and sequestration (CCS) technology, with a goal of constructing 5-10 commercial coal-burning electricity facilities using CCS.
- The bill would also provide funds for: renewable energy; increasing the energy efficiency of buildings, appliances, manufacturing; research into low-carbon electricity generation and advanced energy projects; increasing the use and manufacture of hybrid and advanced vehicles; and increasing the production of cellulosic biofuels. It also includes a low-carbon fuel standard.
- The bill would provide funds for the states for mass transit projects, and wildlife conservation and adaptation projects, among others.
- The bill has a number of international provisions, including a measure that would require importers of certain commodities from countries that do not have GHG control programs to submit special allowances, as well as funds for assisting vulnerable communities abroad, promoting international technology development, and conserving forests and wildlife in other countries.