

Safe Climate Act of 2007

H.R. 1590 – Henry Waxman

Summary Developed January 2009



The Safe Climate Act of 2007 was released by Representative Henry Waxman (D-California) on March 20, 2007. Since that date Waxman has assumed leadership of the House of Representatives Energy and Commerce Committee, through with environmental legislation must pass the reach a vote. On January 15th Representative Waxman stated that he will strive to pass cap-and-trade legislation out of the committee by Memorial Day (May 25th) 2009.

What follows is a summary of key provisions of Waxman’s 2007 draft climate legislation. While political conditions have changed and additional legislative proposals have influenced the policy debate since Waxman released this draft, its provisions are sufficiently broad to provide indications of what Waxman-sanctioned legislation may look like.

Emission Reduction Targets

United States greenhouse gas (GHG) would return to 1990 levels by 2020 (approximately 2% annual reductions up to 2020). Beginning in 2021 emissions would drop approximately 5% annually to fall 80% below 1990 levels by 2050.

The emissions cap may be adjusted downward if the National Academy of Sciences and the National Research Council determine that emissions reductions are insufficient to avoid “dangerous anthropogenic interference with the climate system” in evaluations carried out every 5 years.

Scope

The scope of coverage is determined by the administrator of the Environmental Protection Agency (EPA), with coverage of sufficient sources and sectors to meet emission reduction targets.

Allowance Distribution

Allowances are distributed through an auction except where the President – in conjunction with the administrator of the EPA and appropriate department or agency heads – elects to allocate allowances directly to emitters, so long as the direct allocations does not lead to windfall profits.

Use of Auction Proceeds

The use of auction proceeds is determined by the President, with the objective of achieving the following goals:

- 1) Maximizing public benefit and promote economic growth
- 2) Mitigating the effect of energy cost increases, particularly to low-income consumers
- 3) Providing transitional assistance affected workers and regions
- 4) Encouraging research, development, and commercial deployment of technologies for avoiding, reducing, or sequestering GHG emissions
- 5) Reducing emissions from, and increasing sequestration by agricultural sectors
- 6) Recognizing and rewarding early reduction of GHG emissions
- 7) Mitigating impacts of climate change

Cost Containment

Trading of allowances is allowed without limitation

Banking of allowances is allowed without limitation, allowing buyers to retain or use for future compliance any unused allowances

Delaying the start of the program by 1 or 2 years may be allowed if the administrator of the EPA determines that such a delay would significantly reduce compliance costs. However, this delay would not affect the emission reduction targets set for 2020 or 2050.

Complementary Policies

Motor Vehicle Emissions Standards are set to be at least as aggressive as fleet-wide standards set out by the California Air Resources Board (California Code of Regulations, title 13, sec.1961.1), which would achieve the approximate equivalent of 36 miles per gallon by 2016. Standards are revised every 5 years to support emission reduction goals in accordance with technological feasibility.

National Renewable Energy Standard is set such that the percentage of electricity generated by renewable sources shall increase each year after 2010 to reach a total of no less than 20% by 2020.

National Energy Efficiency Standard is set to achieve energy savings through end-use efficiency improvements beginning at 0.25% of projected sales in 2010, rising to 1% in 2012 and each year thereafter. Savings rates may be adjusted after 2020 and suppliers are allowed to reach targets through a market-based trading system.

Additional Regulatory Authority is granted to the EPA to create regulations to reduce GHG emissions from any additional source or sector. Such regulations may include emissions performance standards, best management practices, technology-based requirements, and other forms of requirements.



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