

TURNING THE TIDE:

ESTABLISHING MANDATORY CLIMATE CHANGE POLICY IN THE UNITED STATES

December 2005



TURNING THE TIDE:

ESTABLISHING MANDATORY CLIMATE CHANGE POLICY IN THE UNITED STATES

ABOUT THIS REPORT

Released December 2, 2005, at the 11th Conference of the Parties (COP11) to the UN Framework Convention on Climate Change, in Montreal Canada. This report is an update to U.S. Climate Action Network (USCAN) report, *"The Good, The Bad, and the Ugly: A Guide to U.S. Climate Policy"* released in Buenos Aires at COP10 of the UNFCCC. Reported written by Katherine Silverthorne on behalf of USCAN.

ABOUT USCAN

U.S. Climate Action Network (USCAN) is an affiliate network of the Climate Action Network (CAN), a worldwide network of over 365 Non-Governmental Organizations (NGOs) from 85 countries working to promote government, private sector and individual action to limit human-induced climate change to ecologically sustainable levels. CAN's mission is to support and empower civil society organizations to influence the design and development of an effective global strategy to reduce greenhouse gas emissions and ensure its implementation at international, national and local levels in the promotion of equity and sustainable development.

USCAN was established in March 1989 as a result of the recognition by the NGOs working in the international climate negotiations of the need for a forum for joint strategy development and advocacy to affect change in a coordinated way at the UN and federal levels. USCAN has since expanded to include nearly 60 advocacy organizations from across the country, facilitating collaboration on common strategies at the state, regional, federal and UN levels. USCAN is the only global warming network that includes a broad cross-section of advocates, with members from environmental, faith, student, environmental justice and local government organizations. USCAN plays a critical role in connecting groups working at all levels across the U.S. to set common priorities and ensure coordinated constituency outreach, corporate engagement, policy advocacy, and media outreach.

FOR MORE INFORMATION ABOUT USCAN:

Visit: www.usclimatenetwork.org

CONTACT:

1200 New York Avenue, NW Suite 400
Washington, DC 20010 USA

Gary Cook, Director
Phone: +1 202.513.6274
Email: gcook@usclimatenetwork.org



Table of Contents

About USCAN.....2
Table of contents.....3
Introduction4
1.0 Mandatory climate change policy.....5
 1.1 State Policies on climate change.....5
 Regulating auto emissions of greenhouse gases5
 Requirements on electricity production.....7
 Comprehensive State Plans8
 1.2 Regional Climate Change Initiatives.....10
 Regional Greenhouse Gas Initiative (RGGI)10
 New England Governors/Eastern Canadian Premiers.....11
 West Coast Governors.....11
 1.3 Municipal Climate Change Commitments.....11
 1.4 US Senate12
2.0 Business Support for Action.....17
 2.1 Institutional Investors.....17
 2.2 Shareholder resolutions18
 2.3 Lenders18
 2.4 Insurers19
 2.5 Major Emitters.....20
3.0 Diversifying the Base of Public Support.....21
 3.1 Religious Community Leadership21
 3.2 National Science Academies Call for Action.....22
 3.3 Environmental Justice Movement on Climate Change.....23
4.0 Continued Obstruction by the Bush Administration24
 4.1 President Bush's Climate Change Policy in a Nutshell25
 4.2 Bush Administration Obstructing National Emissions Reductions.....26
 4.3 International Activity on Climate Change--2005 Highlights.....27

INTRODUCTION

"The International Panel on Climate Change has warned that New Orleans is the North American city most vulnerable to the effects of climate change. The rise of the Earth's temperature, causing sea level increases that could add up to one foot over the next 30 years, threatens the very existence of New Orleans."

Mayor C. Ray Nagin, New Orleans, June 2005

For the past decade, public opinion polls have revealed that the majority of Americans across the political spectrum support the Kyoto Protocol and other mandatory approaches to curbing emissions of heat-trapping gases that cause climate change. Recent events in the U.S. are likely to shore up that support.

The devastation in the aftermath of Hurricane Katrina illustrated that regardless of the nation's relative wealth, Americans are still vulnerable to natural disasters. Scientific studies revealing that global warming has intensified recent hurricane activity raise a concern that Katrina-like events may become more common. Add to that the record high prices Americans are paying for overdependence on fossil fuels – both at the gas pump and to heat their homes -- and you have a recipe for change.

Fortunately, there are clean, renewable energy technologies available that can help the United States reduce emissions of heat-trapping gases. Though the federal government has yet to embrace responsible policies to transition to these new technologies, states, local governments, and business leaders are stepping into the breach.

However, 2005 may represent the tipping point for climate change policy. Slowly but surely the climate policy debate is shifting from whether change is occurring to what to do about it. The debate itself has grown in scope, encompassing new voices and constituencies: Businesses are raising concerns about their ability to plan capital investments given the current regulatory uncertainty, Evangelical Christians are calling on leaders to protect God's creation and the world's poor from climate change, Republican governors are committing to reduce greenhouse emissions by 80 percent.

It is not entirely clear why the debate has shifted. There is a significant amount of new scientific evidence that global warming impacts are already being observed. There is also a growing realization that in a global economy, it doesn't pay to let yourself become technologically obsolete. Whatever the cause, it appears that the U.S. is entering an era in which inaction on climate change is simply not politically viable.

This report highlights the groundswell of support for responsible climate change policy by detailing efforts at the local, state, and regional level, evolving business attitudes toward climate policy, and constituencies that have recently become active supporters of mandatory climate policies. It also revisits the Bush administration's climate policy and highlights recent administration activity in the U.S. and abroad.

1.0 MANDATORY CLIMATE CHANGE POLICY

Though the Federal government has yet to pass any policy mandating reduction of greenhouse gases, municipal, state and regional policies are proliferating at a rapid pace in the United States.

1.1 STATE POLICIES ON CLIMATE CHANGE

Due in large part to the failure of the federal government to adopt policies to address climate change, states have enacted their own binding emission reduction requirements. As a result of the state initiatives, it is the states, not the federal government that are at the cutting edge of mandatory climate policy in the United States.

Emerging state-enacted climate policies fall into one of three categories: controlling greenhouse gas emissions from cars, limits on pollution from electricity generation and comprehensive state plans.

"I say the debate is over. We know the science. We see the threat. And we know the time for action is now."

- Governor Arnold Schwarzenegger, June 1, 2005

REGULATING AUTO EMISSIONS OF GREENHOUSE GASES

Approximately one-third of U.S. CO₂ emissions come from transportation. Reducing emissions from this sector is therefore an effective means to mitigate global warming. Recognizing this, in July 2002, California enacted legislation aimed at reducing emissions from passenger vehicles and light trucks sold in California.

The California statute, authored by Assemblywoman Fran Pavley, directs the California Air Resources Board (CARB) to achieve *the maximum feasible cost-effective reduction of greenhouse gases from California's motor vehicles*. The CARB was instructed to provide flexibility for automaker compliance with the regulations so long as any alternative compliance methods achieved equivalent or greater reductions in emissions of greenhouse gases. In addition, the CARB was prohibited from imposing mandatory trip reduction measures or land use restrictions, imposing any additional fees or taxes, and from banning sale of any vehicle category, reduction in vehicle weight, or limitation on speed.¹

Greenhouse gas emissions coming from cars include nitrous oxides and HFC's. According to the CARB, technology that has already been developed and is currently in use on some cars can result in significant improvement. Minor adjustments to catalytic converters and air conditioning systems can help reduce greenhouse gases such as nitrous oxides and HFCs, while existing technology that is already being used in some automobile engines, transmissions, tires, aerodynamics and other areas could bring reductions of carbon dioxide. Future reductions may come from an increasing use of fuel cell vehicles.²

¹ California Air Resources Board, *Text of [AB 1493]* <http://www.arb.ca.gov/cc/cc.htm#Background>.

² California Air Resources Board, *Reducing Climate Change Emissions From Motor Vehicles*, www.arb.ca.gov/cc/factsheets/ccfaq.pdf.

The CARB held a series of public hearings and workshops through which it developed a target requiring *approximately a 30 percent reduction of greenhouse gas emissions by 2016*.³ The standards apply to the final rulemaking package was approved on September 15, 2005 and will take effect January 1, 2006. The rule applies only to year 2009 and beyond. In California, where transportation accounts for 56 percent of greenhouse gases, AB 1493 will make a significant reduction in greenhouse gas emissions.⁴

The auto industry in the U.S. has a long history of attempting to block pro-consumer regulation of their industry. Therefore, it is no surprise that in December 2004, the Alliance of Automobile Manufacturers and 13 California dealerships filed suit to block adoption of the regulations. As they did with regulations requiring installation of seatbelts and clean air technologies, the auto industry turned to their lawyers, rather than their engineers to face this challenge. Their suit argues that requiring manufacturers to reduce greenhouse gas emissions is similar to setting fuel economy standards, which are set by the federal government. California, has responded that this is a measure to address vehicle emissions—over which the Clean Air Act clearly gives them authority.⁵

New York and Vermont have recently passed California's emissions standard and Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, Oregon, Rhode Island, and Washington are poised to follow suit.⁶

³ California Air Resources Board, Final Regulation Order, September 23, 2004, <http://www.arb.ca.gov/regact/grnhsgas/grnhsgas.htm>, see also http://www.ucsusa.org/clean_vehicles/vehicles_health/californias-global-warming-vehicle-law.html,

⁴ Union of Concerned Scientists, *California Regulates Global Warming Emissions from Vehicles*, http://www.ucsusa.org/clean_vehicles/vehicles_health/californias-global-warming-vehicle-law.html.

⁵ Danny Hakim, "Steering California's Fight on Emissions", New York Times, Dec. 9,2004.

⁶ Pew Center on Global Climate Change, *States Poised to Require Vehicle GHG Emissions Standards*, http://www.pewclimate.org/what_s_being_done/in_the_states/vehicle_ghg_standard.cfm.

REQUIREMENTS ON ELECTRICITY PRODUCTION

Coal fuels the majority of power production in the United States. As a result, the electricity production sector is responsible for the largest portion of U.S. greenhouse gas emissions. In recent years, a number of states have implemented measures to reduce this pollution. These measures generally take one of two forms: 1) mandatory emissions reduction or offset requirements for fossil fuel power production; or 2) mandates requiring that a portion of power come from non-emitting, renewable energy sources.

Mandatory CO₂ Emissions Reductions

Several states have imposed mandatory requirements on electric sector CO₂ emissions. In 1997 Oregon became the first state to adopt legislation regulating greenhouse gases. The law requires all new power plants to meet a CO₂ emissions standard that is 17 percent less CO₂ than the most efficient base-load gas plant currently operating in the U.S.⁷ Similarly, in 2001 Massachusetts enacted legislation regulating carbon dioxide emissions from power plants. Specifically, the Massachusetts statute requires that six of its oldest, dirtiest power plants reduce their emissions of carbon dioxide 10 percent below a 1997-1999 baseline by 2006. If the plant chooses to comply by repowering, it has until 2008 to comply.⁸ New Hampshire followed suit in 2002 requiring power plants to reduce CO₂ emissions to 1990 levels by 2010.⁹ Most recently, Washington state passed a law that requires power plant operators to offset 20 percent of the carbon dioxide their plants would emit over 30 years.¹⁰

Mandatory Renewable Electricity Laws

Renewable electricity standards have emerged as one of the most popular policies to promote clean energy and reduce greenhouse gas emissions. To date, 21 states and Washington, D.C. have implemented laws requiring minimum renewable energy standards. According to the Union of Concerned Scientists, state renewable energy standard laws and regulations will provide support for nearly 32,000 megawatts of renewable power by 2017—an increase of 237 percent over total 1997 U.S. levels (excluding hydropower.) This represents enough clean power to meet the electricity needs of 20.3 million homes.

By 2017, annual new renewable energy production from all state renewable energy standards programs will reduce carbon dioxide emissions by 77.1 million metric tons.

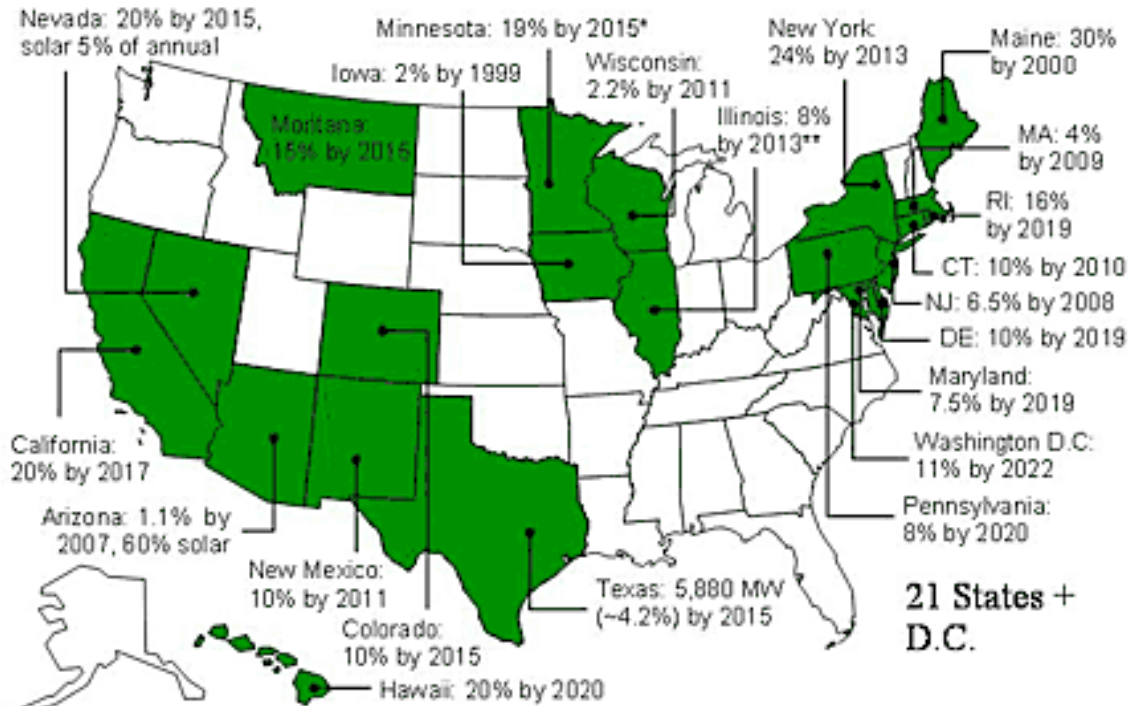
⁷ Oregon's Carbon Dioxide Standard for New Energy Facilities, <http://www.oregon.gov/ENERGY/SITING/docs/ccnewst.pdf>.

⁸ Massachusetts Department of Environmental Protection, *Regulation 310 CMR 7.29*.

⁹ New Hampshire *House Bill 284-FN*: <http://www.gencourt.state.nh.us/legislation/2002/hb0284.html>.

¹⁰ Washington State Department of Natural Resources, "Lands Commissioner Doug Sutherland praises new law to reduce greenhouse gasses," March 31, 2004, http://www.dnr.wa.gov/htdocs/adm/comm/nr04_028.htm.

Renewable Electricity Standards



*Includes requirements adopted in 1994 and 2003 for one utility, Xcel Energy.

**No specific enforcement measures, but utility regulatory intent and authority appears sufficient.

**21 States +
D.C.**

COMPREHENSIVE STATE PLANS

“Addressing climate change not only protects future generations, it also strengthens our economy.”

Gov. Bill Richardson, June 9, 2005

State global warming plans are one of the most interesting developments in greenhouse gas regulation in recent years. Several states recently have passed legislation with carbon emissions reduction targets, and others are poised to do so—having created commissions to explore possible targets. Some climate policy skeptics assert that this is merely a Democrat political tactic aimed at putting pressure on the Bush administration. However, two of the states with the most extensive climate policy efforts, California and New York, are lead by high-profile Republican governors Schwarzenegger and Pataki. More recently states such as New Mexico, North Carolina and Arizona launched processes to develop state climate plans. The following highlights some of the recently promulgated comprehensive state plans to address climate change.

New Jersey

New Jersey was one of the earliest states to take action on climate change when in 1998 it announced plans to reduce greenhouse gas emissions to 3.5 percent below 1990 levels by 2005 and entered into an agreement to explore trading emission reduction credits for carbon dioxide. In October 2005, acting Governor Richard J. Codey took the next step in efforts to combat climate change by classifying carbon dioxide as an air

contaminant. The governor's office said the newly adopted regulations amend several air pollution control rules to reflect current scientific consensus that carbon dioxide is an air contaminant. This step is expected to pave the way for New Jersey to participate in regional efforts to reduce CO₂.¹¹

North Carolina

In September 2005, North Carolina Governor Mike Easley signed Senate Bill 1134 establishing the Legislative Commission on Global Climate Change. The statute establishes a public-private commission representing numerous interest groups as well as elected officials. The commission is charged with examining issues related to global warming and the "emerging carbon economy" and to determine whether it is appropriate for the state to establish a "global warming pollutant reduction goal." If the commission does determine a goal would be appropriate it is charged with developing a recommended goal.¹²

California

California Governor Arnold Schwarzenegger signed an executive order in June 2005, setting greenhouse gas emissions targets for the state. The targets require California to reduce to 2000 emissions levels by 2010, 1990 levels by 2020, and 80 percent below 1990 by 2050.¹³

New Mexico

Governor Bill Richardson signed an executive order in June, 2005 that directs New Mexico's Climate Change Advisory Group to find ways to reduce the state's total greenhouse gas emissions to 2000 levels by 2012, 10% below 2000 by 2020, and 75% below 2000 by 2050. The advisory group is composed of approximately 40 representatives from industry, agriculture, environmental nonprofits, tribes, universities and national labs.¹⁴

Arizona

In February 2005, Arizona Governor Janet Napolitano signed an executive order creating a Climate Change Advisory Group. The group, which will be coordinated by the state Department of Environmental Quality, is to include representatives from numerous public and private interests. The group is charged with producing a climate change action plan with recommendations for reducing state greenhouse gas emissions by June 2006.¹⁵

Appliance Efficiency Standards

An interesting new approach that appears to be gaining favor with states is the promulgation of energy efficiency standards for appliances. Recently, Arizona, California, Connecticut, Maryland, New Jersey, New

¹¹ New Jersey, Office of the Acting Governor Richard J. Codey, "Codey Takes Crucial Step to Combat Global Warming", October 18, 2005, http://www.state.nj.us/cgi-bin/governor/njnewsline/view_article.pl?id=2779.

¹² General Assembly of North Carolina, Session 2005, Session Law 2005-442, September 27, 2005, <http://www.ncleg.net/Sessions/2005/Bills/Senate/HTML/S1134v7.html>.

¹³ State of California, Fact Sheet, *California's Greenhouse Gas Emission Reduction Leadership Policy*, 2005.

¹⁴ State of New Mexico, Office of the Governor, "Governor bill Richardson Announces Historic Effort to Combat Climate Change", June 9, 2005, http://www.governor.state.nm.us/press/2005/june/060905_3.pdf.

¹⁵ State of Arizona, Executive Order 2005-02. http://www.governor.state.az.us/eo/2005_02.pdf.

York, Rhode Island, and Washington have all pursued such a strategy. These measures cover appliances for which the federal government has not promulgated efficiency standards. In addition to reducing greenhouse gas emissions, the standards are expected to save consumers in each state hundreds of millions of dollars.¹⁶

In addition to measures outlined here, a number of states have completed comprehensive Climate Action Plans which detail steps that states can take to reduce their contribution to climate change.¹⁷

1.2 REGIONAL CLIMATE CHANGE AGREEMENTS

While individual state regimes can provide useful models for future national climate change policies, regional agreements allow for more experimentation with carbon trading and the implementation of other mechanisms that many expect to be fundamental elements of any future national regulatory regime.

REGIONAL GREENHOUSE GAS INITIATIVE (RGGI)

In April 2003, New York Governor George Pataki invited the governors of the Northeastern and Mid-Atlantic states to join New York in discussions to develop a regional cap-and-trade program covering carbon dioxide emissions from power plants. Eight of those states agreed to join discussions¹⁸ while Maryland and Pennsylvania elected to send representatives to observe the process. In August 2003, the RGGI “Staff Working Group,” including staff representatives from the nine participating states’ drafted an action plan laying out a process to develop a regional cap-and-trade program covering carbon dioxide emissions from power plants. This plan was approved in September of 2003, and the states launched a formal stakeholder process in March 2004.

The RGGI action plan establishes guiding principles for the program design, including: emphasizing uniformity across the participating states; building on existing successful cap-and-trade programs; ensuring that the program is expandable and flexible, allowing other states or jurisdictions to join the initiative; starting the program simply by focusing on a core cap-and-trade program for power plants; and focusing on reliable offset protocols in a subsequent design phase.¹⁹ A straw proposal for a model rule was tabled in August 2005, and the group is scheduled to announce final agreement on a model rule and MOU by the end of the year.

NEW ENGLAND GOVERNORS/EASTERN CANADIAN PREMIER

In 2001, the governors of the six New England states joined five Eastern Canadian Premiers in a pledge to cut greenhouse gas emissions to 1990 levels by 2010, with a further 10 percent reduction by 2020. Within several decades, their Climate Change Action Plan aims to cut emissions 75 to 85 percent below current levels.

¹⁶ For a map and summary of appliance efficiency standards see:
http://www.pewclimate.org/what_s_being_done/in_the_states/energy_eff_map.cfm.

¹⁷ For more information on state climate action plans see:
http://www.pewclimate.org/what_s_being_done/in_the_states/action_plan_map.cfm.

¹⁸ Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, Rhode Island, and Vermont.

¹⁹ Regional Greenhouse Gas Initiative, *About RGGI*, <http://www.rggi.org/about.htm>

The NEG/ECP Climate Action Plan requires each state and province to develop its own implementation plan. Several states, including Connecticut, Maine, and Massachusetts have already passed legislation adopting the plan's emissions reduction targets.²⁰

WEST COAST GOVERNORS

In September 2003, the governors of Washington, California and Oregon launched the West Coast Governors' Global Warming Initiative. Through this multi-state initiative the governors commit to act individually and regionally to reduce greenhouse gas emissions through strategies that promote long-term economic growth, protect public health and the environment, consider social equity and expand public awareness.

The initiative has already resulted in significant activity in each of the three West Coast states and an approved list of recommendations indicates that there will be much more to come. Thus far, all three states have completed broad-based stakeholder processes which have developed climate action plans that the governors are beginning to implement. Each of the states has adopted a greenhouse gas reduction goal and timeline. Oregon and Washington are poised to adopt the California auto emissions standard by the end of 2005 while California and Oregon have begun a formal stakeholder process to design power sector emissions limits

In November 2004, the Governors approved a series of 36 recommendations calling for additional measure including:

- Set new targets for improvement in performance and average annual state fleet greenhouse gas emissions.
- Collaborate on the purchase of hybrid vehicles.
- Set goals and implement strategies and incentives to increase retail energy sales from renewable resources by one percent or more annually in each state through 2015.

1.3 MUNICIPAL CLIMATE CHANGE COMMITMENTS

"Mayors across America are making it clear; we're not going to wait for the federal government to do something to prevent the production of greenhouse gases. We're going to step up and provide the leadership at the local level, city by city."

Seattle Mayor Greg Nickels, June 13, 2005

On February 16, 2005 the Kyoto Protocol became law for the 141 countries that had ratified it. On that same day, Seattle Mayor Greg Nickels launched an initiative to advance the goals of the Kyoto Protocol through leadership and action by at least 141 American cities. Mayor Nickels challenged cities to sign onto the U.S. Mayors' Climate Protection Agreement. Under the agreement, participating cities commit to:

- Strive to meet or beat the Kyoto Protocol targets in their own communities;

²⁰ Connecticut Public Act 04-252 <http://www.cga.ct.gov/2004/act/Pa/2004PA-00252-R00SB-00595-PA.htm>; Maine Climate Action Plan <http://maineghg.raabassociates.org/finalplan.asp>; Massachusetts Climate Protection Plan <http://www.mass.gov/Eocd/docs/pdfs/fullcolorclimateplan.pdf>.

- Urge their state governments, and the federal government, to enact policies and programs to meet or beat the greenhouse gas emissions reduction target suggested for the United State in the Kyoto Protocol – seven percent reduction from 1990 levels by 2012; and
- Urge the U.S. Congress to pass the bipartisan Climate Stewardship Act, which would establish a national emissions trading system.²¹

Mayor Nickels surpassed his initial goal of 141 cities ratifying the agreement. As of early November 2005, **188 mayors representing nearly 40 million Americans** have accepted the challenge. In addition, the U.S. Conference of Mayors, an organization of more than 1000 mayors from cities with a population over 30,000, unanimously adopted the Mayors' Climate Protection Agreement at their meeting on June 13, 2005.²²

1.4 U.S. SENATE

"In every generation, there are several defining moments when we have the chance to take a new course that will leave our children a better world. Addressing the threat of global climate change is one such moment."

Senator Barack Obama, June 22, 2004

For more than a decade, the U.S. Congress has been the target of a well-funded industry campaign to prevent Congress from enacting legislation regulating climate change. The campaign involved, among other things, an attempt to discount and/or discredit a vast amount of scientific evidence substantiating global warming and the cost and availability of solutions, including the economic cost of responsible policies to reduce emissions. As a result of this campaign, Congress has barely begun to discuss meaningful legislation to reduce climate change.

Notwithstanding the utter lack of leadership on climate change at the federal level, the past year saw some interesting developments that may lead to the U.S. Senate toward action on climate change. The climate change debate this session occurred in the context of the energy bill. While the overall bill supported America's continued dependence on fossil fuels that are causing climate change, there were a number of climate change amendments offered, some of which garnered majority support.

Bingaman-Domenici Resolution

On June 22, a bipartisan majority in the U.S. Senate voted in favor of a resolution calling for mandatory limits on greenhouse gas emissions. The amendment stated, *"Congress should enact a comprehensive and effective national program of mandatory, market-based limits and incentives on emissions of greenhouse gases."* The amendment also specified that the program should not significantly harm the U.S. economy and should encourage comparable actions by other nations that are major trading partners and key contributors to global emissions.²³

The amendment took the form of a non-binding "Sense of the Senate Resolution". Even though it is non-binding, such resolutions can have a major impact on the course of legislative action in the Senate. For years,

²¹ City of Seattle, Office of the Mayor, *US Mayors Climate Protection Agreement*, <http://www.ci.seattle.wa.us/mayor/climate/>.

²² U.S. Conference of Mayors, 2005 Adopted Resolutions, Environment http://www.usmayors.org/uscm/resolutions/73rd_conference/env_04.asp

²³ S Res. 866, H.R.6. [EAS] Section 1612.

the Byrd-Hagel resolution, itself non-binding, was interpreted by many to reveal general Senate opposition to action on climate change and specific opposition to the Kyoto Protocol. The Bingaman resolution shows that there is now a clear majority in the U.S. Senate favoring some form of mandatory emissions policy.

Climate Stewardship Act

Senators John McCain and Joseph Lieberman first introduced the Climate Stewardship Act (CSA) in 2003. The CSA addresses emissions from power plants, transportation, and large industrial sources thus covering approximately 75 percent of U.S. greenhouse gas emissions. The bill requires the reduction of emissions to 2000 levels by 2010 and allows for emissions trading and offsets to meet reduction requirements.²⁴ The senators introduced an amended bill in the spring of 2005 that contained additional technology subsidies, including controversial subsidies for nuclear power.²⁵

The CSA was the first mandatory climate change bill ever subject to a floor vote in the Senate. In 2003 it garnered 43 votes in favor.²⁶ When offered as an amendment to the Energy Policy Act 2005, the measure failed in a vote of 38 to 60. Several who voted for the measure previously decided not to support it this year based on the new subsidies for nuclear power.²⁷

Rep. Wayne Gilchrest introduced a companion bill to the Senate Climate Stewardship Act in the House in February 2005.²⁸ The House bill has not seen any action other than referral to committee, but it has garnered the support of 106 cosponsors. With the current House membership, passage in the House is expected to be harder than in the Senate.

Kerry Resolution

Senator John Kerry, a long-time leader on climate change and supporter of the Kyoto Protocol, was joined by Senators Snowe, Biden and Feinstein, offered an amendment to the Energy Bill aimed at getting the United States reengaged in international climate change negotiations. The amendment specified that the objective of such reengagement would be U.S. participation in “fair and binding” agreements that:

- 1) Advance and protect the economic interests of the United States;
- 2) Establish mitigation commitments by all countries that are major polluters consistent with the principle of “common but differentiated responsibilities”;
- 3) Establish flexible international mechanisms to minimize the cost of efforts; and
- 4) Achieve a significant long-term reduction in global greenhouse gas emissions.

²⁴ S 342, Introduced February 10, 2005

²⁵ S 1151, Introduced May 26, 2005.

²⁶ S. Amendment 2028 to S. 139. Not agreed to by a Yea-Nay vote of 43 to 55. October 30, 2005

²⁷ S Amendment 826 to H.R. 6. Not agreed to by a Yea-Nay vote of 38-60. June 21, 2005

²⁸ H.R. 759, introduced February 10, 2005.

The amendment also called for national policies to achieve significant long-term reductions in greenhouse gas emissions and for establishment of a bipartisan Senate observer group to monitor any international negotiations on climate change and ensure that the advice and consent function of the Senate is exercised in a manner to facilitate timely consideration of any future applicable treaty submitted to the Senate.

The resolution, which was offered with bipartisan sponsorship shortly after the Bingaman resolution was passed, lost by a narrow margin.²⁹

Hagel Amendment

Senator Chuck Hagel is best known in climate change circles for his cosponsorship of the Byrd Hagel Sense of the Senate Resolution, during his freshman term in office in 1997. His strong support of that resolution led many to believe that he is opposed to U.S. action on climate change. However, over the past couple of years, Senator Hagel's message on climate change has become more nuanced, and this year he introduced legislation to reduce greenhouse gas emissions. Specifically, Senator Hagel sponsored two bills on climate change, which he ultimately combined and offered as an amendment to the Energy Bill. The measure passed by a large majority.³⁰

The Hagel measure is quite similar to the Bush administration's approach to climate change in that it does not require mandatory emissions reductions, nor will its implementation necessarily prevent emissions from increasing. Rather than reducing net emissions, the legislation focuses on reducing emissions intensity – measured by emissions per unit of economic output. Instead of mandating standards the amendment provides financial incentives, calls for development of a United States global climate strategy to expand the role of the private sector and encourage the deployment of greenhouse gas intensity reducing technologies in developing countries, and directs the Secretary of State to engage global climate change as a foreign policy issue.³¹

The various climate change initiatives in Congress over the last year bear witness to a paradigm shift. Gone are the days when the majority of climate change legislation was language in appropriations bills aimed at preventing the administration from taking action. Congressional opponents to climate legislation during that period were dubbed the “Ostrich Caucus” by some in reference to the members' apparent desire to bury their heads in the sand rather than address global warming. Though the ranks of the “Ostrich Caucus” appear to be shrinking, there are still some holdouts. Senator James Inhofe, Chair of the Environment and Public Works Committee, recently called climate change the “greatest hoax ever perpetrated on the American people.”³² In the House of Representatives, Rep. Joe Barton (R-TX), Chair of the Energy Committee, recently embarked on an effort to compel a well respected climate scientist to turn over massive amounts of his data in order to defend his work; an undertaking that fellow GOP member, and Chairman of the Science

²⁹ S Amendment 844 to H.R. 6. Not agreed to by a Yea-Nay vote of 42-49 June 22, 2005

³⁰ S. AMDT 817 to H.R.6. Agreed to in the Senate by a Yea-Nay vote of 66-29. June 21, 2005

³¹ S. 887 Climate Change Technology Deployment and Infrastructure Credit Act of 2005, S. 386 Climate Change Technology Deployment in Developing Countries Act of 2005.

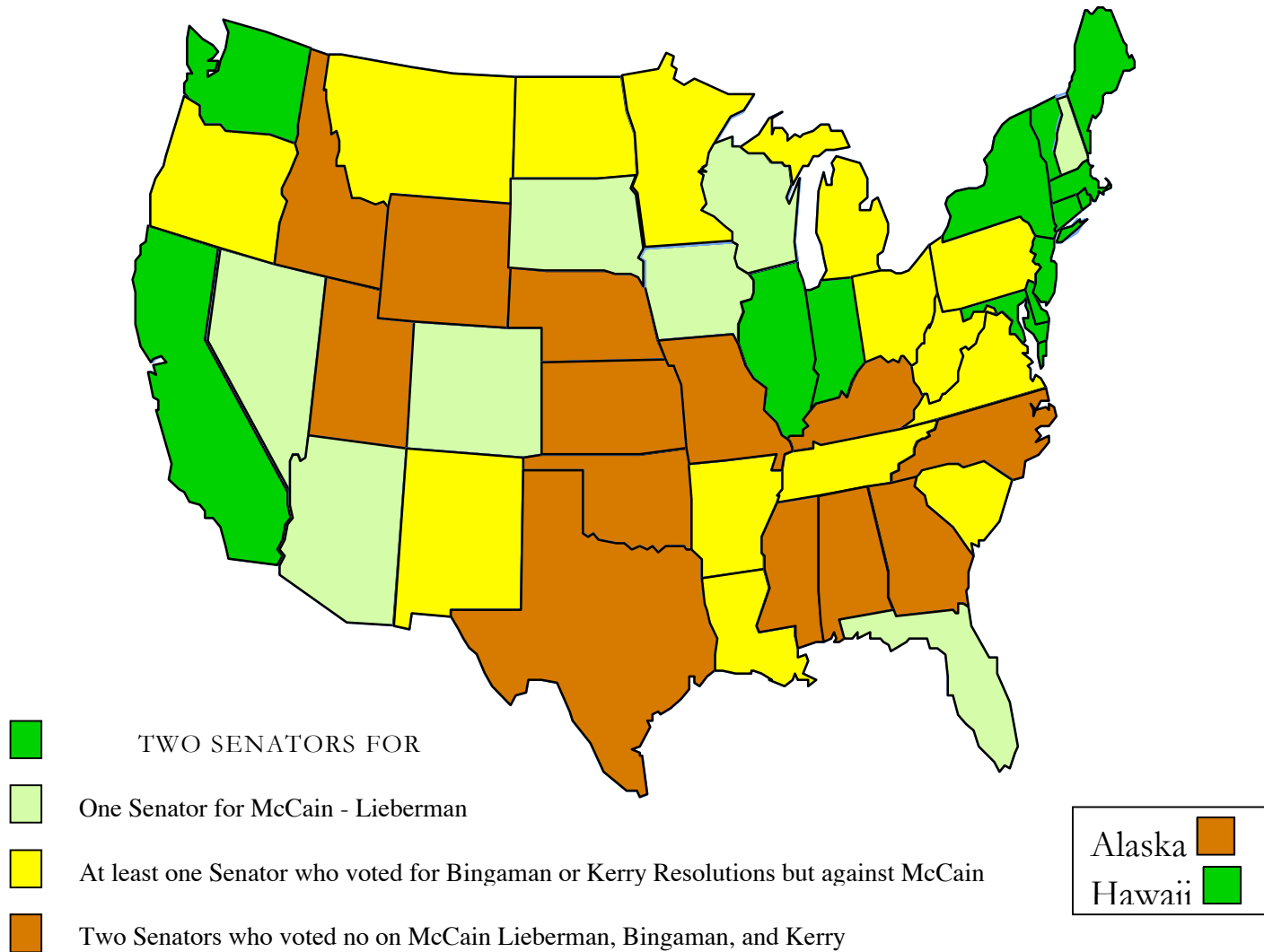
³² Sen. James Inhofe, Senate Floor, January 4, 2005, <http://inhofe.senate.gov/pressreleases/climateupdate.htm>.

Committee, Rep. Sherwood Boehlert (R-NY) termed a “misguided and illegitimate investigation.”³³ Despite these examples, it is clear that the influence of the Ostrich Caucus is waning. For instance, in the Senate, leadership on climate change has shifted from the Environment and Public Works Committee, currently chaired by Senator Inhofe, to the Energy committee. Recently, Senator Domenici, who chairs the Energy Committee, committed to having climate change be a major focus for that committee.

³³ Juliet Eilperin, “GOP Chairmen Face Off on global Warming”, The Washington Post, July 18, 2005, <http://www.washingtonpost.com/wp-dyn/content/article/2005/07/17/AR2005071701056.html>. For more information on the Barton investigation see: http://pubs.acs.org/subscribe/journals/esthag-w/2005/aug/business/pt_wsj.html.

Senate Global Warming Votes

from National Wildlife Federation



Note: Vote for McCain-Lieberman includes 2003 and 2005 supporters. ND Senators were both absent from the 2005 climate votes. MN Senator Coleman was not present for the Bingaman vote, but entered his supporting opinion in the record.

2.0 BUSINESS SUPPORT FOR ACTION

“The Bush administration has gotten itself in a box. It continues to say global warming may not really be a problem, even though by now almost everyone who has seriously looked at the issue says this is a problem.”

Marc Levinson, economist JPMorgan Chase³⁴

Regulatory requirements allow businesses some amount of certainty when planning for the future, allow reassurance that long-term capital investments are sound, and provide structure around which to base a business plan. Because there are currently no federal legislation or regulations covering climate change, U.S. businesses are left to speculate about potential regimes and plan accordingly. On the one hand, they are fairly certain that in the relatively near future they will have to contend with national limits on these emissions. On the other hand, the federal government’s inaction prevents them from being able to accurately plan for what these requirements will be. To compound this difficulty, many are finding they must contend with a variety of state policies aimed at filling the void left by federal inaction, and many are under pressure from their shareholders to address climate change. Recently, some in business, industrial and financial sectors have begun to speak out about their need for certainty in order to make sound investments and live up to their fiduciary responsibilities.

2.1 INSTITUTIONAL INVESTORS

“Assessing climate change is now an essential aspect of intelligent investing. Global warming will cause major shifts in the global economic landscape. For investors, those changes hold both risks and opportunities and understanding these risks and opportunities is an important part of fiduciary responsibility.”

William C. Thompson Jr., comptroller for New York City

At the Institutional Investor Summit on Climate Risk, in November 2003, 10 leading institutional investors launched the Investor Network on Climate Risk (INCR.) The purpose of the INCR is to promote better understanding of the risks of climate change among institutional investors. At a second Institutional Investor Summit in May 2005, INCR leaders announced a new Investor Call for Action.

Two dozen leading U.S. and European institutional investors managing over \$3 trillion in assets released a 10-point action plan calling on U.S. companies, Wall Street firms and the U.S. Securities and Exchange Commission to intensify efforts to provide investors with comprehensive analysis and disclosure about the financial risks presented by climate change. The group also pledged to invest \$1 billion in prudent business opportunities emerging from the drive to reduce greenhouse gases.³⁵

The action plan calls for specific measures by institutional investors, fund manager and financial advisors, companies, and the federal government. Among the investor commitments:

³⁴ Kim Chipman “*Bush Faces Wall Street Pressure on Global Warming*”, Bloomberg News, September 28, 2005. <http://www.bloomberg.com/apps/news?pid=washingtontory&sid=IN1Y650D9L35>

³⁵ Investor Network on Climate Risk, “*2004 Summit Press Release*”, <http://incr.com/05investorsummit/>.

- Urge publicly held companies in the electric power, auto, oil and gas sectors to report within a year to investors on how greenhouse gas emissions limits and other climate change scenarios will affect their businesses and steps they are taking to reduce those risks and seize new market opportunities;
- Require investment managers overseeing their fund assets to describe their resources, expertise and strategies for assessing financial risks associated with climate change;
- Evaluate and rank 100 of the world's largest, publicly-held companies on their actions for reducing climate change risks and share the scorecard report with investors later this year; and
- Urge the Securities and Exchange Commission to require companies to disclose financial risks related to climate change.³⁶

2.2 SHAREHOLDER RESOLUTIONS

During the 2005 proxy season, oil and gas companies, electric power producers, real estate firms, manufacturers, financial institutions and automakers faced a record number of global warming resolutions filed by shareholders. Thirty resolutions requested companies to disclose financial risk and plan to reduce greenhouse gas emissions. This surpassed the record 22 global warming shareholder resolutions in 2004. Many of the 2004 resolutions received extremely high voting support – in some cases as high as 37 percent. Filers withdrew numerous resolutions after companies agreed to undertake climate risk assessments and committed to specific greenhouse gas reduction targets.

2.3 LENDERS

“We, at Bank of America, recognize that climate change and atmospheric pollution represent a risk to the ultimate stability and sustainability of our way of life. Bank of America is committed to addressing climate change issues even more so today, when we believe we can set real and achievable targets for greenhouse gas reductions in both our operations as well as investment opportunities.”

*Eugene M. McQuade, President Bank of America;
Chairman, Bank of America Environmental Council*

Recently, some of the nation's largest lending institutions have begun to integrate climate change concerns into their operations at many different levels. Two high-profile lenders to take proactive positions on climate change are Bank of America, and JPMorgan Chase.

Bank of America has committed to address greenhouse gas emissions resulting from its own operations and the impact resulting from or related to its investment decisions. Specifically, the bank set a goal to **reduce greenhouse gas emissions from its operations seven percent by 2008**. In addition the bank committed to assess climate change risk and take necessary action to limit risk and invest in change where appropriate. To begin the latter process they are assessing greenhouse gas emissions from their energy and utilities portfolio with the intent of realizing a seven percent reduction in indirect emissions within the energy and utility portfolio. Beyond managing its own impact, the bank has committed to use its position as a community and industry leader to serve as an agent of change in elevating the public and private sector's commitment and approach to addressing climate change.³⁷

³⁶ *ibid.*

³⁷ Bank of America, *Bank of America Climate Change Position*, <http://www.bankofamerica.com/newsroom/presskits/view.cfm?page=climateandforests>.

JPMorgan Chase is another lending institution that has committed to take action on climate change. JPMorgan Chase's approach is very similar to Bank of America. JPMorgan Chase intends to reduce its greenhouse gas emissions five to seven percent below 2005 emissions levels by 2012. In addition, it will encourage clients that are large greenhouse gas emitters to develop carbon mitigation plans. The plans will include measurement and disclosure of greenhouse gas emissions and descriptions of plans to reduce or offset emissions. JP Morgan Chase will add carbon disclosure and mitigation to its client review process beginning by year-end 2005. In project transactions in the power sector, it will quantify the financial cost of greenhouse gas emissions and integrate them into financial analysis of the transaction. Internalizing the cost of carbon in this way may alter investment choices, and JP Morgan Chase has committed to encourage clients to evaluate alternative energy technologies.³⁸

2.4 INSURERS

European insurers such as Swiss Re and Munich Re have long spoken out about the risk that climate change poses to the insurance industry. Their U.S. counterparts on the other hand have been more circumspect. Recent events, however, may cause U.S. insurers to become engaged.

The 2005 annual fall meeting of the National Association of Insurance Commissioners was scheduled to take place in New Orleans September 10-13. These meetings were cancelled due to the devastation caused by Hurricane Katrina. One of the topics on the agenda for discussion was how climate change and extreme weather events might affect their industry. The irony of this situation was not lost on participants. "New Orleans seemed like a superior place to have this conversation because I'd seen maps showing how the city would no longer be there if we lose our polar ice caps," said Tim Wagner, Nebraska's insurance director and Chairman of the Insurance Association's property and casualty committee. "Little did I envision that the clarity of the issue would hit home in this way."³⁹

According to some, the U.S. insurance industry is beginning to assess the threat climate change poses. Gary Guzy, a senior vice president at the brokerage arm of New York-based Marsh & McLennan, the world's largest insurance broker, said, "The U.S. insurance industry is coming to realize that global climate change is a significant issue. The industry needs to be finding ways to help mitigate and reduce potential risks."

American International Group, Inc. (AIG) is looking at how to reflect climate change risks in its modeling and considering whether it should invest only in companies "doing something" about climate change.⁴⁰

2.5 MAJOR EMITTERS

³⁸ JPMorgan Chase, *Our Environmental Commitment*, <http://www.jpmorganchase.com/cm/cs?pagename=Chase/Href&urlname=jpmc/community/env/policy>.

³⁹ "Insurers brace for more 'Katrinas':", *The Royal Gazette*, 09/08/2005 (Bloomberg) <http://www.theroyalgazette.com/apps/pbcs.dll/article?Date=20050908&Category=BUSINESS&ArtNo=109080085&SectionCat=&Template=printart>.

⁴⁰ *ibid.*

“Duke Energy has long supported voluntary measures to reduce greenhouse gases. But it's clear to me now that we have to move to mandatory measures to get real results in a fair manner.”

*Paul Anderson, Chairman and CEO, Duke Energy*⁴¹

In an interesting turn of events during the past year, some of the country's major emitters of greenhouse gas pollution have begun to call for responsible action on climate change, and in some cases, support enactment of mandatory regulation. This is likely a reflection of two challenges these companies face. First, most of these companies have been the targets of shareholder activism aimed at getting them to proactively assess the risks and opportunities afforded by climate change and related regulation. Second, many of them accept that carbon “constraints” will be a factor in the near to mid-term and they want more certainty about the nature of these constraints to inform their long-term capital investment. The following are some of the more striking statements made recently by some of the country's largest emitters.

Duke Energy is taking a comprehensive approach to the issue of climate change. CEO Paul Anderson has committed to shareholders that the company will be active in three areas relating to climate change: policy development, power generation and promoting awareness. He has specifically stated that any approach should be mandatory, economy-wide and federal in scope. Though he admits it is not likely to garner much favor, the approach Mr. Anderson supports is a carbon tax.⁴²

Cinergy is another energy company that has joined the climate debate in support of regulation. The company has specifically stated that the uncertainty it faces in the current regulatory climate makes it difficult to plan capital expenditures. Cinergy has asked Congress to pass a long-term multi-emissions bill that would take the unnecessary uncertainty out of national environmental policy. As Cinergy believes it will operate “in a carbon-constrained world” and that it is the company's responsibility to prepare for that likelihood, it has set an emissions reduction target of five percent below 2000 levels between 2010-2012.⁴³

American Electric Power is the largest user of coal in the United States. Therefore, there is much at stake for AEP in the climate policy debate. The company has publicly stated “enough is known about the science and environmental impacts of climate change for us to take actions to address its consequences.” Like Cinergy, AEP has acknowledged that mandatory carbon constraints are probable in the long term but that uncertain public policy and rapidly evolving technology pose a real challenge when making decisions about large investments in long-lived assets in a setting of uncertain public policy and rapidly evolving technology.⁴⁴

⁴¹ Duke Energy, *Our Viewpoint*, Charlotte Business Journal's 10th Annual Power Breakfast, April 7, 2005. <http://www.duke-energy.com/news/viewpoint/050407.asp>.

⁴² *ibid.*

⁴³ Cinergy Corp., *Air Issues Report to Stakeholders; An Analysis of the Potential Impact of Greenhouse Gas and Other Air Emission Regulation on Cinergy Corp.*, December 2004.

⁴⁴ American Electric Power, *An Assessment of AEP's Actions to Mitigate the Economic Impacts of Emissions Policies*, August 31, 2004. <http://www.aep.com/environmental/performance/emissionsassessment/docs/ReportOnly.pdf> and http://www.aep.com/environmental/climate/docs/Climate_Change_Position_Paper.pdf

3.0 DIVERSIFYING THE BASE OF PUBLIC SUPPORT

Recently, the base of public support for action on climate change broadened to embrace new politically important constituencies. The following are a few examples of constituencies that recently became active on the issue.

3.1 RELIGIOUS COMMUNITY LEADERSHIP

“We do represent 30 million people, and we can mobilize them if we have to.”

Rev. Ted Haggard, president National Association of Evangelicals

The faith community has long been motivated to take action on environmental issues based on a perceived dual responsibility to protect God’s creation and to protect the world’s poor. As climate change is one of the greatest threats to the global environment and to the poorest regions of the world, the issue has received growing attention from religious leaders.

This new engagement gained national attention in 2002, when Rev. Jim Ball of the Evangelical Environmental Network started the “What Would Jesus Drive?” campaign and drove a hybrid vehicle across the country. That year Rev. Ball brought Rev. Rich Cizik, vice president of governmental affairs for the National Association of Evangelicals, to Oxford, England to meet with Sir John Houghton, an evangelical and retired Oxford professor of atmospheric physics who was on the Intergovernmental Panel on Climate Change. Cizik reports this was a life-changing moment.

In June 2004, at a meeting called by the Evangelical Environmental network, the National Association of Evangelicals and Christianity Today, a group of Evangelical leaders, committed to “engage the evangelical community” on climate change and to produce a “consensus statement” within a year. Not long thereafter, Christianity Today ran an editorial endorsing the McCain-Lieberman Climate Stewardship Act.

In March 2005, more than 100 evangelical leaders attended briefings in Washington to learn more about global warming. Many believe that the considerable political power of Evangelicals – seen as a pivotal group in the last presidential election—could significantly change the politics on global warming.⁴⁵

The Catholic Bishops are increasingly becoming involved in the issue of climate change. In June 2001 the U.S. Conference of Catholic Bishops released a joint statement calling for leaders to take steps now to mitigate the possible negative effects of climate change. Specifically, the Conference supported strong U.S. leadership and advocated for greater assistance to developing nations and greater emphasis on energy conservation, development of renewable energy and assistance to workers displaced during a transition to a more benign energy production. In 2004, the Conference jointly signed, with other major religious leaders and noted scientists, a statement calling for increased action to address the issue of climate change. The Conference followed this with a letter from Cardinal McCarrick, Chairman of the Domestic Policy Committee, and Bishop John Ricard, Chairman of the International Policy Committee, to the U.S. Senate urging action to address climate change and specifically the needs of the poor.⁴⁶

⁴⁵ Laurie Goodstein, “Evangelical Leaders Swing Influence Behind Effort to combat global Warming”, New York Times, March 10, 2005.

⁴⁶ U.S. Conference of Catholic Bishops, *Global Climate Change*, February 2005.
<http://www.usccb.org/sdvp/international/bkgrclimate605.htm>.

The Evangelicals and Catholics are the newest religious powerhouses to enter the climate change fight but they are certainly not alone. For many years the United Methodists, the National Council of Churches and the National Religious Partnership for the Environment, a formal alliance of major Judeo-Christian faith groups and denominations, have actively advocated for climate change solutions. The most recent collaboration among these groups is a letter calling for U.S. action on addressing the growing problem of climate change and supporting the McCain-Lieberman Climate Stewardship Act. Signers of the letter included two Nobel laureates in science, and U.S. leaders of the Greek Orthodox, Evangelical Lutheran, Presbyterian, Episcopal, Catholic, Jewish, and United Methodist faiths.⁴⁷

3.2 NATIONAL SCIENCE ACADEMIES CALL FOR ACTION

In June 2005, just prior to the G8 Summit, the national science academies of the G8 nations and Brazil, China and India, signed a statement on the global response to climate change. The statement urges all nations *to take prompt action to reduce the causes of climate change, adapt to its impacts and ensure that the issue is included in all relevant national and international strategies*. Specifically, the academies called on leaders at the Gleneagles G8 Summit to:

- Acknowledge that the threat of climate change is clear and increasing.
- Launch an international study to explore scientifically informed targets for atmospheric greenhouse gas concentration that will enable nations to avoid impacts deemed unacceptable.
- Identify cost-effective steps that can be taken now to contribute to substantial and long-term reduction in net global greenhouse gas emissions.
- Recognize that delayed action will increase the risk of adverse environmental effects and will likely incur a greater cost.
- Work with developing nations to build a scientific and technological capacity enabling them to develop innovative solutions to mitigate and adapt to the adverse effects of climate change.
- Show leadership in developing and deploying clean energy technologies and approaches to energy efficiency.
- Mobilize the science and technology community to enhance research and development efforts which can better inform climate change decisions.⁴⁸

3.3 ENVIRONMENTAL JUSTICE MOVEMENT ON CLIMATE CHANGE

"We are long past the point where global warming is considered a myth. We are seeing its effects all around us, especially in my hometown of New Orleans, Louisiana which is expected to experience an increased incidence of flooding that could potentially destabilize its economy and endanger its populace."

Rep. William Jefferson (D-LA) Chair, Congressional Black Caucus Foundation, July 21, 2004⁴⁹

⁴⁷ The National Religious Partnership for the Environment, *The Climate Embraces Us All*, May 2004, http://www.nrpe.org/issues/iair/air_interfaith01.htm

⁴⁸ National Academies of Science, *Joint science academies' statement: Global response to climate change*, June 7, 2005, <http://www.nationalacademies.org/onpi/06072005-5.pdf>.

In 2002, a coalition of 28 U.S. environmental justice, climate justice, religious, policy and advocacy organizations called on the Bush administration and Congress to take action on global warming. The coalition, which calls itself the Environmental Justice and Climate Change Initiative (EJCC), is seeking immediate and just steps on global warming policy that focus on energy efficiency, renewable energy and conservation policies while seeking equitable measures to protect and assist the communities most affected by warming. Recent reports, such as one released in July 2004 by the Congressional Black Caucus Foundation and Redefining Progress, find that African Americans will bear a disproportional burden of the harm from climate change, despite being least responsible for the problem.⁵⁰

The EJCC created the Climate Justice Corps, a group of young activists who work in communities impacted by climate change and its sources to fight against the political and industrial causes of climate change. In September of 2005, the Climate Justice Corps was featured at the Global Initiative Summit organized in New York by President Clinton.⁵¹

4.0 CONTINUED OBSTRUCTION BY THE BUSH ADMINISTRATION

Despite the rapid proliferation of regional, state and municipal climate change policies, despite investor and business anxiety about lack of regulatory clarity, despite the growing base of support for action among some of his allies in the religious community, the Bush administration has made no effort to update its position on climate change. Even the tremendous the pressure the administration is under for its handling of Hurricane Katrina and the public's impressions that the oil industry is making exorbitant profits at the expense of the consumer haven't made an impact. Thus, the president's policy is increasingly out of step with the rest of America.

This section highlights key climate change-related activities of the Bush administration over the past year. The president's overall policy towards climate change has remained the same since his first year in office: oppose mandatory caps on emissions, set non-binding emissions goals that are based on continuation of recent trends, rely on voluntary programs and continue to actively expand fossil fuel development. For a detailed analysis of the Bush administration's overall approach to climate change policy see U.S. Climate Action Network's 2004 report "The Good, The Bad, and the Ugly."⁵²

In light of the administration's failure to support a single policy mandating reductions in total U.S. greenhouse gas emissions, many have urged the international community to press on without the United States. The following section of this report briefly recaps the Bush administration's general approach to climate change and then highlights recent activities both abroad and at home that reconfirm the need to leave the Bush administration isolated on this issue.

⁴⁹ Environmental Justice and Climate Change Initiative, "Redefining Progress Media Release Groundbreaking Study of the Impact of Climate Change", July 21, 2004, http://www.ejcc.org/Unequal_Burden.html.

⁵⁰ African Americans and Climate Change: An Unequal Burden. Congressional Black Caucus Foundation, July 21, 2004.

⁵¹ Environmental Justice and Climate Change Initiative, "The Climate Justice Corps honored at President Clinton's New York Summit", <http://www.ejcc.org/cgi.html>

⁵² US Climate Action Network, *The Good, The Bad and The Ugly: A Guide to U.S. Climate Policy*, <http://www.climatenetwork.org/uscanweb/gbu>.

4.1 PRESIDENT BUSH'S CLIMATE CHANGE POLICY IN A NUTSHELL

In February 2002, President Bush announced his global warming plan. Though it was presented as a comprehensive approach to the problem, the president's plan was basically an extension of the status quo. It sets a voluntary goal of reducing greenhouse gas intensity by 18 percent over ten years—approximately the rate at which intensity had improved over the preceding decade⁵³. While phrased as a reduction, the plan would actually allow U.S. emissions to increase to 32 percent above 1990 levels by 2012 given projections of economic growth.⁵⁴ By comparison, the target that the U.S. negotiated in the Kyoto Protocol was seven percent below 1990 levels by 2012.

To achieve its climate change emissions target, the Bush administration relies on voluntary industry commitments and registries, investment in technology research and development, tax incentives, and science research. Though this approach sounds comprehensive, it is purely voluntary and therefore even if fully implemented it will not necessarily result in any improvement in emissions intensity. Even with full participation by the target audiences in the Bush programs, and achievement of the intensity target, U.S. emissions will continue to rise. The plan does not require an adequacy review until 2012.⁵⁵

The United States has had numerous voluntary programs, significant investment in technology R&D, tax incentives, and a significant science research program in place for more than a decade. During this time, U.S. carbon dioxide emissions have risen by more than 16 percent.⁵⁶ This does not bode well for the efficacy of the Bush approach.

4.2 BUSH ADMINISTRATION OBSTRUCTING NATIONAL EMISSIONS REDUCTIONS

The Bush administration's influence on national climate change policies goes beyond the administration's own proposals. Through intervention in the Congressional legislation, and administrative rulemakings, the administration and its political appointees have done much to forward the interest of the fossil fuel industry and prevent limits on greenhouse gas emissions. The White House web site describing the Energy Policy Act of 2005, which it refers to as the "President's national energy plan" highlights the statute's impact on energy efficiency and conservation, and claims that it promotes alternative and renewable energy sources and reduction of dependence on foreign sources of oil.⁵⁷ However, the statute's critics contend that its major thrust is to provide tens of billions of dollars to the oil, gas, coal and nuclear industries while weakening

⁵³ In the decade from 1990-2000, U.S. emissions intensity (defined as the ratio of total global warming pollution to total gross domestic product) decreased by 17.4 percent. World Resources Institute 2002. Analysis of bush Administration Greenhouse Gas Target, February 14, 2002. http://www.wri.org/pdf/analysis_bush.pdf.

⁵⁴ RIVM, Evaluating *the Bush Climate Initiative*, 2002, <http://www.rivm.nl/bibliotheek/rapporten/728001019.html>,

⁵⁵ The White House, *White House Global Climate Change Policy Book*, February 2002. <http://www.whitehouse.gov/news/releases/2002/02/climatechange.html>.

⁵⁶ U.S. Environmental Protection Agency, *In Brief—The U.S. Greenhouse Gas Emissions Inventory*, 2005.

⁵⁷ The White House, "President signs Into Law a National Energy Plan", August 8, 2005, <http://www.whitehouse.gov/infocus/energy/>.

environmental protections such as the Clean Water Act and Safe Drinking Water Act. They charge that it harms consumers and the environment while doing nothing to address America's dependence on foreign oil or the threat of global warming. Among the provisions they cite, the bill:

- Increases air pollution and global warming with more than \$6 billion in new incentives to burn coal for electricity.
- Provides federal loan guarantees to build at least 16 new coal-fired power plants.
- Allows oil industry to forgo royalty payments to the federal treasury for oil drilled in areas off Alaska's coastline.
- Authorizes up to \$1.5 billion in new subsidies to the oil industry for ultra-deep oil drilling and exploration.
- Includes provisions to allow underwater oil and gas exploration that could pave the way for offshore drilling along America's coastlines.

The Bush administration made its influence on the Energy Policy Act known not only by the provisions it supported, but also those it fought. Many in Congress felt that any 21st century energy bill must address climate change. Therefore, there were numerous climate change amendments offered in the Senate. The Bush administration's "Statement of Administration Policy" on the Energy bill said, "The Administration is not convinced of the need for additional legislation with respect to global climate change, and will oppose any climate change amendments that are inconsistent with the President's climate change strategy."⁵⁸ A strong White House lobbying push against climate change amendments reportedly accompanied the SAP.⁵⁹ In addition, despite their claims that the bill promotes energy efficiency and renewable energy, the administration specifically opposed the two measures widely recognized to make the biggest impact on America's energy use; amendments to increase fuel economy standards for vehicles and to create a renewable portfolio standard for electricity generation.⁶⁰

4.3 INTERNATIONAL ACTIVITY ON CLIMATE CHANGE—2005 HIGHLIGHTS

G-8 Summit

In July 2005, President Bush participated in the G-8 summit in Gleneagles, Scotland. The previous year, the UK, which held the G-8 presidency for 2005, announced that climate change would be a top priority for this G-8 Summit. Prime Minister Tony Blair articulated three goals for the meeting: 1) secure agreement as to the basic science on climate change and the threat it poses; 2) secure agreement on a process to speed up the science, technology, and other measure necessary to meet the threat; and 3) engage with other countries with growing energy needs—like China and India - on how they can meet those needs sustainably and adapt to the adverse impacts we are already locked into.⁶¹

⁵⁸ The White House, *Statement of Administration Policy on H.R. 6*, June 14, 2005.

⁵⁹ Jim Snyder, "Business Groups Target Climate Change", *The Hill*, June 21, 2005, http://www.hillnews.com/thehill/export/TheHill/Business/062105_climate.html.

⁶⁰ The White House, *Statement of Administration Policy on H.R. 6*, June 14, 2005.

⁶¹ 10 Downing Street, "PM Speech on Climate Change", (September 14, 2004), <http://www.number-10.gov.uk/output/Page6333.asp>.

There was some speculation in the lead up to the Summit that Britain's "special relationship" with the United States, due to Tony Blair's staunch support of the war in Iraq, would lead to some reciprocal gesture on the part of the United States. However draft texts leaked from negotiations leading up to the Summit poured cold water on any raised expectations for U.S. commitments on climate change at Gleneagles. Despite reported efforts by the G-8 leaders and invited leaders from Mexico, Brazil, South Africa, China and India, President Bush did not budge from his opposition to mandatory targets. In a vivid illustration of the extent of U.S. obstruction, a leaked draft of the "Plan of Action" revealed that the U.S. was objecting to language such as, "our world is warming" and "The world's developed economies have a responsibility to show leadership" and the phrase "and reduce greenhouse gas emissions."⁶²

Despite its opposition to any binding approach to greenhouse gas reductions, the Bush administration does not want to appear to be neglecting its responsibilities when it comes to international climate policy. When challenged on its lack of international engagement on climate change, the White House points to its many bilateral and regional agreements to work with other countries on climate change.

In July, the United States joined Australia, China, India, Japan and South Korea in creating the Asia-Pacific Partnership for Clean Development and Climate. This Partnership is focused on cooperation in development and transfer of emissions reduction technology. In addition, the U.S. State Department issued statements and summaries from bilateral meetings with five countries this year. While all of the countries are Parties to the Kyoto Protocol, including Germany, one of the leading advocates for reducing global greenhouse gas emissions, none of these meetings lead to any agreement by the United States to reduce its emissions.⁶³

⁶² "G8 Climate Action Plan Weakened to Suit United States" Environment News Service, June 17, 2005,
<http://www.ens-newswire.com/ens/jun2005/2005-06-17-04.asp>

⁶³ U.S. Department of State, <http://www.state.gov>, <http://www.state.gov/g/oes/rls/or/50196.htm> (New Zealand), <http://www.state.gov/g/oes/rls/fs/48331.htm> (Canada) <http://www.state.gov/g/oes/rls/or/48445.htm> (Russian Federation), <http://www.state.gov/g/oes/rls/or/45662.htm> (Mexico), <http://www.state.gov/p/eur/rls/prsrl/2005/42644.htm> (Germany).

FOR MORE INFORMATION ABOUT USCAN:

Visit: www.usclimatenetwork.org

CONTACT:

1200 New York Avenue, NW Suite 400
Washington, DC 20010 USA

Gary Cook, Director

Phone: +1 202.513.6274

Email: gcook@usclimatenetwork.org



USCAN
CLIMATE ACTION NETWORK