

Section 2: National Climate Policy

“Politics is the art of compromise. Unfortunately, the atmosphere is no longer negotiating.”

– William Becker, Presidential Climate Action Project

The consensus among the world’s climate scientists is that:

- **Global climate change is real.**
- **It is underway.**
- **It is caused mostly by human activities.**
- **If allowed to go much further, it will have disastrous consequences for our economy, health, security and ecosystem.**
- **We have the tools to prevent this.**
- **We don’t have much time.**

Because of the daunting variables that affect the atmosphere, there is less consensus on the precise point at which greenhouse gas emissions will push us across the threshold of dangerous climate change. The limit cited most often is 450 parts per million (ppm) of carbon dioxide (CO₂).¹ Today, CO₂ concentrations are 383 ppm and increasing by 2 ppm each year. At this rate, we will reach the 450 ppm threshold by the time today’s babies turn 40.

While the many variables involved in climate science produce minor differences in recommendations from the technical community, there is universal acceptance of this fact: Each year that greenhouse gas emissions go unabated, it becomes harder and more expensive to stabilize the climate², and climate change becomes a greater threat to national security.³

¹ In testimony before Congress on April 26, 2007, the head of NASA’s Goddard Space Institute, James Hansen, said, “The dangerous level of CO₂ is at most 450 ppm and it is probably less.” In 2005, scientists convened in conference by British Prime Minister Tony Blair concluded that 450 ppm is the “highest prudent limit.”

² N. Stern, *The Economics of Climate Change: The Stern Review*, analysis prepared for the British government, Oct. 30, 2006. Stern, former chief economist for the World Bank, estimated that unless we invest approximately 1% of global gross domestic production to mitigate climate change immediately, climate impacts will shrink the global economy by as much as 20%.

³ See PCAP Section 4, National Security, for further discussion. The classification of climate change as a national security “threat multiplier” was made in April 2007, by 11 retired admirals and generals convened to study the issue. See “National Security and the Threat of Climate Change,” CAN Corporation, April 2007. The panel consisted of Gen. Gordon Sullivan, Adm. Frank Bowman; Lt. Gen. Lawrence Farrell Jr.; Vice Adm. Paul Gaffney II; Gen. Paul J. Kern; Adm. T. Joseph Lopez; Adm. Donald Pilling; Adm. Joseph Prueher; Vice Adm. Richard Truly; Gen. Charles Wald; and Gen. Anthony Zinni.

Dr. James Hansen of NASA's Goddard Institute for Space Studies has developed a succinct, three-part strategy for addressing global warming.⁴ The Presidential Climate Action Plan is consistent with his formulation. To paraphrase it:

- **Aggressively pursue the ability to capture and store carbon. At the same time, place a moratorium on construction of coal-fired power plants that are not equipped with this capability.**
- **Put a price on greenhouse gas emissions and gradually increase it, reflecting costs to the environment with mechanisms that are economically sound. As a first step, eliminate subsidies of fossil fuels.**
- **Create a public-private partnership to develop the technologies America needs to reduce and reverse greenhouse gas emissions and to adapt to the effects of climate change that are underway. At the same time, remove barriers to major advances in energy efficiency and conservation and to the use of low- and no-emission energy resources.**

Presidential Actions

1. Establish the atmospheric commons.

The President should issue a declaration that the atmosphere is a global commons whose benefits and obligations for stewardship extend to all Americans, present and future. Under this principle, all people hold common ownership of the atmosphere in equal shares. Each American would benefit from sound

⁴ See Hansen's wording and his explanation at www.columbia.edu/~jeh1/lowa_70805.pdf.

management of the atmosphere in the form of a tax reduction and/or a dividend. While a declaration of the commons would not have the force of law, it would establish and make visible a principle that should govern domestic and international policy in the years ahead – the recognition of our obligation to protect the resources on which all people depend.

2. Establish aggressive goals for reducing greenhouse gas emissions.

PCAP recommends greenhouse gas reduction goals along the lines of those framed by the Nicholas Institute at Duke University.⁵ The United States and other developed nations should begin cutting greenhouse gas emissions immediately to achieve reductions of 80%-90% by 2050. From 2011 to 2020, greenhouse gas emission reductions in the United States should average 3% annually, compared with 2010 levels.⁶ Those reductions should be achieved by harvesting the economy's low-hanging fruit – large gains in energy efficiency and the deployment of currently available low-emission energy supply technologies. This would reduce national greenhouse gas emissions 30% by 2020.

From 2021 to 2050, the United States should reduce emissions an average of 2% annually, taking advantage of improved technologies. Emission reductions would total 50% by 2030 and 90% below 2010 levels by mid-century.⁷

In international negotiations, the U.S. should propose that the five largest developing nations begin reducing their greenhouse gas emissions by an average

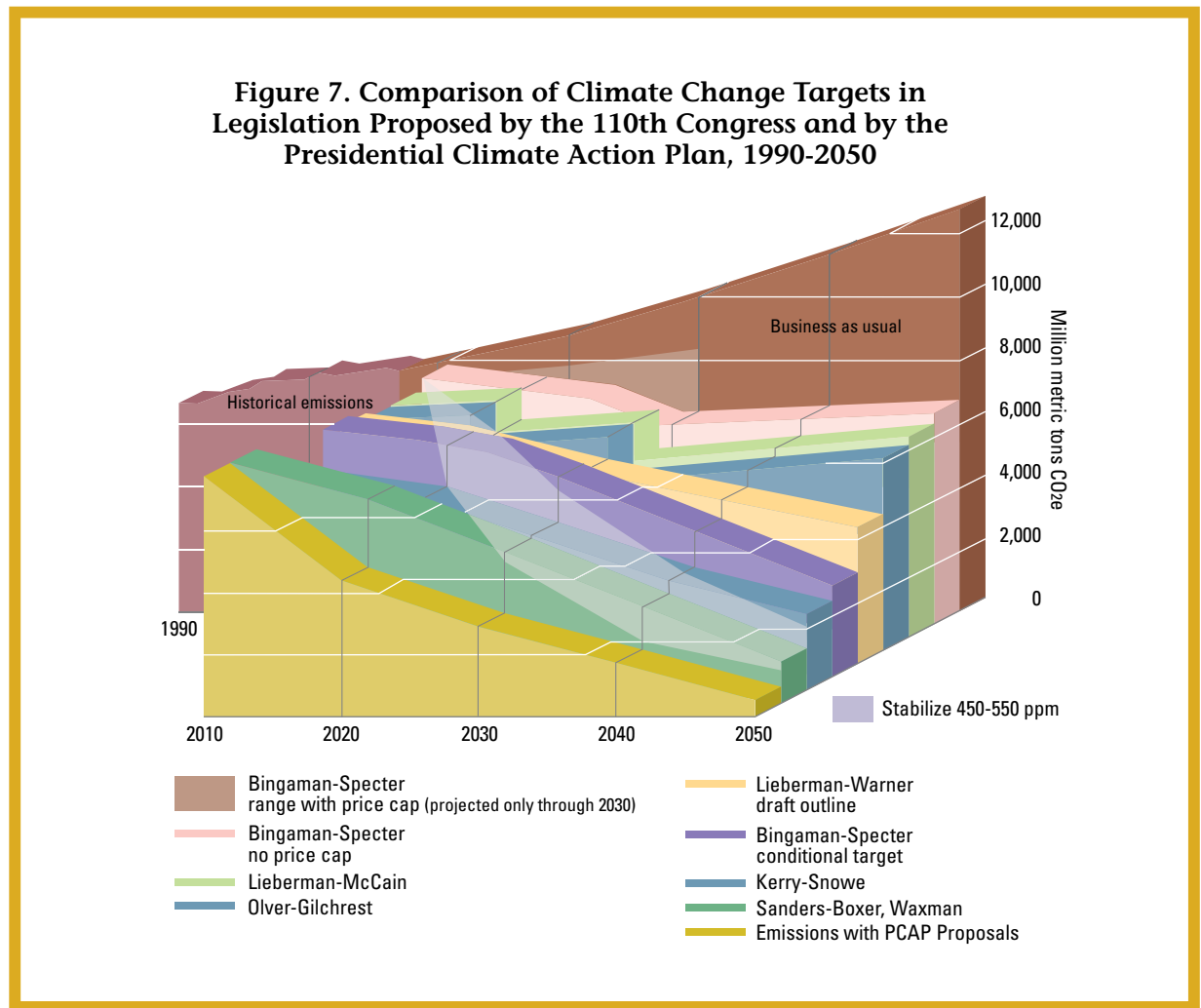
⁵ P. Kasibhatla and W. Chameides, "G8 Leadership Is Critical to Curbing Energy-Related CO₂ Emissions," policy brief prepared for the Nicholas Institute for Environmental Policy Solutions, Duke University, September 2007, www.env.duke.edu/institute/g8plus5.pdf.

⁶ For comparison: In May 2007, the Energy Information Administration reported that United States CO₂ emissions dropped 1.3% in 2006, while the economy grew 3.3%.

⁷ These reductions, all against the 2010 base year, are roughly the equivalent of the European Union's targets: 20% reductions below 1990 levels by 2020 and 80% by 2050.

of 2% annually in 2021, against 2020 levels. Remaining nations would begin stabilizing or reducing emissions at mid-century.

Duke's analysis projects that this pattern of reductions would stabilize atmospheric concentrations of CO₂ below 450 ppm.



3. Cap and auction greenhouse gases.⁸

To mobilize the marketplace to reduce greenhouse gas emissions, the President should support greenhouse gas pricing – a mechanism that adds a cost for greenhouse gas emissions onto the price of fossil fuels. If a pricing mechanism has not become law during the 110th Congress, the President should advocate that the 111th Congress approve an “upstream” cap-and-auction system that regulates the points at which fossil fuels enter the economy – the refinery gate in the case of petroleum, the first distribution point for natural gas, at the mine shipping terminus in the case of coal and at the port in the case of imports.

By regulating only 1,500-2,000 upstream entities, this approach reduces administrative complexity, minimizes opportunities to cheat the system and helps ensure that greenhouse gas pricing is economywide.

In the event that Congress fails to pass a cap-and-auction regime, or to act on the issue in a timely manner, the President should direct the Environmental Protection Agency to implement a cap-and-auction regime with these characteristics:⁹

- **Greenhouse gas emissions would be capped to achieve the national reduction goals proposed above.**
- **The regime should cover all six greenhouse gases, adjusted for their global warming potential. This feature is more likely to make the United States system compatible with international greenhouse gas trading programs.**
- **The emissions cap should be absolute, defined in carbon dioxide-equivalent tons per year rather than in greenhouse gas intensity (emissions per dollar of GDP). Absolute caps are more transparent and will make it easier for all parties to track actual reductions.**
- **The regime should ensure that carbon pricing is economywide while keeping the administration as simple and transparent as possible.¹⁰**

⁸To produce these recommendations, the Presidential Climate Plan has drawn from, and gratefully acknowledges, proposals by Yale economist Robert Repetto (www.climateactionproject.com/docs/Repetto.pdf), Peter Barnes of the Tomales Bay Institute, and the Milken Institute (“A Cap-and-Trade Program Design for Greenhouse Gases,” policy brief, February 2007).

⁹The Bush Administration demonstrated the authority of the Executive Branch to establish cap-and-trade regimes for pollutants in 2005 when it established such a mechanism for mercury emissions from power plants.

¹⁰Under the Clean Air Act, without new statutory language, it appears that a cap-and-auction regime ordered by the President would have to move downstream to regulate entities that actually emit greenhouse gases, rather than those that bring fossil fuels into the economy.

- **Banking would be allowed, but not off-ramps, safety valves or the substitution of greenhouse gas offsets for permits. Allowances would be made to reward early adopters.**
- **The regime should extend at least until 2050 to provide stability in the marketplace. Its performance should be reviewed regularly to ensure that it is meeting greenhouse gas reduction goals.**
- **Auction revenues should be distributed to consumers in tax reductions and dividends to every American, and to states to assist individuals, families, businesses and communities most adversely affected by higher energy prices.**
- **The system would be designed to link U.S. greenhouse gas trading with emission-reduction regimes in other nations.**

The Administration should closely monitor the effectiveness of this system and adjust it as necessary to achieve national targets for emission reductions.

4. Use the Clean Air Act to produce early results.

Because there are no comparable greenhouse gas trading systems in place, experts are unsure of how successful the architecture will be or how soon its effects will appear in the marketplace. Some estimate that it will take a decade or more; others predict faster results. To ensure near-term emission reductions and to provide a safety net for the atmosphere, the President should order the EPA to expedite its determination that all greenhouse gas emissions meet the criteria for regulation under the Clean Air Act.¹¹

Using the familiar process now in place for other regulated air pollutants, EPA would require states to develop creditable State Implementation Plans (SIPs) that show how they will achieve required emission reductions. As the cap-and-trade mechanism takes effect, compliance with regulation will become easier and eventually moot.

¹¹Title I, Section 103(g) of the Act recognizes carbon dioxide as an "air pollutant"; Title II has been interpreted by the U.S. Supreme Court in *Commonwealth of Massachusetts v. EPA* as allowing EPA to regulate greenhouse gases from "moving sources"; Title VI grants EPA the authority to regulate greenhouse gases that deplete the stratospheric ozone layer. To implement regulation under the Clean Air Act, EPA must make a determination that greenhouse gases not currently regulated "cause or contribute significantly to air pollution, which may reasonably be anticipated to endanger public health or welfare" (Section 110b1A). There is more than ample scientific evidence for EPA to make that determination without delay.

5. Restore the role of science in federal policy.

The President should issue an executive order that emphasizes the critical role that science will play in informing and directing federal policy on climate, earth sciences, natural resource stewardship, energy and other critical policy areas. The order should prohibit Administration officials from undue interference, including editing and censorship of technical documents and reports, in federal scientific inquiry. This order should rescind Executive Order 13422, which established a process of political oversight of federal science.

The President should reestablish the position of Assistant to the President for Science and Technology as a direct report to the chief executive and should encourage Congress to fund the Office of Technology Assessment, particularly to advise Congress on the complex and evolving science and technology issues related to global warming.

6. Make greenhouse gases visible and climate action personal.

Greenhouse gas emissions should become a more visible factor for policymakers and consumers. The President should:

- **Require federal agencies to include climate impact statements in their annual budget submissions and performance evaluations;**
- **Direct agencies to address climate impacts in relevant reports to Congress and to the American public;**

- **Direct the White House Council on Environmental Quality to develop performance indicators to measure the nation’s progress on reducing greenhouse gas emissions. Indicators should include macro-measures – for example, average annual temperatures, rainfall patterns, isotherm migration, major wildfires, extreme weather events, increases or decreases in disease vectors, coastal water levels, loss of native plant and animal species, insurance liabilities and other factors that scientists have concluded are, or will be, affected by global warming – as well as micro-measures important to individual consumers and families, including energy prices and per capita greenhouse gas emissions. The CEQ should publish these indicators in an annual State of the Climate report released in conjunction with the President’s State of the Union address.**
- **Request that Congress authorize federal agencies to include a greenhouse gas emissions indicator on the Energy Guide labels for new appliances and the fuel-economy window stickers for new vehicles. Direct the Department of Transportation to cooperate with states to produce a special green license plate for low-emission vehicles;**
- **Strongly encourage and if necessary propose that Congress mandate that the Securities and Exchange Commission require corporations to include their greenhouse gas emissions profiles in annual reports to shareholders and on each company’s Form 10-K, a report filed with the SEC on earnings and risks;**
- **Urge Congress to reestablish the Office of Technology Assessment for expert analysis of the climate impact of current and proposed legislation;**
- **Challenge Americans to reduce their per capita energy consumption by half, roughly the per capita consumption in Western Europe and Japan. Consumers can measure their performance with greenhouse gas calculators available on the Internet.**

7. **Develop a coordinated national policy on climate change.**

The Global Change Protection Act of 1987 (Public Law 95-367) makes the President responsible for “developing and proposing to Congress a coordinated national policy on global climate change.” The President-elect’s transition team should

incorporate the proposals contained in the PCAP into a national climate policy plan the President announces during the State of the Union address and introduces as part of the Administration's first legislative package.

8. Create standards for greenhouse gas offset programs.

In the fall of 2007, the Federal Trade Commission agreed to review consumer protection issues in the emerging greenhouse gas offset industry. The President should direct the Administration to work with the industry to develop universal voluntary standards and an approved third-party certification process for greenhouse gas offset programs. The standards, which could be based on EPA's criteria for crediting air pollution mitigation measures under the Clean Air Act, would protect the integrity of the industry by ensuring that its offset programs produce real greenhouse gas reductions, do not double-count reductions, and are well managed and transparent.