

Lieberman-Warner America's Climate Security Act of 2007 Draft Proposed Aug. 2, 2007	
Overall Regulatory Scheme	Economy-wide GHG cap and trade regime; administered by EPA; stand-alone statute
Sectoral Coverage	<ul style="list-style-type: none"> ▪ Electricity ▪ Transportation ▪ Industry <p>[~80% of U.S. emissions]</p>
Point of Regulation (upstream vs. downstream)	<ul style="list-style-type: none"> ▪ Downstream (point of emission) for electric power generators with a fossil-fuel fired electricity generating unit connected to a generator greater than 10MWe. ▪ Upstream for refiners or importers of petroleum products used in the transportation sector that, when used, will emit over 10,000 tCO₂-e/year. ▪ Downstream for industry-at-large and any other industrial facility with boilers or turbines whose combined heat rate exceeds 100 mmbtu/hour. ▪ Upstream for producers of nitrous oxide, HFCs, PFCs, sulfur hexafluoride, or other GHGs; and for importers of HFCs, PFCs, sulfur hexafluoride, or other GHGs, that when used, will emit over 10,000 tCO₂-e/year.
Nature and Stringency of Emissions Cap	<p>Absolute emissions cap for covered sectors/entities</p> <ul style="list-style-type: none"> ▪ 2012: 2005 emissions ▪ 2020: 10% below 2005 emissions ▪ 2030: 30% below 2005 emissions ▪ 2040: 50% below 2005 emissions ▪ 2050: 70% below 2005 emissions <p>Congress has the power to revise the post-2030 emissions cap based on the action (or inaction) of foreign nations and advances in science.</p>

Safety Valve or Other Cost-Containment Mechanisms	No safety valve
Auction or Free Allocation of Allowances?	<p>Both auction and free allocation of allowances.</p> <ul style="list-style-type: none"> ▪ 24% of credits auctioned by Climate Change Credit Corp. ▪ Auction increases to 52% in 2035 because the 20% for the electric power sector and the 8% for early action will transition to the CCCC by 2035 and 2020 respectively.
Mechanism and/or Formula for Allocating Free Allowances	<ul style="list-style-type: none"> ▪ 20% electric power sector, ▪ 20% industry (of which 20% is reserved for new entrants), ▪ 10% load-serving entities, ▪ 4% U.S. coal mines, ▪ 2.5% transportation sector (for activities that reduce GHG emissions), ▪ 4% to state governments (half based on population and half based on historical emissions – conditional allocation based on usage of credits), ▪ 8% for early action, and ▪ 7.5% for farms, foresters, and other landowners (for activities that keep carbon in soils, crops and forests). <p>[Per facility allocations will be determined on pre-enactment historical emissions except for new entrants].</p>
Banking or Borrowing of Allowances?	<ul style="list-style-type: none"> ▪ Unlimited banking. ▪ 15% limit on the use of borrowed allowance; the default term is 5 years.
Offset, Sequestration and International Credits	<ul style="list-style-type: none"> ▪ 15% limit on the use of domestic offsets. ▪ 15% limit on the use of international offsets.

Treatment of Early Reductions	<ul style="list-style-type: none"> ▪ In recognition of pre-enactment action to reduce GHG emissions, the Administrator may allocate up to 8% of the allowance credits in 2012. These allowances will transition back to CCCC in 2020.
Review of Foreign Country Actions	No later than 8 years after the enactment of this bill the President will be authorized to require that importers of GHG-intensive manufactured products submit emissions allowances of a value equivalent to the allowances that the U.S. system requires of domestic manufacturers from the nations which have not taken commensurate action to assist in reducing GHG emissions.
Non-Cap-and-Trade Regulatory Measures (including sector-specific tradable credit programs)	N/A
Enforcement/Penalties	Not specified in draft legislation.
Judicial Review	No judicial review provision
Technology and Innovation Measures	<ul style="list-style-type: none"> ▪ Climate Change Credit Corporation (“CCCC”) established to auction allowances. CCCC must use the proceeds of the auctions as follows: <ul style="list-style-type: none"> ▪ 20% for a public-private partnership for commercializing low or zero GHG emitting electric power sector technologies; ▪ 20% for a public-private partnership for commercializing geological sequestration of CO₂ ▪ 20% for a public-private partnership for commercializing low or zero GHG emitting transportation sector technologies and for reduction vehicle miles traveled.

<p>Adaptation and Mitigation Measures</p>	<p>CCCC must use the proceeds of the auctions as follows:</p> <ul style="list-style-type: none"> ▪ 10% for mitigating the impact of unavoidable global climate change on wildlife and America’s great waters; ▪ 10% for incentivizing the deployment of technologies to reduce SO₂, NO_x, and mercury emissions for coal-fired power plants; ▪ 10% for state and local governments to mitigate the impact of unavoidable global climate change for economically disadvantaged communities; and, ▪ 10% for international global climate change relief measures in distressed and impoverished areas. <p>Review by the National Academy of Sciences at an appropriate time after 2012 to prepare and submit to Congress an evaluation of the extent to which the emissions reductions achieved under the Act will, together with actual steps taken by other nations, stabilize atmospheric GHG concentrations at a level adequate to forestall catastrophic impacts of climate change.</p>
<p>Preemption of State Programs?</p>	<p>No preemption or savings clause</p>