Senator Feinstein Calls for Action on Global Warming

April 21, 2006

Washington, DC – *On the eve of Earth Day 2006, U.S. Senator Dianne Feinstein (D-Calif.) today called for a new commitment for action on global warming. The following is Senator Feinstein's statement:*

"The clock is ticking on global warming. If we don't slow, stop, and reverse global warming soon, we will do irreparable harm to the world around us.

What we need now is a new commitment for action -- marked not by the bitter debates of the past, but by a broad consensus – locally, nationally, and globally. And Earth Day 2006 is the perfect occasion to start this nation on this road.

Every day, we see clear new evidence that global warming is taking place. Here are just a few examples:

- Antarctica -- 36 cubic miles of Antarctic ice is melting into the sea each and every year.
- Greenland -- the glaciers are melting and have increased the melt by 100% in just the past five years.
- Species -- Extinctions of species are on the rise. Hundreds more are endangered and could be wiped out in the next decade.
- Habitats lost -- for polar bears, for sea lions, for tigers, and for dozens of other species.
- Permafrost -- melting in Canada and Alaska.
- Severe weather -- The strength of hurricanes are increasing due to warmer waters.
- Warmer weather – five out of the past five years, and 19 out of the last 20, have been the warmest on record.

- California Snowpack -- could shrink the snowpack of the Sierra Nevada by the end of the century by an amount greater than the annual water consumption of Southern California’s 16 million people.

So what should we do?

First, Congress must act. Soon.

Congress should pass mandatory cap and trade legislation that limits how much greenhouse gasses utilities and other facilities can emit in a given year. This cap should then be ratcheted down to reduce emissions over time.

There should also be a trading mechanism that creates economic incentives for emissions reductions, especially from areas of the economy – like farms and forests -- that can do more to reduce global warming.

There are a number of proposals out there -- including my own, which would reduce emissions by the equivalent of taking 85 million passenger cars off the road. Global warming should be debated on the floor of the Senate, and significant legislation should be approved.

Secondly, States should be allowed to explore new ways to cut down on greenhouse gases, especially in the fact of federal inaction.

California, for instance, has passed groundbreaking legislation that would limit automobile tailpipe emissions, but without a waiver from the Environmental Protection Agency, this law may not go into effect.

So the EPA should grant California a waiver to pass its own laws that reduce greenhouse gas emissions, and would allow other States to follow suit. A delay in issuing this waiver would put a roadblock in the way of real progress.

Third, it’s time for real increases to fuel economy standards for cars, SUVs and light trucks. With gas prices above $3 per gallon in many parts of the country, consumers want better gas mileage. Congress has yet to find the will to make a substantial increase. The time has come to equalize the fuel economy standards of light trucks and SUVs with that of passenger cars. We should also consider across the board increases as well.

Every effort to take a major step to curb global warming has been rebuffed to date. Time is marching on. The harm may be irreparable.

So we must address these problems. Not to do so is to close our eyes to the biggest environmental problem facing this state, this nation, and this world.”

Following is a summary of Senator Feinstein’s proposed legislation.

Strong Economy and Climate Protection Act
Discussion Draft

CAP AND TRADE SYSTEM

- **Cap –** The amount of greenhouse gases that a company would be allowed to emit would be capped at today's levels from 2006 to 2010.

- **Ratcheting Down –** Beginning in 2011, the cap would be lowered gradually over time.

2010 – 100.00 % of today's emissions	**2016** – 96.55 % of today's emissions
2011 – 99.50 % of today's emissions	**2017** – 95.58 % of today's emissions
2012 – 99.00 % of today's emissions	**2018** – 94.63 % of today's emissions
2013 – 98.51 % of today's emissions	**2019** – 93.68 % of today's emissions
2014 – 98.01 % of today's emissions	**2020 –** 92.75% of today's emissions
2015 – 97.52 % of today's emissions	

7.25% reduction of greenhouse gases achieved – The equivalent of taking 84 million automobiles off the road.

Companies would have two means of lowering emissions of greenhouse gases:
1. Implement new practices or technologies to become more efficient; or
2. Purchase credits from others in the market who have implemented pollution-reducing technologies.

KEY FEATURES OF THE PROGRAM:

Mandatory Reductions – All companies that emit significant greenhouse gases at a single facility – including utilities, oil and gas, and transportation facilities – would be required to achieve reductions. If they do not achieve reductions, they would be subject to fines. If they achieve reductions beyond their targets, they would be able to sell those surplus credits on the open market.

Oversight and Monitoring – The Department of Energy would oversee the program, levy fines on companies that don't meet their targets, and ensure that the program is implemented fairly.

Market-based – The federal government wouldn't tell companies how to meet reductions targets. Each company would make a decision based on what is in its best interest.

Safeguards America's economic growth – a Carbon Market Review Commission would review the effect that this program is having on the economy. The Commission would have the authority to give companies more flexibility in meeting reduction targets if necessary.

HOW CREDITS CAN BE EARNED
Any organization that reduces greenhouse gases (including regulated companies that reduce emissions beyond required targets) can earn credits registered with the Department of Energy. The company can then sell those credits on the open market.

Access to low-cost farm and forest credits in the United States (Fact sheet available upon request) Like other proposals, this encourages broad participation from all sectors of the economy. But unlike other proposals, this does not limit participation from farmers and foresters. There is no limit to how many credits can be earned from the agricultural and forest sectors of the economy. This is a win-win-win for farmers, for the economy, and for the environment. *(McCain-Lieberman, for instance, would establish a 15 % limit on how many credits can be purchased from international markets and domestic farm, forest, and other offsets).*

- **This is a win for farmers and foresters** because they can earn revenue – $5 to $20 per acre, or more – from selling greenhouse gas reduction credits. Farmers and foresters can "grow" these credits in many ways - by shifting to conservation tillage, planting trees, planting biofuel crops, and low-carbon alternative fuels instead of fossil fuels to power our homes and vehicles.

- **This is a win for the economy** because it allows electric utilities and other large emitters meet emission caps by switching to low-emitting technologies on a gradual schedule and buying lower-cost credits to cover their emission reductions while they gear up to make the transition.

- **This is a win for the environment** because it applies rigorous standards to ensure that credits are awarded only for real reductions in emissions and real increases in carbon storage. An added benefit: many practices to store carbon in the soil save water, reduce soil erosion, improve air quality, and protect wildlife habitat.

Access to low-cost international markets
Companies can purchase up to 25% of credits from international sources, as long as those sources are in countries with mandatory caps. *(McCain-Lieberman, for instance, would establish a 15 % limit on how many credits can be purchased from international markets and domestic farm, forest, and other offsets).*

Other international provisions
The bill encourages other nations, including trade competitors and large emitting developing nations like China and India, to place caps on emissions.

- Nations that reduce emissions from deforestation – the largest emitting sector in the developing world – and nations that cap their own greenhouse gas emissions will gain easier access to our emissions trading market than nations that do not.

- Recognizing that it is unrealistic to expect many developing nations to adopt mandatory caps right away, the bill creates incentives for them to adopt voluntary caps – if they reduce emissions below those caps, they can trade in our market. By opening market access further for nations that adopt mandatory caps, the bill encourages all nations over time to adopt mandatory caps.

OTHER SIGNIFICANT PROVISIONS

- Encourages companies, communities and consumers (through free allocation of allowances) to implement large-scale innovations that save energy, reduce emissions, and earn emission allowances. This could include:

    - Car manufacturers that switch to highly fuel efficient cars;
    - Farmers that use low-carbon ethanol or other greenhouse-friendly biofuels; or
    - Retail and commercial businesses that install low-carbon technologies like solar panels on rooftops and energy-saving light bulbs and appliances.

- The bill requires the Secretary of Energy to review how other nations are doing in cutting their global warming pollution. If they aren't doing their fair share, the Secretary must inform Congress, and Congress can use fast-track procedures to alter the program, if necessary. *(This provision is similar to a proposal by Senator Bingaman.)*

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