

109TH CONGRESS
2^D SESSION

H. R. 5642

To reduce greenhouse gas emissions and protect the climate.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2006

Mr. WAXMAN (for himself, Mr. GEORGE MILLER of California, Mr. MARKEY, Mr. PALLONE, Mr. SANDERS, Ms. ESHOO, Mr. HINCHEY, Mr. FARR, Mr. DOGGETT, Mr. BLUMENAUER, Mrs. CAPPS, Mr. INSLEE, Ms. SCHAKOWSKY, Ms. SOLIS, and Mr. VAN HOLLEN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reduce greenhouse gas emissions and protect the climate.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Safe Climate Act of
5 2006”.

6 **SEC. 2. FINDING; SENSE OF CONGRESS.**

7 (a) FINDINGS.—The Congress finds as follows:

1 (1) The United States is a party to the 1992
2 United Nations Framework Convention on Climate
3 Change, which has the objective of stabilizing green-
4 house gas concentrations in the atmosphere at a
5 level that would prevent “dangerous anthropogenic
6 interference” with the climate system.

7 (2) To achieve this objective, the increase in
8 global mean surface temperature should not exceed
9 2°C (3.6°F) above pre-industrial temperature.

10 (3) The risks associated with a temperature in-
11 crease above 2°C (3.6°F) are grave, including the
12 disintegration of the Greenland ice sheet, which, if
13 it were to melt completely, would raise global aver-
14 age sea level by approximately 23 feet, devastating
15 many of the world’s coastal areas and population
16 centers.

17 (4) The Intergovernmental Panel on Climate
18 Change projects that temperatures will rise between
19 1.4°C to 5.8°C (2.5°F to 10.4°F) by the end of the
20 century, under a range of expected emissions trends.

21 (5) Serious global warming impacts have al-
22 ready been observed in the United States and world-
23 wide, including increases in heat waves and other ex-
24 treme weather events, rise in sea level, retreat of
25 glaciers and polar ice, decline in mountain snowpack,

1 increased drought and wildfires, stronger hurricanes,
2 ocean acidification, extensive coral bleaching, migra-
3 tions and shifts in the yearly cycles of plants and
4 animals, and the spread of infectious diseases.

5 (6) Scientists project that under a mid-range
6 estimate of global warming, by 2050, roughly 25
7 percent of animal and plant species will be com-
8 mitted to extinction.

9 (7) Decisive action is needed to minimize the
10 many dangers posed by global warming.

11 (8) The timing of such action is critical, given
12 that greenhouse gases can persist in the atmosphere
13 for more than a century.

14 (9) Reductions in emissions from today's levels
15 must begin within a decade to preserve the ability to
16 stabilize atmospheric greenhouse gas concentrations
17 at levels likely to protect against a temperature rise
18 above 2°C (3.6°F).

19 (10) With only 5 percent of the world popu-
20 lation, the United States emits approximately 20
21 percent of the world's total greenhouse gas emissions
22 and must be a leader in addressing global warming.

23 (11) Existing energy efficiency and clean, re-
24 newable energy technologies can reduce global warm-
25 ing pollution, while saving consumers money, reduc-

1 ing our dependence on oil, enhancing national secu-
 2 rity, cleaning the air, and protecting pristine places
 3 from drilling and mining.

4 (b) SENSE OF CONGRESS.—It is the sense of the
 5 Congress that the United States should participate in ne-
 6 gotiations under the 1992 United Nations Framework
 7 Convention on Climate Change with the objective of secur-
 8 ing United States participation in agreements that—

9 (1) establish mitigation commitments by all
 10 countries that are major emitters of greenhouse
 11 gases, consistent with the principle of common but
 12 differentiated responsibilities;

13 (2) achieve reductions in global greenhouse gas
 14 emissions at a pace and levels sufficient to avoid
 15 dangerous interference with the earth’s climate; and

16 (3) advance and protect the economic and na-
 17 tional security interests of the United States.

18 **SEC. 3. AMENDMENTS TO THE CLEAN AIR ACT.**

19 The Clean Air Act (42 U.S.C. 7401 et seq.) is amend-
 20 ed by adding at the end the following:

21 **“TITLE VII—GREENHOUSE GAS**
 22 **EMISSIONS**

23 **“SEC. 701. EMISSION REDUCTION TARGETS.**

24 “Not later than 2 years after the date of enactment
 25 of this section, the Administrator shall promulgate annual

1 emission reduction targets for each calendar year begin-
2 ning in 2010 and ending in 2050, as follows:

3 “(1) In 2010, the quantity of United States
4 greenhouse gas emissions shall not exceed the quan-
5 tity of United States greenhouse gases projected to
6 be emitted in 2009.

7 “(2) Beginning in 2011, the quantity of United
8 States greenhouse gas emissions shall be reduced by
9 approximately 2 percent each year, such that the
10 quantity of such emissions in 2020 does not exceed
11 the quantity of United States greenhouse gases
12 emitted in 1990.

13 “(3) Beginning in 2021, the quantity of United
14 States greenhouse gas emissions shall be reduced by
15 approximately 5 percent each year, such that the
16 quantity of such emissions in 2050 does not exceed
17 20 percent of the quantity of United States green-
18 house gases emitted in 1990.

19 **“SEC. 702. NATIONAL ACADEMIES REVIEW.**

20 “Not later than 5 years after the date of the enact-
21 ment of this section, and every 5 years thereafter, the Na-
22 tional Academies, acting through the National Academy
23 of Sciences and the National Research Council, shall sub-
24 mit a report to the Administrator and the Congress on
25 the prospects for avoiding dangerous anthropogenic inter-

1 ference with the climate system and the progress made
2 to date. Such report shall—

3 “(1) evaluate whether the emission reduction
4 targets promulgated pursuant to section 701 are
5 likely to be sufficient to avoid dangerous climate
6 change, taking into account the actions of other na-
7 tions;

8 “(2) include an assessment of whether each of
9 the following events, and any other indicator of sig-
10 nificant global warming determined by the National
11 Academies, has occurred or is likely to occur—

12 “(A) atmospheric greenhouse gas con-
13 centrations of greater than 450 carbon dioxide-
14 equivalent ppm;

15 “(B) global mean surface temperature in-
16 crease of greater than 2°C (3.6°F) from pre-in-
17 dustrial levels;

18 “(C) substantial slowing of the Atlantic
19 thermohaline circulation;

20 “(D) sea level rise of more than 8 inches;

21 “(E) ice-free Arctic Ocean in the summer;

22 “(F) decrease in the area of permafrost to
23 below 50 percent of such area in 2000; and

1 “(G) loss of over 40 percent of the world’s
2 coverage of coral reefs, due to increased ocean
3 temperature or acidity; and

4 “(3) if the National Academies concludes that
5 emission reduction targets promulgated pursuant to
6 section 701 are not likely to be sufficient to avoid
7 dangerous climate change, or that any of the events
8 specified in paragraph (2) has occurred or is likely
9 to occur—

10 “(A) identify the needed amount of further
11 reductions in atmospheric greenhouse gas con-
12 centrations; and

13 “(B) recommend additional United States
14 and international actions to further reduce at-
15 mospheric greenhouse gas concentrations.

16 **“SEC. 703. REGULATIONS.**

17 “(a) IN GENERAL.—The Administrator shall promul-
18 gate not later than 2 years after the date of the enactment
19 of this section, and may periodically revise, regulations re-
20 quiring the reduction of United States greenhouse gas
21 emissions to meet the emission reduction targets promul-
22 gated pursuant to section 701.

23 “(b) RULEMAKING ON RECOMMENDATIONS OF NA-
24 TIONAL ACADEMIES.—If the National Academies submits
25 a recommendation under section 702(3)(B) for a regu-

1 latory action by a Federal department or agency, and such
2 regulatory action is within the authority of such depart-
3 ment or agency (under law other than this subsection),
4 the head of such department or agency shall, not later
5 than 2 years after the submission of such recommenda-
6 tion, finalize a rulemaking—

7 “(1) to carry out such regulatory action; or

8 “(2) to explain the reasons for declining to act.

9 **“SEC. 704. MARKET-BASED CAP ON EMISSIONS.**

10 “(a) IN GENERAL.—The regulations promulgated
11 under section 703(a) shall—

12 “(1) impose a cap on the greenhouse gas emis-
13 sions of sources and sectors described in subsection

14 (b)(1); and

15 “(2) allow emissions trading among covered en-
16 tities.

17 “(b) SCOPE.—The regulations promulgated under
18 section 703(a) shall—

19 “(1) apply the cap required by subsection (a)(1)
20 to the sources or sectors of the United States econ-
21 omy with—

22 “(A) the largest emissions;

23 “(B) the most cost-effective opportunities
24 to reduce emissions; or

1 “(C) other characteristics that the Admin-
2 istrator determines make the source or sector
3 appropriate to include; and

4 “(2) cover a sufficient proportion of total
5 United States greenhouse gas emissions, such that,
6 in combination with other measures adopted under
7 this title and under the Safe Climate Act of 2006
8 and the amendments made by such Act, such regula-
9 tions will ensure that total United States greenhouse
10 gas emissions will not exceed the emission reduction
11 targets promulgated pursuant to section 701.

12 “(c) ALLOWANCES.—

13 “(1) IN GENERAL.—The regulations promul-
14 gated under section 703(a) shall provide for the Ad-
15 ministrators to issue each year a quantity of green-
16 house gas emissions allowances equivalent to the
17 emissions allowed under the cap required by sub-
18 section (a)(1) for such year. Each such allowance
19 shall authorize the emission of one carbon dioxide
20 equivalent. Such an allowance does not constitute a
21 property right, and nothing in any provision of law
22 shall be construed to limit the authority of the
23 United States to terminate or limit such an allow-
24 ance.

1 “(2) TRADING.—Allowances issued under this
2 section may be held and traded by any person.

3 “(3) FLEXIBILITY.—Allowances issued under
4 this section may be used in the year of issuance or
5 may be banked for use in a year subsequent to the
6 year of issuance.

7 “(d) DISTRIBUTION OF ALLOWANCES.—

8 “(1) SUBMISSION OF PLAN BY PRESIDENT.—

9 “(A) IN GENERAL.—Within one year of the
10 enactment of this title, the President, in con-
11 sultation with the Administrator and other ap-
12 propriate department and agency heads, shall
13 develop and submit to the Congress a plan—

14 “(i) to distribute the allowances issued
15 under this section through auctions, and,
16 at the discretion of the President and sub-
17 ject to subparagraph (B)(iii), through allo-
18 cations without charge to entities not cov-
19 ered by the cap or covered entities;

20 “(ii) to deposit the proceeds of such
21 auctions in the Climate Reinvestment
22 Fund established by subsection (h); and

23 “(iii) to ensure that such allowances
24 are distributed, and such proceeds are

1 used, in a manner consistent with the goals
2 described in subsection (e).

3 “(B) CONTENTS.—The plan submitted
4 under subparagraph (A) shall—

5 “(i) identify the department or agency
6 responsible for implementing each action
7 required;

8 “(ii) ensure that allowances are dis-
9 tributed not later than January 1, 2010,
10 for calendar year 2010; and

11 “(iii) in no case allow any distribution
12 of allowances without charge to result in
13 the creation of windfall profits for covered
14 entities.

15 “(2) PLAN IMPLEMENTATION.—The Adminis-
16 trator and the head of each department or agency
17 identified in paragraph (1)(B)(i) shall give the Con-
18 gress a period of one year to review and act upon
19 the plan submitted under paragraph (1). If during
20 such period no statute is enacted for the express
21 purpose of codifying such plan or an alternative to
22 such plan, the Administrator and the head of each
23 such department or agency shall implement the ac-
24 tions identified in the plan.

1 “(e) GOALS.—The goals described in this subsection
2 are the following:

3 “(1) Maximizing public benefit and promoting
4 economic growth.

5 “(2) Mitigating the effect of any energy cost in-
6 creases to consumers, particularly low-income con-
7 sumers.

8 “(3) Providing equitable transition assistance to
9 any workers and regions affected by a transition
10 away from high carbon-emitting energy sources.

11 “(4) Encouraging research, development, and
12 commercial deployment of innovative technologies for
13 avoiding, reducing, or sequestering greenhouse gas
14 emissions.

15 “(5) Encouraging reduced carbon emissions
16 from, and enhanced sequestration of, carbon in the
17 forest and agricultural sectors.

18 “(6) Recognizing and rewarding early reduc-
19 tions of greenhouse gases.

20 “(7) Supporting activities, including providing
21 support for State activities, to protect against and
22 mitigate the impacts of climate change, including de-
23 pletion of snowpack and water supplies, droughts,
24 wildfires, enhanced coastal erosion, sea level rise,
25 higher storm surges, more intense precipitation

1 events and hurricanes, spread of disease, damage to
2 fish and wildlife habitat, commercial harms (such as
3 damage to the maple syrup and fishing industries),
4 and agricultural and forestry losses due to drought,
5 disease, and insect infestations.

6 “(f) MONITORING.—The Administrator shall ensure
7 that greenhouse gas emissions and the use of allowances
8 issued under this section are accurately tracked, reported,
9 and verified, to ensure that the cap-and-trade system es-
10 tablished pursuant to this section is robust and enforce-
11 able.

12 “(g) ENFORCEMENT.—

13 “(1) IN GENERAL.—In the case of excess green-
14 house gas emissions under this section by an entity
15 during any calendar year, the regulations promul-
16 gated under section 703(a) shall require the entity—

17 “(A) to submit allowances for such emis-
18 sions during the following calendar year; and

19 “(B) to pay a civil penalty in an amount
20 determined under paragraph (2).

21 “(2) AMOUNT OF CIVIL PENALTY.—For each
22 quantity of excess greenhouse gas emissions consti-
23 tuting one carbon dioxide equivalent, the amount of
24 a civil penalty under this subsection shall be twice
25 the market price for an allowance at the end of the

1 calendar year in which the excess emissions oc-
2 curred. The Administrator shall establish the meth-
3 od of determining such market price.

4 “(3) NO DEMAND REQUIRED.—A civil penalty
5 under this subsection shall be due and payable to
6 the Administrator without demand.

7 “(h) CLIMATE REINVESTMENT FUND.—

8 “(1) ESTABLISHMENT.—There is established in
9 the Treasury of the United States a fund to be
10 known as the ‘Climate Reinvestment Fund’ (in this
11 subsection referred to as the ‘Fund’). The Fund
12 shall consist of such amounts as may be appro-
13 priated pursuant to paragraph (2) to the Fund.
14 Such amounts shall remain available until expended.

15 “(2) AUTHORIZATION OF APPROPRIATIONS.—
16 For each fiscal year, there is authorized to be appro-
17 priated to the Fund an amount equal to the sum
18 of—

19 “(A) the amount collected through auc-
20 tions of allowances issued under this section;
21 and

22 “(B) the amount of civil penalties assessed
23 under subsection (g).

24 “(3) USE OF FUNDS.—Amounts in the Fund
25 and available pursuant to an appropriations Act

1 shall be expended by the President to further the
2 goals described in subsection (e).

3 “(4) INVESTMENT.—The Secretary of the
4 Treasury shall invest such amounts of the Fund as
5 such Secretary determines are not required to meet
6 current withdrawals from the Fund.

7 “(i) DEFINITION.—In this section, the term ‘covered
8 entity’ means an entity covered by the cap under sub-
9 section (a)(1).

10 **“SEC. 705. ADDITIONAL AUTHORITY TO REGULATE GREEN-
11 HOUSE GAS EMISSIONS.**

12 “(a) ADDITIONAL REGULATIONS.—The regulations
13 promulgated under section 703(a) may include additional
14 regulations to reduce emissions of greenhouse gases from
15 any source or sector, irrespective of whether the source
16 or sector is described in section 704(b)(1). Regulations
17 under this section may include emissions performance
18 standards, efficiency performance standards, best manage-
19 ment practices, technology-based requirements, and other
20 forms of requirements.

21 “(b) RELATION TO OTHER AUTHORITY.—The au-
22 thorizations under this title are in addition to the Admin-
23 istrator’s authority to regulate greenhouse gas emissions
24 pursuant to other provisions of law in effect on the date
25 of the enactment of the Safe Climate Act of 2006.

1 **“SEC. 706. GREENHOUSE GAS EMISSIONS STANDARDS FOR**
2 **MOTOR VEHICLES.**

3 “(a) IN GENERAL.—The regulations promulgated
4 under section 703(a) shall include regulations under sec-
5 tion 202 setting standards for greenhouse gas emissions
6 from motor vehicles. These standards shall reduce such
7 emissions at least as quickly and at least as much (on an
8 average vehicle basis) as the standards adopted by the
9 California Air Resources Board at its September 23–24,
10 2004 hearing (California Code of Regulations, title 13,
11 sec. 1961.1).

12 “(b) REVISION OF STANDARDS.—Not later than Jan-
13 uary 1, 2014, and every 5 years thereafter, the Adminis-
14 trator shall promulgate regulations revising such stand-
15 ards to further reduce greenhouse gas emissions from
16 motor vehicles, taking into account the reductions needed
17 to achieve the emission reduction targets promulgated
18 pursuant to section 701, as well as the technological feasi-
19 bility of achieving tighter standards of various
20 stringencies.

21 **“SEC. 707. SAVINGS CLAUSE.**

22 “Nothing in this title shall be interpreted to preempt
23 or limit State actions to address climate change.

24 **“SEC. 708. DEFINITIONS.**

25 “In this title:

1 “(1) CARBON DIOXIDE EQUIVALENT.—The
2 term ‘carbon dioxide equivalent’ means the quantity
3 of greenhouse gas that makes the same contribution
4 to global warming as 1 metric ton of carbon dioxide,
5 as determined by the Administrator, taking into ac-
6 count the global warming potentials published by the
7 Intergovernmental Panel on Climate Change.

8 “(2) GREENHOUSE GAS.—The term ‘greenhouse
9 gas’ means—

10 “(A) carbon dioxide;

11 “(B) methane;

12 “(C) nitrous oxide;

13 “(D) hydrofluorocarbons;

14 “(E) perfluorocarbons;

15 “(F) sulfur hexafluoride; or

16 “(G) any other anthropogenically-emitted
17 gas that is determined by the Administrator,
18 after notice and comment, to contribute to glob-
19 al warming to a non-negligible degree.

20 “(3) UNITED STATES GREENHOUSE GAS EMIS-
21 SIONS.—The term ‘United States greenhouse gas
22 emissions’ means the total quantity of greenhouse
23 gas emissions calculated by the Administrator on an
24 annual basis and reported to the United Nations

1 Framework Convention on Climate Change Secre-
2 tariat.”.

3 **SEC. 4. NATIONAL RENEWABLE ENERGY STANDARD.**

4 Title VI of the Public Utility Regulatory Policies Act
5 of 1978 (16 U.S.C. 824a–4 et seq.) is amended by adding
6 at the end the following:

7 **“SEC. 610. NATIONAL RENEWABLE ENERGY STANDARD.**

8 “(a) IN GENERAL.—The Secretary shall promulgate
9 regulations requiring that—

10 “(1) beginning in calendar year 2009, the per-
11 centage of electric energy generated from renewable
12 sources that is sold at the retail level in the United
13 States shall increase each year; and

14 “(2) in calendar year 2020 and each subse-
15 quent calendar year, such percentage shall be not
16 less than 20 percent of the total electricity sold at
17 the retail level in the United States.

18 “(b) CONSULTATION.—The Secretary shall carry out
19 this section in consultation with the Administrator of the
20 Environmental Protection Agency.

21 “(c) SUBSEQUENT INCREASES.—Upon petition or
22 upon the Secretary’s own initiative, the Secretary may in-
23 crease the percentage required by subsection (a)(2).

24 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
25 tion shall be construed to preempt or limit State actions

1 to enhance renewable energy generation or energy effi-
2 ciency.”.

3 **SEC. 5. NATIONAL ENERGY EFFICIENCY STANDARD.**

4 Title VI of the Public Utility Regulatory Policies Act
5 of 1978 (16 U.S.C. 824a–4 et seq.), as amended by sec-
6 tion 4 of this Act, is amended by adding at the end the
7 following:

8 **“SEC. 611. NATIONAL ENERGY EFFICIENCY STANDARD.**

9 “(a) IN GENERAL.—The Secretary shall promulgate
10 regulations in accordance with this section setting end-
11 user savings targets for retail electric-energy and natural
12 gas suppliers.

13 “(b) CONSULTATION.—The Secretary shall carry out
14 this section in consultation with the Administrator of the
15 Environmental Protection Agency.

16 “(c) REQUIREMENTS.—With respect to targets under
17 subsection (a):

18 “(1) The targets shall require each supplier to
19 secure annual savings of a set percentage of the sup-
20 plier’s most recent year’s sales to retail customers.

21 “(2) The savings shall be achieved through end-
22 use efficiency improvements at customer facilities.

23 “(3) The targets shall increase gradually from
24 0.25 percent of sales in 2009 to 1 percent of sales
25 in 2012 and each year thereafter through 2020.

1 “(4) The targets are cumulative. Each year’s
2 savings shall be achieved in addition to the previous
3 years’ savings.

4 “(d) REQUIRED PERCENTAGES AFTER 2020.—The
5 Secretary may, upon petition or upon the Secretary’s own
6 initiative, increase the required percentage of end-user
7 savings for years after 2020.

8 “(e) MARKET-BASED TRADING SYSTEM.—The Sec-
9 retary shall allow suppliers to achieve the targets under
10 subsection (a) through a market-based trading system.

11 “(f) RULE OF CONSTRUCTION.—Nothing in this sec-
12 tion shall be construed to preempt or limit State actions
13 to enhance renewable energy generation or energy effi-
14 ciency.”.

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