

Status of Senate Bill 2191, the Lieberman-Warner Climate Security Act

On December 5, 2007 the Senate Environment and Public Works Committee marked up and voted 11-8 to report S.2191, the Lieberman-Warner Climate Security Act to the full Senate. This was the first time a greenhouse gas cap-and-trade bill has ever been voted out of a congressional committee.

The vote was largely along party lines, with only Republican co-sponsor Senator John Warner (VA) voting for the bill, along with Democratic Senators Baucus (MT), Boxer (CA), Carper (DE), Clinton (NY), Cardin (MD), Klobuchar (MN), Lautenberg (NJ), and Whitehouse (RI). Independent Senators Lieberman (CT) and Sanders (VT) caucus with the Democrats and also voted in favor of the bill. .

Voting “No” were Republican Senators Alexander (TN), Barrasso (WY), Bond (MT), Craig (ID), Inhofe (OK), Isakson (GA), Vitter (LA), and Voinovich (OH).

Fourteen total amendments to the bill (including Senator Boxer’s manager’s amendment) were passed during the markup. Three made particularly notable changes to the bill. The first was Sen. Alexander's amendment to include a low-carbon fuel standard for transportation fuels. The standard would mandate 5% less carbon per unit of energy in 2015 and 10% less carbon per unit of energy in 2020 from current levels. This amendment passed 13-6, with Sens. Barrasso, Bond, Craig, Inhofe, Vitter, and Voinovich voting against it. Sen. Craig opposed the amendment arguing that a stand-alone low-carbon fuel standard is not compatible with the bill's upstream regulation of transportation fuels, a sentiment that the other opposing senators shared. Senator Alexander noted that his preference would be to eliminate this upstream cap on transportation fuels when the bill is debated in the full Senate.

The second amendment of note was Sen. Lautenberg's proposal to further support electric utilities that reward consumers using less energy. His amendment increases from 1% to 2% the allowance allocation to states that have decoupled cost recovery from sales of electricity or natural gas, and that allow utilities to earn a rate of return on cost-effective energy-efficiency investments. This amendment passed by voice vote.

The third was Sen. Sanders' amendment, which changed the bill's underlying advanced automobile program. It limits total expenditures on the program to \$40 billion, adds two eligible technologies, clarifies that advanced diesel is an eligible technology, and sets domestic employment requirements for manufacturers and suppliers to qualify for assistance.

Just as significant, were some amendments that did not pass or were withdrawn. Sen. Sanders introduced an amendment co-sponsored with Sen. Clinton that would have eliminated all free allowance allocations in the bill, shifting 100% of the allowance distribution to an auction. He spoke of the windfall profits that free allocations would create, and stated his belief that auctions would reduce the cost of the program to the economy. Sen. Lieberman called the amendment “a poison pill...substantively wrong,” and said, “this will not only kill the bill, but kill a lot of companies as well.” The amendment was defeated 6-13, with Democratic Sens. Baucus, Boxer, Klobuchar, Carper, and Independent Lieberman joining Republicans Alexander, Barrasso, Bond, Craig, Isakson, Vitter, Voinovich, and Warner to vote “No.” Sen. Inhofe voted for the amendment, joining Democrats Cardin, Clinton, Lautenberg, Whitehouse, and the amendment’s sponsor Sanders (I).

Sen. Sanders also sponsored an amendment that would have increased the stringency of the long-term greenhouse gas reduction target to an 80% reduction from 1990 levels of emissions by 2050. This amendment was defeated 7-12, with Sen. Boxer joining Sens. Baucus, Carper, and Lieberman to vote with the Republicans against it, although she did so somewhat reluctantly. Before voting, Sen. Boxer told Sen. Sanders that she appreciated his efforts, but had to protect the “delicate balance” needed to get the bill out of committee—a phrase she used more than once—and voiced her willingness to revisit the targets on the Senate floor.

More than one Republican sponsored an amendment to promote new nuclear energy, including Sen. Isakson who attempted to introduce an entire nuclear title. These were defeated along party lines, with the exception of Sen. Warner joining the Democrats in rejecting the measures. However, Sen. Warner and some Democrats expressed their desire to introduce nuclear-energy promoting provisions to the bill once it reaches the Senate floor.

Another provision that may be revisited on the floor is the international reserve allowance program. The program is slated to begin in 2020 and requires importers of primary goods from countries that do not have comparable GHG controls to buy and submit special allowances to cover their products' GHG emissions. Sen. Inhofe submitted an amendment that would have moved up the initiation date of the provision to 2012, but withdrew it after Sen. Boxer promised to work with him to address the issue in the future. Sen. Voinovich also withdrew an amendment that would have suspended the entire cap-and-trade program in the event of a WTO finding against the international provision after Sen. Baucus promised to hold hearings on the matter in the Senate Finance Committee.

S.2191, the Lieberman-Warner Climate Security Act, will be brought to the Senate floor in 2008.

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