

Global Climate Policy Updates

Each issue in this space, you'll receive an update on the latest climate work from RFF. Please be sure to also visit Weathervane (www.weathervane.rff.org), our online guide to global climate policy.

RFF SCHOLARS TESTIFY BEFORE HOUSE, SENATE ON EUROPEAN EMISSIONS SYSTEM

In March, Senior Fellows Dallas Burtraw and Ray Kopp testified before congressional committees on lessons U.S. policymakers can draw from the European Union's experience with its cap-and-trade program on carbon emissions.

Kopp spoke March 26 before the Senate Committee on Energy and Natural Resources, and Burtraw testified March 29 before the House Committee on Energy and Commerce's Subcommittee on Energy and Air Quality.

One lesson that both urged U.S. policymakers to take away from the European Union's experience is the importance of permit allocation.

"Keep the allocation rules as simple and as transparent as possible," Kopp said in his remarks. "How permits are allocated can alter economic incentives leading to a variety of consequences—intended and otherwise."

"A complex allocation system can cloak unfair and dramatic transfers of wealth," Burtraw noted in his testimony, "while a transparent allocation

system will build public confidence in the institution."

SIDE-BY-SIDE COMPARISON OF CLIMATE LEGISLATION

For the first time in a long while, Congress is treating climate change as a high-priority issue. Four bills setting mandatory caps on economywide greenhouse gas emissions are under active discussion in the U.S. Senate, along with narrower bills that restrict emissions from the electricity and automobile sectors.

While the bills have much in common, they vary with respect to the stringency of the caps and the chosen regulatory approaches. Differences in stringency and the regulatory approach can be expected to have significant effects on the costs of the programs and the distribution of those costs across households and businesses.

Senior Fellows Ray Kopp and Billy Pizer of RFF's Climate and Technology Policy Program have prepared a side-by-side comparative analysis of the five



most recent Senate bills: Sanders-Boxer, Kerry-Snowe, Lieberman-McCain, Feinstein-Carper, and Bingaman-Specter. The table, which compares 10 attributes, including sectoral coverage, allowance allocation, and regulated entities, can be found at www.weathervane.rff.org. It is accompanied by a narrative exploring six critical questions, including "what do we know about the expected cost to reach the target?" and "do the bills limit uncertainty about costs?"

GOLDMAN SACHS CENTER FOR ENVIRONMENTAL MARKETS

Investment house Goldman Sachs's Center for Environmental Markets held its first conference, titled "The Business of Climate Change: Risks and Opportunities", on April 13. Senior Fellow Ray Kopp addressed the conference on the topic of "Greenhouse Gas Regulation in the United States: Alternative Approaches to Federal Climate Change Policy." He discussed current congressional action, lessons from the EU Emissions Trading Scheme, and the challenges and opportunities business will face in a carbon-constrained economy.

RFF President Phil Sharp participated in a closing panel of environmental leaders convened to discuss the likely path forward in the development of state and federal climate policy.

The Goldman Sachs Center for Environmental Markets was established in November 2005 to examine market-based solutions to environmental chal-

lenges. Research funded by the center will focus on finding market-based solutions to climate change, examining policy options for lawmakers, assessing market opportunities for environmental technologies, and valuing of fragile ecosystems. ■