

On the Bumpy Road to US Climate Action



In 2009, the House of Representatives made a clear policy choice in its drive to cut carbon dioxide emissions: put a price on carbon by means of a cap-and-trade system and preempt the US Environ-

mental Protection Agency's (EPA) authority to regulate those emissions, as proposed in the narrowly approved Waxman-Markey bill.

Ironically, it was a Democrat-controlled House that adopted this market-based approach—albeit making it horrendously complex—which was originally promoted by President Bush for addressing acid rain in 1990. Meanwhile, many Republican leaders in 2009 totally rejected it for addressing greenhouse gases, and the bill was not brought to a vote in the Senate.

Given Congress's failure to "price" carbon, EPA is exercising its authority to address the problem under the Clean Air Act. President Obama is leading the charge, but EPA has been facing lawsuits requiring it to act even if he were not so inclined.

EPA, in its recently proposed Clean Power Plan for existing power plants, took a number of unusual steps. Its outreach to stakeholders before and after the rule was crafted has exceeded any previous efforts. It has set separate carbon dioxide reduction targets for each state, given states considerable latitude in their options for compliance, and encouraged states to create joint plans.

In the months ahead, EPA will examine the millions of public comments it will undoubtedly receive, with the possibility of significant changes in the final rule due next June.

For more than a decade, RFF scholars have analyzed various policy options, including cap and trade, a carbon tax, a clean energy standard, and EPA regulation. They have provided technical help to the Regional Greenhouse Gas Initiative, California's carbon market, Europe's carbon market, and now China's pilot carbon dioxide cap-and-trade projects.

EPA's Clean Power Plan is receiving considerable attention from experts within the RFF Center for Climate and Electricity Policy. Dallas Burtraw and Nathan Richardson already have produced a number of useful insights—for instance, showing how the plan might cost-effectively achieve emissions reductions within striking distance of the US Copenhagen pledge. And in the infographic on pages 6–7, RFF's Anthony Paul and Sophie Pan break down the four building block components that together form EPA's "best system" for meeting state targets. Ahead will be more research and a number of public events to elucidate the issues.

Given the scope of the challenge, regulation is just one of many tools that are likely to play a role in addressing climate change. A carbon tax conceivably could arise as an option at the national level in conjunction with broader tax reform. And at the state level, such a tax could become a compliance option under EPA's rule. RFF researchers continue to consider a carbon tax as the debate unfolds.

A handwritten signature in blue ink that reads "Phil Sharp".

Phil Sharp, President
sharp@rff.org