

# *Making the Climate Bill Stronger*

---

*Global climate change will have serious, unavoidable impacts for us all and carry an enormous price tag. A good climate bill should put a price on greenhouse gas emissions that accurately reflects their true costs, while ensuring that the primary burden of these costs does not fall on consumers.*

## **How can ACES be changed to better protect consumers?**

### 100% Allowance Auctions

ACES relies too heavily on the allocation of free emission allowances to utilities and other polluting industries. Giving away 85% of carbon allowances will benefit companies and their shareholders at the expense of middle- and low-income energy consumers. Utilities will have no incentive to keep residential energy costs down when carbon allowances are given to them free of charge. In Europe, the giveaway of free carbon permits resulted in windfall profits for the companies that received them and did not effectively reduce emissions.

Auctioning 100% of carbon allowances will stop polluters from emitting millions of tons of greenhouse gases for free and pocketing permits worth tens of billions of dollars that should be used to offset energy costs for American families.

### Dividends to Consumers

The Senate bill should require that the revenue generated from the auctioning of carbon allowances be distributed to individual Americans. Distributing auction revenues will directly protect consumers from rising energy costs. Without this consumer dividend, there is no guarantee that industry will not simply pocket their allowances and pass higher energy costs on to consumers.

## **What are the loopholes in ACES that need to be closed?**

### Free Allowances

ACES gives 30% of the free carbon allowances to utilities. Utility companies argue this is necessary to help protect consumers from higher energy prices, but there are no provisions in ACES that require the utilities to pass the benefit of free allowances directly to consumers.

The Senate bill should auction most of the utility companies' allowances so that revenue can be given to households. Doing so is the *only* way to guarantee consumers will directly benefit from carbon allowance distribution.

### Loopholes for Dirty Coal

ACES strips the EPA of its authority to regulate GHG emissions from stationary sources under the Clean Air Act. This provision would undermine efforts to stop new coal plants, shut down old plants, and replace them with new clean sources of energy. EPA's regulatory authority is essential to reducing GHG emissions from coal plants—the largest single source of climate change pollutants. Even worse, ACES “grandfathers” existing coal plants by exempting them from requirements to reduce carbon emissions through retrofits and new technology.

The Senate bill should allow EPA to retain its statutory authority to regulate GHG emissions through the Clean Air Act. The Senate bill should also require *all* existing coal plants to reduce GHG emissions through retrofits and new technology.

## **Are the emission reduction targets in ACES enough to prevent catastrophic climate change?**

The Intergovernmental Panel on Climate Change has stated that industrialized nations must reduce emissions at least 25-40% below 1990 levels by 2020 to prevent a global temperature rise of more than 2 degrees Celsius—the point at which there will be irreversible and catastrophic environmental, economic, and social impacts from climate change. ACES sets a goal of reducing GHG emissions 17% from 2005 levels by 2020. This is equivalent to reducing U.S. GHG emissions just 3% below 1990 levels. The Senate bill should contain a strong cap on greenhouse gas emissions and include the emission reduction targets recommended by scientists.



100 First Street SW  
Suite 201  
Cedar Rapids, Iowa 52404

*For more information contact:*  
Jana Linderman, Plains Justice  
Ph: 319.362.2120  
E-mail: [jlinderman@plainsjustice.org](mailto:jlinderman@plainsjustice.org)