

Fact Sheet

International Provisions in U.S. Climate Legislation

Nigel Purvis and Andrew Stevenson

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Climate Advisers 



INTERNATIONAL PROVISIONS IN U.S. CLIMATE LEGISLATION

Figure 1. **Proposed 2020 Mitigation Ambition¹**

	2005 levels	1990 levels
U.S. Copenhagen ²	-17%	-3%
Waxman-Markey ³	-29% to -33%	-17% to -22%
Kerry-Lieberman	-16% to -20%	-1% to -6%
Cantwell-Collins	-4% to -20%	+12% to -7%
Japan Copenhagen ⁴	-30%	-25%
European Union unilateral ⁵	-13%	-20%
European Union with international agreement ⁶	-24%	-30%

Figure 2. **How U.S. Reductions are Achieved⁷**
(in 2020 from 2005 levels)

	W-M	K-L	C-C
Capped sectors ⁸	-15% ¹²	-15% ¹³	-4% ¹⁴
Uncapped sectors ⁹	-3% to -5%	0% to -2%	0% to -16%
Supplemental reductions from international forests ¹⁰	-10%	0%	0%
Supplemental reductions from international offset discounting ¹¹	-1% to -3%	-1% to -3%	0%
Total	-29% to -33%	-16% to -20%	-4% to -20%

Figure 3. **International Public Financing and Institutions in U.S. Climate Bills¹⁵**
(in billions)

		2012	2015	2020	2025	2030	2040	2050	Total (2012-2020)	Total (2012-2050)	Permits multilateral contributions?	Subject to annual appropriations?
International Adaptation	W-M	\$0.70	\$0.90	\$1.2	\$2.8	\$6.2	\$6.7	\$5.0	\$8.9	\$174.1	Yes	No
	K-L*	\$0	\$0	\$0.94	\$2.3	\$4.9	\$0	\$0	\$1.8	\$50.1	Yes	No
	C-C ¹⁶	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Unclear	Yes
International Forest Conservation	W-M	\$3.5	\$4.5	\$6.1	\$7.0	\$4.7	\$3.3	\$2.5	\$44.3	\$163.2	Yes	No
	K-L*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Yes	No
	C-C ¹⁷	\$0.9-2.2	\$1-2.5	\$1.3-3.3	\$1.6-4	\$1.8-4.5	\$1.7-4.3	\$1.3-3.2	\$9.8	\$59	Unclear	Yes
International Clean Technology Deployment	W-M	\$0.70	\$0.90	\$1.2	\$2.8	\$6.2	\$6.7	\$5.0	\$8.9	\$174.1	Yes	No
	K-L*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Yes	No
	C-C	\$0.9-2.2	\$1-2.5	\$1.3-3.3	\$1.6-4	\$1.8-4.5	\$1.7-4.3	\$1.3-3.2	\$9.8	\$59	Unclear	Yes

*The Kerry-Lieberman bill gives the President authority to dedicate up to 5% of additional auction revenues to international purposes in the context of an international agreement. Because it is uncertain whether or when the President would exercise this authority, and how funding would be allocated between adaptation, clean technology, and forest conservation, we have excluded this from our analysis.

Figure 4. **International Financing in U.S. Climate Bills vs. Global Needs and U.S. Share**
(in billions, per year in 2020)

	Global Needs	U.S. Share ¹⁸	W-M	K-L	C-C
International Adaptation (public funding)	\$15-30 ¹⁹	\$3-6	\$1.2	\$0.94	\$0
International Forest Conservation (public funding)	\$17-33 ²⁰	\$3.4-6.6	\$6.1 ²¹	\$0	\$1.3-3.3 ²²
International Clean Technology Deployment (public funding)	\$75-110 ²³	\$15-22	\$1.2	\$0	\$1.3-3.3
International Offsets (private sector funding, forest conservation and clean technology) ²⁴	N/A	N/A	Up to 1.5 billion tons	Up to 1.0 billion tons	Zero

Please contact Andrew Stevenson at stevenson@climateadvisers.com or 202-328-5169 with any questions or comments.

Endnotes

¹ Unless otherwise noted, mitigation ambition is calculated based on how it is defined by the country or legislation. In the case of uncertainty, the current status quo is assumed. For example, calculations of European, Japanese and U.S. pledges in Copenhagen do not include emissions from land use, land use change and forestry, but calculations of U.S. legislation that include economy-wide emissions targets in addition to capped sector targets do include these reductions. All calculations include reductions from international offsets and supplemental reductions from international financing.

² The United States pledged in Copenhagen to reduce emissions 17% below 2005 levels by 2020, to be revised based on enacted domestic legislation. Depending on whether emissions from land use are included, this amounts to a reduction of 3-5% below 1990 levels by 2020. See Levin, K. and Bradley, R. (2010) *Comparability of Annex I Emission Reduction Pledges*, Washington, DC: World Resources Institute.

³ For all U.S. bills figures include economy-wide reductions in capped U.S. domestic emissions, additional reductions from uncapped sectors and supplemental reductions from international offset discounting. Based on targets included in draft bill and not extensive modeling. See Table 2 for division between different areas.

⁴ Hiroko Tabuchi (2009) *Japan's Next Premier Vows to Cut Emissions Sharply*, The New York Times. <http://www.nytimes.com/2009/09/08/world/asia/08japan.html>

European Commission (2010) *Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage*, page 9. http://ec.europa.eu/environment/climat/pdf/26-05-2010working_doc2.pdf

⁵ European Commission (2010).

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⁷ Some figures drawn from: World Resources Institute, *Emission Reductions Under The American Clean Energy and Security Act, 2009*. http://pdf.wri.org/usclimatetargets_2009-05-19.pdf

⁸ This includes potential reductions from domestic and international offsets.

⁹ Under Waxman-Markey this is largely through regulation of uncapped emissions from industrial sources, as well as sources of methane. The 3% reduction is based on a World Resources Institute estimate. If the 20% economy-wide target is assumed to be mandatory, this number would need to be 5%. Under the Kerry-Lieberman bill many of these sectors will be eligible for domestic offsets instead of subject to performance standards. Therefore, a range is used based on assuming no reductions from these sectors to assuming the 17% economy-wide target is achieved, which assumes an additional 2% reduction from these sectors. For Cantwell-Collins the gap between capped sector and economy-wide targets is much larger, with reductions from uncapped domestic and international sectors intended to close the gap. These reductions would be funded by the Clean Energy Reinvestment Trust Fund created by the bill, which is funded with 25% of overall auction revenues but is subject to annual appropriations.

¹⁰ The EPA Administrator is required by Waxman-Markey to increase the allowance set-aside for supplemental reductions from international forest conservation if necessary to ensure the purchase 720 million tons of verified emissions reductions each year from 2020-2025, and a total of 6,000 million tons from 2012-2025. Cantwell-Collins does not include this requirement. The Kerry-Lieberman bill includes the requirement to achieve these reductions but does not provide new funding to achieve this goal.

¹¹ Ranges are based on EPA and CBO projections of international offset supply, in light of the supplemental international emissions reductions achieved by the 5:4 discounting requirement for converting international offsets to domestic allowances. The greater the amount of offsets used, the greater the reductions achieved in this way. World Resources Institute, *Emission Reductions Under The American Clean Energy and Security Act, 2009*. http://pdf.wri.org/usclimatetargets_2009-05-19.pdf

¹² This number is 15% instead of 17% because the cap-and-trade system only covers about 85% of U.S. greenhouse gas emissions in 2020. Therefore, it contributes to a 15% reduction in U.S. economy-wide emissions.

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¹⁴ This number is 4% instead of 20% because the reduction targets for capped sectors achieve the equivalent of a 4% reduction relative to economy-wide 2005 emissions by 2020

¹⁵ Estimates of dollar values derived from an average of EPA, CBO and EIA projections of allowances prices under Waxman-Markey legislation (about \$24.6 in 2020). All currency in 2009 US\$.

¹⁶ Although the Cantwell-Collins bill's Clean Energy Reinvestment Trust Fund lists adaptation as a permissible use, it does not specify how much funding should be dedicated to this purpose.

¹⁷ Cantwell-Collins figures for international forest conservation and clean energy deployment are calculated based on the expected use of the Clean Energy Reinvestment Trust Fund to close the mitigation gap between mandatory and aspirational targets. Lower end is assuming half of the reductions are from domestic sources, reductions are bought at marginal cost because of the monopsony power of the U.S. government, and based on cost curves from EPA analysis. Upper end is assuming least cost reductions are chosen whether domestic or international, reductions are bought at marginal cost because of the monopsony power of the U.S. government, and based on cost curves from EPA analysis.

¹⁸ U.S. share is assumed to be at least 20% of the global total, based on past contributions to multilateral initiatives or institutions.

¹⁹ Project Catalyst, *Towards a Global Climate Agreement*, Synthesis Briefing Paper, 2009. page 17

²⁰ Johan Eliasch, *Climate Change: Financing Global Forests*, UK Office of Climate Change, 2008. page 76

²¹ A U.S. investment on the high end of the global need may be desirable in order to ensure an adequate supply of international offsets from reducing deforestation, which according to U.S. government analyses are critical to making climate legislation affordable.

²² See note 17 for description of how international forest conservation and clean technology deployment in Cantwell-Collins were calculated.

²³ Project Catalyst, 2009. page 17

²⁴ Offsets are included in a separate row because of the greater uncertainty around this stream of funding compared to dedicated allowance auction revenues in Kerry-Lieberman and Waxman-Markey. However, funding from offsets is potentially quite large and will be included as a contribution to the U.S. share of global climate finance.



