



LEGISLATIVE UPDATE
Executive Director's Report
NACAA Spring Membership Meeting

May 5, 2008

What I Will Cover

- Section 103/105 Grant Appropriations and Allocation
 - ◆ 2008
 - ◆ 2009
 - ◆ 2010
- Climate Legislation
 - ◆ Senate
 - ✓ Lieberman/Warner—S. 2191
 - ✓ Voinovich Alternative Proposal
 - ◆ House
 - ✓ Dingell
 - ✓ Other

FY 2008 - FINAL APPROPRIATIONS

	FY 2007	FY 2008 President's Request	FY 2008 Final Omnibus Appropriations Bill
Section 103/105 Grants	\$199.8 million	\$185 million	\$216.8 million
PM2.5 Monitoring Shifted to Section 105	No	Yes	No
RPO Funding	\$2.5 million	\$1 million	Silent
DERA	\$7 million	\$35 million	\$49 million
DERA Funds for Nonattainment Areas Only	Yes	Yes	No

Allocation of FY 2008 Increase

- ❑ FY 2007 → FY 2008 – increase of \$17M for Sections 103/105
- ❑ EPA recommended targeting some of the increase to regions that lost funds in FY 2007 (compared to FY 06)
- ❑ NACAA had additional recommendations – following negotiations EPA agreed to NACAA compromise position:
 - ◆ \$1.8 million for community-based air toxics monitoring (as opposed to \$4.5 million that EPA proposed)
 - ◆ Additional funds to base grants – regions that were reduced in FY 2007 would receive FY 2006 levels
 - ◆ \$2.5 million for RPOs (an increase of \$1.5 million)

FY 2009

	President's Recommendation	NACAA Position
Section 103/105 Grants	\$185.6 M	\$270.3 M (restore \$31.2M cut and increase \$53.5M)
PM2.5 Monitoring Shift to Section 105	Yes	No
DERA	\$49 M	\$70 M (from account other than STAG)

FY 2009 – Additional NACAA Recommendations

- ❑ If there are reductions, they should not be targeted to 4 pollutants
- ❑ \$3.9 M should not be held off the top for “Air Quality & Energy Development” initiative
- ❑ \$2.5 M for RPOs (Pres. Proposal = \$0)
- ❑ Funds earmarked for community-based air toxics should be put into base
- ❑ Nothing off the top without s/l concurrence

FY 2009 Activities

- ❑ House – NACAA Testimony on March 13, 2008
- ❑ Senate – No hearings for outside witnesses; NACAA representatives met with Senate staff
- ❑ Staff Interest in:
 - ◆ Report language on “no off-the-top without concurrence”
 - ◆ Report language opposing reductions for 4 pollutants
 - ◆ How increases in funds would be used
- ❑ Because it is an election year, a Continuing Resolution beginning 10/1/08 is very possible

FY 2010

- ❑ Budget usually is developed in fall and winter, for proposal in early February
- ❑ Due to change in Administration, any budget proposal that EPA develops is unlikely to be viable
- ❑ New Administration will develop budget proposal for FY 2010

Major Provisions of S. 2191 the Climate Security Act (Lieberman / Warner)

- ❑ Target – Establishes Cap and Trade Program Requiring 19% Reduction From 2005 Levels By 2020, and 70% by 2050
- ❑ Allocation – Beginning in 2012, There is a Combination of Free and Auctioned Allowances; Over Time, Auction Grows to About 70% of Total, With Revenues Funding Energy Technology, Low-Income Consumers, Adaptation, etc.
- ❑ Offsets – Covered Facilities Can Meet Part of Their Obligations With Offsets; Cost Containment Provided Through Carbon Market Efficiency Board
- ❑ International – After Review of International Commitments, President Can Intervene

Status of Senate Climate Activity

- ❑ S.2191 Was Reported Out of Senate EPW Committee on 12/5/07
- ❑ Senators Lieberman (I-CT) and Warner (R-VA) Will Bring S. 2191 to Senate Floor on June 2nd; “Manager’s Amendment Expected in Early May
- ❑ At Least Four Contentious Issues Remain
 - ◆ State Preemption
 - ◆ Nuclear Power
 - ◆ Cost Containment
 - ◆ International Competition

Major Provisions of Senator Voinovich's “Incentives-Based Climate Policy Act”

- ❑ Reduces GHG Emissions to 2006 Levels By 2020; to 1990 Levels by 2030
- ❑ Creates Tax Incentives for Increased Use of Climate-Protective Technology
- ❑ Establishes Public-Private Partnerships for Clean Energy R&D
- ❑ Promotes Nuclear Energy
- ❑ If Incentives-Based Approach Doesn't Work, CEQ Must Recommend a C/T Program to Congress
- ❑ Preempts States' GHG Actions
- ❑ Rescinds Preconstruction Permit Requirements if Change Increases Efficiency or Reduces Emissions

Status of House Climate Activity

- ❑ House E&C Committee Chairman Dingell Has Published Two Climate Change White Papers
 - ◆ “Scope of a Cap and Trade Program”
 - ◆ “Appropriate Roles for Different Levels of Government”
- ❑ Markey (D-MA), Waxman (D-CA) and Inslee (D-WA) Have Published Global Warming Principles
 - ◆ Reduce GHG Emissions by 15-20% by 2020, and 80% Below 1990 Levels by 2050
 - ◆ Preserve States’ Authorities
- ❑ Republican Leaders on Committee Have Opposed Mandatory Cap and Trade Program
- ❑ Dingell and Boucher Must Balance Competing Interests of Left and Right Flank

Prediction

- ❑ Senate Will Vote Favorably to Debate S. 2191
- ❑ Senate Will Not Likely Have Votes to Pass S. 2191; Requires 60 Votes to Reach Cloture; Could Exceed 50 Votes
- ❑ Bill Will Be Pulled With Both Sides Declaring Victory
- ❑ House is Further Behind
 - ◆ Unclear Whether Dingell and Boucher Will Offer Their Own Proposal; If So, Could Be a Proposed Bill or Simply Legislative Principles
- ❑ In Any Event, Legislation Will Not Reach the Floor of the House
- ❑ Next Congress, With a New President Supporting Legislation and New Members, Likelihood of Climate Law Increases Significantly
- ❑ Best Guess – Legislation Will Be Enacted Next Congress, Probably in 2010