



INTERNATIONAL  PAPER

The Elections and CIBO's Current and Potential Legislative Advocacy issues

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CIBO Objectives Today

- ✓ Consider CIBO's top energy and environmental issues for 2009
- ✓ Place these issues in context
 - Political
 - Economic
- ✓ Determine if have policy needed
- ✓ Discuss high-level strategy

U.S. Elections November 4th

Presidential

- Candidates' have energy and climate plans
- Hill leaderships also indicating plans

1/3rd of Senate up for re-election

- Democrats aiming for 60 seats

Full House up for re-election

- Democratic majority expected to increase
- Moderates (swing votes) expected to swell

Global Economic Downturn:

Impact on upcoming energy, climate and possibly other environmental policy

- **Consumption and cost of energy**
- **Development of energy alternatives**
- **Amount of \$ available to implement policy**
- **Concern about additional costs to consumers**
- **Call for new jobs from new energy**

❖ Energy

- Energy Efficiency for Industrials
- Combined heat and power
- Increased domestic oil and natural gas
- Technology Development for coal, i.e., CCS
- Alternative Fuels
- Nuclear

CIBO 2009 Issues in Congress cont'd.

❖ Climate

❖ Chemical Security

- Chemical Facility Anti-Terrorism Rule
- Law expires October 1, 2009

❖ Superfund

- Possible re-instatement of tax

Key Drivers in Energy Policy

- **Energy Security**
- **Need for lower cost energy**
- **Congressional subsidies and tax credits**
- **Senate “Gang of 10”, now 20**

Economic Stabilization Package (H.R.1424) passed and signed October 3, 2008

- Extension of Production Tax Credit (PTC) for “qualified energy resources, e.g., wind
- Section 45 credit under Tax Code

House Energy Bill (H.R. 6899) sent to Senate

- Renewable Portfolio Standard (RPS)
- Limited opening of OCS
- Rollback of \$18 B oil industry royalties

Obama vs. McCain on Energy

Candidate	Obama	McCain
Energy Efficiency	Reduce energy intensity of economy by 50% by 2030	Greening federal government
Alternative Fuels	2 B gal “cellulosic ethanol (non-corn) by end first term; total RFS to 60 B gallons advanced biofuels by 2030; and, infrastructure	Generally opposes subsidies or taxes; believes cellulosic as promise; wants market for low-carbon fuels such as wind solar and hydro
Oil and Gas	Independence from foreign oil and reduce oil consumption by >35% by 2030	Independence from foreign oil by 2025; expansion of domestic oil and gas exploration
Drilling	Not ruled out but oil companies must use or lose existing drilling rights; opposes ANWR drilling	Offshore drilling until clean sources developed; does not support ANWR drilling at this time

Obama vs. McCain on Energy

Candidate	Obama	McCain
Nuclear	Not ruled out	45 new plants by 2030; 100 total in US.
Electricity	10% from renewable sources 2012; 25% by 2025	Move toward electricity grid and metering improvements to save energy
Coal	Develop and deploy clean coal technology	\$2B to develop clean coal technology

Obama vs. McCain on Energy

Candidate	Obama	McCain
Vehicles	1 million plug-in hybrid cars at 150 mi/gal by 2015; all new vehicles “flexfuel” by end first term	\$300 M prize for next-gen electric car/hybrid battery technology; also supports shift to flex fuel vehicles
Jobs	5 M “green collar” jobs	“Green jobs”
Funding	\$150 B over 10 years toward private efforts to develop clean energy	

Key Drivers in Climate Policy

- **UN Intergovernmental Panel on Climate Change (IPCC)**
- **UN Framework and post-Kyoto negotiations**
- **EU Emissions Trading System (ETS)**
- **Global environ and conservation groups**
- **US Presidential Platforms**
- **USCAP incl think tanks, ENGOs and industry**
- **State and regional initiatives**
- **Members of Congress**

Climate Legislative Activity

Climate – federal

- EPA ANPR regulation under CAA vs. new legislation
- Dingell-Boucher legislation
- Other House proposals
- Senate bill post Lieberman-Warner, “Group of 10”
- Other Senate proposals including utility-only

Climate – state and regional

- RGGI
- California AB
- Western Governors
- Mid-West Governors Accord

Climate Positions and Proposals

Capntrade proposals	McCain campaign	Obama Campaign	Dingell Boucher	CIBO
Timing	60% below 1990 levels by 2050	80% below 1990 by 2050	80% below 2005 levels by 2050	...
Cost Containment	Allowances for transition; market mechanisms incl banking and borrowing	...	4 options for allocating allowances for transition; emergency fund; offsets; EE programs - SEED funds	Full allocation allowances to industry; offsets; credit for early action; safety valve
Auction	Allowances- some free; emission permits to support R&D	100% allowance auction	From 2026 on all allowances auctioned	No auction

Climate Positions and Proposals

Capntrade	McCain	Obama	Dingell-Boucher	CIBO
Anti-leakage	Engage in UN negotiations	Re-engage UNFCCC; tech transfer	Allocations and border adjustment	Broadly available emissions trading; tech transfer
Federal pre-emption	Yes	Yes

CIBO Input to Dingell-Boucher “scoping process”

- 1. NSR detracts from implementing projects**
- 2. Contain costs via allowances and offsets**
- 3. Industrial/institutional boiler owners cannot pass through costs and effectively compete in allowance auctions**
- 4. Consider regional infrastructure limitations**
- 5. Capital constraints and external hurdles inherently limit EE opportunities available to industry /institutions (i/i)**

CIBO Input to Dingell-Boucher “scoping process” cont’d.

- 6. Available GHG abatement measures and costs vary significantly**
- 7. Allowance allocation methodologies should support continued viability of i/i entities**
- 8. Flexibility is needed in any climate change policy framework**
- 9. CCS issue resolution and tech development can be accelerated through industrial sector**
- 10. Electric “utility unit” definition should be same as successful Acid Rain Program’s.**

Remaining Objectives Today

✓ Determine if have policy needed

- ❖ Energy
- ❖ Climate
- ❖ Chemical Security
- ❖ Superfund

✓ Discuss high-level strategy

- ❖ Hill education
 - Multiple committees with jurisdiction
 - Constituent members
- ❖ CIBO legislative proposal or amendment?
- ❖ Input to new Administration