

Comparison of Major Market-Based Climate Change Bills in the 111th Congress

Draft as of October 2, 2009

Major Differences between Kerry-Boxer and Waxman-Markey

Targets

Waxman-Markey seeks a 17% reduction of 2005 covered emissions levels in 2020.

Kerry-Boxer seeks a 20% reduction of 2005 covered emissions levels in 2020.

Allowance allocations

Waxman-Markey distributes approximately 85% of allocations to public and private entities and makes 15% available for auction.

Kerry-Boxer has not yet determined full allocations, though it stipulates that 25% of allocations be auctioned to reduce the federal deficit.

Reserve allowances

Waxman-Markey sets the reserve allowance price at \$28 (2009 dollars) in 2012, which increases to 160% of 36-month rolling average daily reserve price after 2015.

Kerry-Boxer sets the reserve allowance price at \$28 (2005 dollars) in 2012, which increases by 5% plus inflation until 2017, then by 7% plus inflation.

Offset amounts

Waxman-Markey sets a ceiling of 2 billion credits, 1 billion domestic and 1 billion international, though international can substitute for domestic up to 1.5 total international credits.

Kerry-Boxer sets a ceiling of 2 billion credits, 1.5 billion domestic and .5 billion international, though international can substitute for domestic up to 1.25 total international credits.

Carbon market regulation

Waxman-Markey delegates authority to the Federal Energy Regulatory Commission to regulate carbon-trading cash markets and to the Commodity Futures Trading Commission to regulate derivative markets.

Kerry-Boxer delegates all authority over carbon-trading markets (cash and derivatives) to the Commodity Futures Trading Commission.

International competitiveness

Waxman Markey allocates 15% of allowances to trade-sensitive industries and may require, in the absence of an international agreement, a international reserve allowance program (border tariffs) starting in 2020.

Kerry-Boxer will allocate some amount of allowances to trade-sensitive industries and has placeholder language indicating the use of some kind of 'border measure.'

EPA authority

Waxman-Markey removes the authority of the EPA to further regulate large sources of greenhouse gases with the inception of the program.

Kerry-Boxer maintains the EPA's authority to regulate large greenhouse gas sources in addition to the emissions reduction program.

Renewable electricity standards

Waxman-Markey establishes a 15% renewable energy standard with a 5% improved energy efficiency standards for a combined total of 20% by 2020.

Kerry-Boxer does not include any language establishing renewable energy standards.