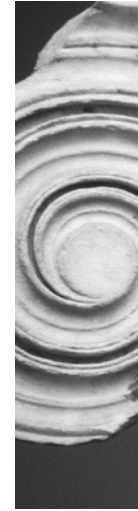


# The National Climate Debate and Its Impact on Colleges and Universities

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## What Is the Debate?

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- Mandates vs. No Mandates?
  - Not really. Mandates are here, although uneven
    - State Climate Programs
    - Renewable Electricity Mandates
    - Renewable Fuel Requirements
      - Modest, but growing dictate
    - Appliance Efficiency Standards
      - Small, but growing number
    - Vehicle Efficiency Standards
      - Weak, but getting tougher
    - GHG Emissions Reporting Requirements
      - Seen as preparing for cap-and-trade

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## What Is the Debate?

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- Carbon Tax vs. Cap-and-Trade?
  - I don't think so.
    - National allergy to taxes
    - Fear of failure
    - Cap-and-trade as familiar model
- Is the science real?
  - That debate is all but over for policy purposes
- Is it too late to act?
  - Maybe deserves debate, but not on the table among policymakers

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## This Is the Debate

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- When will the cuts come and how deep will they be?
- Over what time frame?
- Who will be covered and how?
- How will emissions allowances be allocated?
- Will state programs be pre-empted?
- Will there be a “safety valve”?
- How will developing world emissions be addressed?
- Will the US join an international regime?

These are hard questions.

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## State Percentage Increases in GHG Emissions (1990-2004)—Top 15

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<b>Nevada</b>	<b>55</b>	<b>Mississippi</b>	<b>36</b>
<b>Arizona</b>	<b>54</b>	<b>North Carolina</b>	<b>36</b>
<b>New Hampshire</b>	<b>50</b>	<b>Alaska</b>	<b>35</b>
<b>South Carolina</b>	<b>45</b>	<b>Missouri</b>	<b>34</b>
<b>Colorado</b>	<b>39</b>	<b>Virginia</b>	<b>34</b>
<b>Idaho</b>	<b>38</b>	<b>Nebraska</b>	<b>31</b>
<b>Oregon</b>	<b>37</b>	<b>Vermont</b>	<b>29</b>
<b>Florida</b>	<b>37</b>		

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## CO<sub>2</sub> Emissions from Coal Generation 1990-2004—from The Carbon Boom

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Table 5. Regional Trends in Carbon Dioxide (CO<sub>2</sub>) Emissions from Coal-Fired Power Plants, 1990-2004<sup>f</sup>

<b>Region</b>	<b>1990 CO<sub>2</sub> Emissions (mmt)</b>	<b>2004 CO<sub>2</sub> Emissions (mmt)</b>	<b>Emissions Increase, 1990-2004 (mmt)</b>	<b>Percent Increase, 1990-2004</b>
Great Lakes/ Midwest	450.4	556.1	105.7	23%
Mid-Atlantic	263.9	329.2	65.2	25%
Southeast	238.0	298.4	60.4	25%
Plains	141.4	198.4	57.0	40%
Gulf South	191.7	245.9	54.2	28%
Mountain West	186.4	217.8	31.4	17%
Pacific West	11.0	18.1	7.1	65%
Northeast	48.7	51.0	2.3	5%
<b>National</b>	<b>1,531.6</b>	<b>1,914.9</b>	<b>383.3</b>	<b>25%</b>

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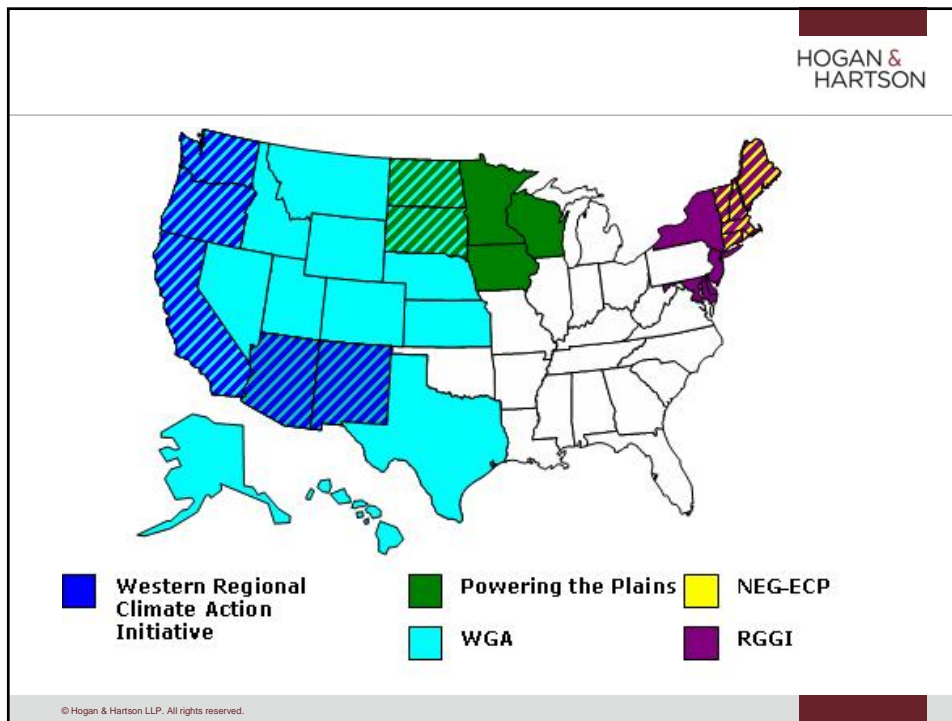
## States Leading on Legislation

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- Regional Greenhouse Gas Initiative
- California Global Warming Solutions Act
- Western Climate Initiative
- Washington adopts California-style climate legislation; Oregon 75% cut by 2050
- Arizona, New Mexico, Iowa, Wisconsin, West Virginia, Arkansas, Montana, etc. formulating state policies
- Thirty-one states, tribes and Canadian provinces have formed a joint climate registry

*These actions upping the ante in Congress.*

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## RGGI

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- Ten Northeastern states from Maine to Maryland
- Applies only to power generation
- Reduce GHG emissions to 10% below 1990 levels by 2018
- Regional cap-and-trade
- Allowances can be allocated for free or auctioned
  - Auction seems preferred in most states
- Very limited offsets, but can come from any state with adequate monitoring

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## CA Global Warming Solutions Act

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- Economy-wide focus: all significant stationary sources
  - Some universities with on-campus power generation may be covered
- Reduce to 1990 levels by 2020; further reductions later
- Early reduction program to be in place by 2010
- Mandates take effect 2012
- Cap-and-trade not required, but likely
  - Goal is to link with other programs, including international
- California wants its program even if there is national legislation

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## Western Climate Initiative

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- Six states: AZ, CA, NM, OR, UT, WA; two Canadian provinces: Manitoba, British Columbia. Others, including tribes, being lobbied to join.
- Regional goal: 15% below 2005 levels by 2020.
- Each has already set state goals, some very aggressive, e.g., 50-80% reductions by 2050.
- Recognition of scientific view that cuts of 50 to 85% are needed worldwide by 2050.
- Economy-wide focus; market mechanisms applied region-wide.

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## Other State Actions

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- Renewable portfolio standards: now in 20+ states
  - Initial mandates *rising* across much of the country
- GHG emissions from cars: 10+ states seek to require 22% GHG reduction fleet-wide by 2012, 30% by 2016
  - Under court challenge; favorable VT ruling
  - Awaiting EPA determination
- MA MEPA greenhouse gas impact analysis and mitigation requirement

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## LEGISLATIVE CAP AND TRADE PROPOSALS – 110<sup>th</sup> Cong.

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Title and sponsors	Reduction target and timeframe	Scope
America's Climate Security Act Lieberman (I-CT) and Warner (R-VA) – preliminary paper	Stabilize at 2005 levels by 2012; 10% below by 2020; 30% below by 2030; 70% below 2005 levels by 2050.	Economy-wide. Mix of free allowances to emitters and LSEs and auction, moving to 100% auction. Trade sanctions. Borrow against future.
Global Warming Pollution Reduction Act, S. 309 Sanders (I-VT) and Leahy (D-VT)	1990 levels by 2020; 80% below 1990 levels by 2050.	Economy-wide.
Electric Utility Cap-and-Trade Act, S. 317 Feinstein (D-CA) and Carper (D-DE)	2001 levels by 2012; cap lowers 1% each year through 2020.	Power sector only. Auction credits, offsets.
Climate Stewardship Act, H.R. 620 Oliver (D-MA) and Gilchrest (R-MD)	Stabilize from 2012 to 2019; reduce 15% by 2020; 38% in 2030; 70% below 1990 levels by 2050.	Economy-wide. Offsets for 15% of emissions reductions; "early action" credits limited to 20% of cap.
Global Warming Reduction Act, S. 485 Kerry (D-MA) and Snowe (R-ME)	Annual reductions 1.5% a year for the first ten years; 60 percent below 1990 levels by 2050.	Economy-wide. Renewable quota: 20% by 2020.
Safe Climate Act, H.R. 1590 Waxman (D-CA)	Freeze at 2009 level in 2010; 1990 levels by 2020; 80% below 1990 levels by 2050.	Economy-wide. Renewable quota: 20% by 2020. Energy efficiency targets.
Clean Air Planning Act, S. 1177 Carper (D-DE)	CO <sub>2</sub> at today's levels in 2012; at 2001 levels in 2015; 25% below 1990 levels by 2050.	Power sector only. Offsets; output-based allocation.
Clean Air/Climate Change Act of 2007, S. 1168 Alexander (R-TN) and Lieberman (I-CT)	2006 levels in 2011; 1990 levels in 2020; – 17% below 1990 levels in 2025.	Power sector only. New entrant reserve of no more than 5%. Emissions performance after 2015; no more than 1100 lbs. CO <sub>2</sub> /MWh.
Clean Power Act, S. 1201 Sanders (I-VT)	Same as S. 1168 for CO <sub>2</sub> . If no economy-wide greenhouse gas bill by 2012, then power plant decrease CO <sub>2</sub> emissions each year by 3%.	Power sector only. CO <sub>2</sub> performance standards for new plants; renewable quota: 20% by 2020.

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## Lieberman Warner: America's Climate Security Act (ACSA)

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### Key Provisions:

- Seeks 63 percent cut from 2005 GHG emissions by 2050
- Cap-and-trade covering power, industrial and transportation emissions: 75 percent of total
- Allows 15 percent of reductions to come from domestic offsets and 15 percent from international offsets
  - Subject to increase in the event allowances cost more than projected
- Allows banking and borrowing of allowances, but no safety valve
- Appliance and building efficiency standards
- Directs President to push for international reductions; trade sanctions as a backup

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## More ACSA Provisions

- Complex Allowance Distribution
  - Auction some early, 18 percent in 2012, gradually increasing to 73 percent in 2036
  - Use some to reward early reductions (back to 1994)
  - Free distributions to states to:
    - Encourage building code efficiency standards
    - Encourage utility regulation that rewards utility efficiency programs as much as new construction
    - Reward states that have stricter standards for GHG emissions
    - Take care of the poor
    - Acknowledge state economies with fossil fuel industry

## Still More ACSA Provisions

- Other uses for free allowances:
  - For carbon capture and storage
  - For domestic forestry and soil CO<sub>2</sub> sequestration
  - For international forest protection
  - For load serving utilities
- Remaining allowances auctioned; funds go to:
  - Worker readjustment
  - Technology investment
  - Adaptation

## Some Predictions



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- National carbon constraints are coming, but not for awhile—2012?
  - House of Representatives just getting started
  - Legislation will be ***tough*** to get.
    - Winners and losers
    - Lots of money on the table (\$ 880 billion)
- The federal government will ultimately control GHG regulation, but states will have room to act in other areas.
- Until legislation, lots of litigation.
- Voluntary, early action will be protected.

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## Game Plan for Higher Education

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- **Strategy #1:** Learn the new vocabulary:
  - Carbon footprint
  - Carbon offsets
  - LEED certified
  - Sustainability
- **Strategy #2:** Saving money by saving energy is in fashion
  - Reduce
  - Reuse
  - Recycle

*Make them a way of life on campus*

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- **Strategy # 3:** Engage the students

- Or they will engage you (on their terms)

*This is “the issue” of their generation*

- **Strategy # 4:** Understand “Offsets”

- GHG reductions that are not required
- Must be real, verified (3<sup>rd</sup> party) and permanent
- May have monetary value in a sale to a regulated entity
- Get professional help so you get it right

- **Strategy # 5:** Give Efficiency Another Look and Another and Another...

- Figure out how to make it work for you
- Determine whether it can be monetized
- Take the long view on payback on investment—power costs **will** be rising

- **Strategy # 6:** Green Tech Is the New “High Tech”

- Lots of money chasing new technologies
- Schools may be attractive partners in “proof-of- concept” applications

- **Strategy # 7: Watch for the unexpected**
  - Regulation may hit you directly
    - Public colleges and universities may be covered by executive orders
    - On-site power generation, except very small sources, will be covered
    - At a minimum, large institutions may face GHG emissions tracking and reporting



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