PROPOSED FEDERAL CAP AND TRADE PROGRAMS AND THE REGIONAL GREENHOUSE GAS INITIATIVE

	Kerry-Boxer	Waxman-Markey	CLEAR	RGGI
Emissions Coverage	• Carbon dioxide • Methane • Nitrous oxide • Sulfur hexafluoride • Hydrofluorocarbons emitted from chemical manufacturing process at an industrial stationary source • Perfluorocarbons • Nitrogen trifluoride • Any other gas designated by the EPA Administrator	• Carbon dioxide • Methane • Nitrous oxide • Sulfur hexafluoride • Hydrofluorocarbons emitted from chemical manufacturing process at an industrial stationary source • Perfluorocarbons • Nitrogen trifluoride • Any other gas designated by the EPA Administrator	Carbon dioxide from "Fossil Carbon"	Carbon dioxide from covered fossil fuel-fired electric power plants
Covered Entities	Covered in 2012: • All electric power generators (downstream) • Natural gas liquid-, petroleum-, and coal-based liquid fuel producers/importers (upstream) whose products when combusted emit over 25,000 tons annually • Producers and importers of fluorinated gases (upstream) except HFCs • Geologic storage sites Added to coverage in 2014: • Industrial sources (downstream) that annually emit 25,000 tons or more, not including emissions from petroleum and biomass combustion • Industrial sources (regardless of size) in select energy-intensive sectors (*e.g.*, glass, ceramics) Added to coverage in 2016: • Natural gas Local Distribution Companies ("LDCs") (midstream) that deliver more than 460 million cubic feet of gas annually to noncovered entities • Emissions that result from sales are regulated with measures to prevent double counting	Covered in 2012: • All electric power generators (downstream) • Natural gas liquid-, petroleum-, and coal-based liquid fuel producers/importers (upstream) whose products when combusted emit over 25,000 tons annually • Producers and importers of fluorinated gases (upstream) except HFCs • Geologic storage sites Added to coverage in 2014: • Industrial sources (downstream) that annually emit 25,000 tons or more, not including emissions from petroleum and biomass combustion • Industrial sources (regardless of size) in select energy-intensive sectors (*e.g.*, glass, ceramics) Added to coverage in 2016: • Natural gas Local Distribution Companies ("LDCs") (midstream) that deliver more than 460 million cubic feet of gas annually to noncovered entities • Emissions that result from sales are regulated with measures to prevent double counting	Covers "First Sellers" – entities in the business of producing or importing "Fossil Carbon" or "Production Process Carbon." "Fossil Carbon" is carbon in the form of a fossil fuel (such as coal, natural gas, and crude oil) that is extracted domestically or imported. "Production Process Carbon" means the quantity of Fossil Carbon used to manufacture an energy-intensive commodity.	Fossil fuel-fired electric power plants 25 megawatts or greater in size (approximately 225 facilities region-wide) located within RGGI states. RGGI states are CT, DE, MA, MD, ME, NH, NJ, NY, RI, VT.

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Greenhouse Gas Emissions Targets	Baseline – 2005 Levels 2012 – 3% below 2020 – 20% below 2030 – 42% below 2050 – 83% below	Baseline – 2005 Levels 2012 – 3% below 2020 – 17% below 2030 – 42% below 2050 – 83% below	Baseline – 2005 Levels 2012 – NA 2020 – 20% below 2030 – 42% below 2050 – 83% below	Baseline – 2009 Levels (188 million tons for the 10 states) 2010 – 2014 – Hold 2015 – 2.5% 2016 – 5.0% 2017 – 7.5% 2018 – 10.0%
Allowances				
• Auctions	Percentage sold through quarterly auction. Less than 20% of the allowances are auctioned through 2025. Increases over life of program. Auctions open to any person meeting minimum financial assurances.	Percentage sold through quarterly auction. Less than 20% of the allowances are auctioned through 2025. Increases over life of program. Auctions open to any person meeting minimum financial assurances.	100% of allowances auctioned monthly to "first sellers" of carbon only.	The RGGI states will distribute CO_2 allowances primarily through regional auctions.
• Free Allocation	Several industries, sectors, and other entities receive free allowances that phase out gradually from 2025 through 2035.	Several industries, sectors, and other entities receive free allowances that phase out gradually from 2025 through 2035.	Zero	Allowance-allocation provisions vary from state to state, but each state must allocate a minimum of 25% to a consumer benefit or strategic energy purpose.
• Beneficiaries	Energy consumers and industry get over half of available allowances during the first 25 years of the program. Another quarter go to investments in clean technology. The rest are spread to reserve pools, deficit reduction, physical adaptation, and supplementing emissions reduction funding.	Energy consumers and industry get over half of available allowances during the first 25 years of the program. Another quarter go to investments in clean technology. The rest are spread to reserve pools, deficit reduction, physical adaptation, and supplementing emissions reduction funding.	75% of auction revenues refunded directly to U.S. residents, each month, on an equal per capita basis as non-taxable income. 25% of auction revenues go to Clean Energy Reinvestment Trust Fund (see below). "Bonus shares" go to entities that sequester carbon.	Beneficiaries of the consumer benefit/strategic energy funds vary from state to state. They include programs promoting energy efficiency, mitigation of ratepayer impact attributable to RGGI, distributed noncarbon resource developments, and clean technologies.

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Allowance Set-Aside for RECs	Not expressly addressed.	Not expressly addressed. Would establish its own "Federal Renewable Energy Credit" and allow state programs with more stringent renewable energy standards to continue. But does not address relationship between RECs and allowances.	Accounts for Voluntary Carbon Reduction ("VCR") by retiring the aggregate quantity of Carbon Shares in an amount that depends on the comparative price of VCRs and Carbon Shares. If the price of VCRs is equal to or greater than the price of Carbon Shares, then one Carbon Share is retired for every VCR. Otherwise, the number of Carbon Shares retired is the product of (a) the quotient of the VCR and Carbon Share prices and (b) the total number of VCRs.	States may account for voluntary renewable energy ("VRE") purchases by allocating allowances to the VRE market set-aside accounts and retiring such allowances in the amount up to the number of tons of CO_2 represented by actual voluntary renewable energy purchases.

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Offsets • General	Directs President to create an offset program within two years that ensures offset credits represent verifiable, additional, and permanent emissions reductions, avoidance, or sequestration.	Directs EPA to create an offset program within two years that ensures offset credits represent verifiable, additional, and permanent emissions reductions, avoidance, or sequestration.	Does not recognize offset credits. Establishes Clean Energy Reinvestment Trust ("CERT") Fund, a percentage of which can be used to fund offset-type projects.	Establishes general requirements for offset projects that list five types of eligible projects and requires location within a RGGI state or a state with MOU with all RGGI state regulatory agencies.
• Caps	Capped at 2 billion tons per year: three-quarters allowable from domestic sources (1.5 billion) and one-quarter (500 million) from international sources.	Capped at 2 billion tons per year: one-half of these could come from domestic sources and the other half from international sources.	Not applicable.	RGGI states may approve offset projects that power plants can use to meet up to 3.3% of their compliance obligations. May award offset allowances for an initial 10-year period.
• Additionality	Cannot be required by any law or regulation; cannot have commenced prior to Jan. 1, 2009. Must exceed "baseline," which is a conservative estimate of ordinary practices for the relevant activity.	Cannot be required by any law or regulation; cannot have commenced prior to Jan. 1, 2009. Must exceed "baseline," which is a conservative estimate of ordinary practices for the relevant activity.	Not specifically applicable. Various offset-type projects may be funded by the CERT Fund. Such projects include cost-effective domestic and international projects that verifiably reduce, avoid, or sequester greenhouse gas emissions through the modification of agriculture, forestry, or other land use practices.	Cannot be required by any law or regulation; cannot include electric generation component unless RECs transferred to program administrator; cannot be funded by strategic reserve fund. Commenced on or after Dec. 20, 2005.
• Verification	Offset project representatives submit report prepared by "accredited" third-party "verifier" that states quantity of reductions, avoidance, or sequestration. Projects subject to audit. Establishes an offset reserve for reversals.	Offset project representatives submit report prepared by "accredited" third-party "verifier" that states quantity of reductions, avoidance, or sequestration. Projects subject to audit. Establishes an offset reserve for reversals.	Does not establish verification procedures.	Offset projects are verified by an independent "verifier" that certain parts of a CO_2 emissions offset project consistency application and/or measurement, monitoring, or verification report conform to the requirements of this Subpart.

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Emissions Reduction Activities Prior to Implementation				
• Early Action	1% of allowances for 2012 allocated to compensate early actors that (1) hold offset credits issued before 2009 by an approved state or voluntary program (75%) or (2) can demonstrate pre-2009 project satisfies reduction criteria (25%). Directs regulations for exchanging emission allowances issued before Dec. 31, 2011, by the State of California, the Western Climate Initiative, or RGGI for emission allowances established by the federal program. Person exchanging these allowances shall receive an amount of allowances sufficient to compensate for the cost of obtaining and holding the original allowances. No state or political subdivision shall implement or enforce a cap and trade program that covers any capped emissions emitted during the years 2012 through 2017. RPS programs do not appear to be covered by this prohibition.	1% of allowances for 2012 allocated to compensate early actors that (1) hold offset credits issued before 2009 by an approved state or voluntary program (75%) or (2) can demonstrate pre-2009 project satisfies reduction criteria (25%). Directs regulations for exchanging emission allowances issued before Dec. 31, 2011, by the State of California, the Western Climate Initiative, or RGGI for emission allowances established by the federal program. Person exchanging these allowances shall receive an amount of allowances sufficient to compensate for the cost of obtaining and holding the original allowances. No state or political subdivision shall implement or enforce a cap and trade program that covers any capped emissions emitted during the years 2012 through 2017. RPS programs do not appear to be covered by this prohibition. Waxman would establish a national portfolio standard, but does not appear to preempt more stringent state standards.	Not expressly addressed. Rules for VCRs also may apply to early reductions (see Allowance Set-Aside for RECs).	No longer applicable. Provided credit for early reduction by a CO_2 budget source's CO_2 emissions achieved in 2006, 2007, and 2008. Reductions through facility shutdowns were not eligible.
• Early Offset Projects	Receive offset credit for projects started after Jan. 1, 2001, that reduce emissions between Jan. 1, 2009, and enactment of offset program (or three years after bill's enactment if program is delayed).	Receive offset credit for projects started after Jan. 1, 2001, that reduce emissions between Jan. 1, 2009, and enactment of offset program (or three years after bill's enactment if program is delayed).	Not applicable.	Provided offset allowances for offset projects initially commenced on or after Dec. 20, 2005.

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Cost Containment				
• Strategic Reserve	Uses a "strategic reserve pool" to stabilize prices when they reach a threshold price set at $28/ton in 2012 and increasing each year thereafter.	Uses a "strategic reserve pool" to stabilize prices when they exceed 60% of the historical price.	No strategic reserve pool; controls to keep prices equal to or less than ±50% of the mean.	25% of allocation to a consumer benefit or strategic energy purpose. Implementation determined by each state.
• Price Cap/Ceiling	Sets a $10/ton carbon permit price floor.	Sets an $11/ton carbon permit price floor.	Floor price of $7 in 2012 rises annually by 6.5% plus inflation; ceiling price of $21 in 2012 rises annually by 5.5% plus inflation.	Minimum bid at $1.86.
• Banking	Covered entities may bank an unlimited amount of allowances.	Covered entities may bank an unlimited amount of allowances.	Covered entities may redeem a "banked" allowance during the 10-year period commencing on the date of issuance to the original Carbon Share holder.	Allowances generally remain "banked" in a compliance account or a general account until deducted. Allowances deducted in chronological order of vintage year.
• Borrowing	Covered entities may borrow without interest an unlimited amount of allowances that are designated for use no more than one year out. Allowances that are designated for use two to five years out can satisfy only up to 15% of compliance obligations. An 8% annual interest fee in the form of allowances also applies.	Covered entities may borrow without interest an unlimited amount of allowances that are designated for use no more than one year out. Allowances that are designated for use two to five years out can satisfy only up to 15% of compliance obligations. An 8% annual interest fee in the form of allowances also applies.	No borrowing provisions.	No specific provisions for borrowing. Auctions may include allowances with future vintage years.