

Statement by

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**regarding
The U.S. Climate Action Partnership**

**submitted to
The Subcommittee on Energy and Air Quality
The Committee on Energy and Commerce
U.S. House of Representatives**

Thank you Representative Boucher for your invitation to submit testimony.

Environmental Defense is a leading national nonprofit organization representing more than 500,000 members. Since 1967, we have linked science, economics and law to create innovative, equitable and cost-effective solutions to society's most urgent environmental problems. Environmental Defense is dedicated to protecting the environmental rights of all people, including future generations. Among these rights are clean air, clean water, healthy food and flourishing ecosystems. We are guided by scientific evaluation of environmental problems, and the solutions we advocate will be based on science, even when it leads in unfamiliar directions.

Today, I am here on behalf of the US CAP of which Environmental Defense is a member.

I will describe in some detail what US CAP is proposing, which is also outlined in our report.

You will notice, by the way, that in the report we talk repeatedly about “rapid enactment” of these policies. That is driven, in my mind, by the science. We strongly believe Congress needs to pass serious global warming legislation as quickly as possible if we’re going to solve this problem. As I look at it, the science of climate change is unforgiving.

This group has delved into the details and we’ve arrived at a remarkable amount of consensus on a number of important details. Normally with a group of big players like this, you only get broad themes – but we quickly realized that this problem demands some very specific answers. It is a credit to the seriousness of my colleagues that we were able to achieve agreement on them.

Here is the overall goal: Cut global warming pollution enough to stop the worst impacts. And do it in a way that helps our economy and cuts our oil addiction.

Here is how we get there: We recommend that Congress pass legislation that limits global atmospheric greenhouse gas concentrations to a level that scientists tell us will minimize the worst impacts of climate change on humans and the environment. That means concentrations need to be stabilized over the long-term at between 450 and 550 parts per million in the atmosphere.

But we live in the real world and we know you can’t flip a switch and achieve the reductions tomorrow. We’re recommending a realistic, step by step approach. That’s one of the reasons we have to start almost immediately. The longer we wait, the harder this is going to be.

Legislation should focus on what we *know* can be cost-effectively achieved over the next 20 to 30 years, while putting us on a path for deeper emission reductions by mid-century.

We recommend that Congress establish a mandatory emission reduction plan that has specific targets:

In five years, emissions should be between 100 and 105% of today's levels – in other words, no more than 5% above current levels. We allow for that slight rise at the beginning because it takes time to switch over to new technologies and fuels.

In ten years, emissions should be 90-100% of today's levels.

Finally, we are calling for a cut in emissions of 60 to 80% from current levels by 2050.

It is the considered judgment of these corporate leaders and our environmental experts that these cuts are both technologically achievable and economically sound. The US CAP went into detail as to how we think these goals should be achieved.

We chose a cap and trade approach because it guarantees the pollution cuts we need and generates cash and creativity from the private sector. This is the centrist approach -- government leads by setting a goal, while giving the private sector the flexibility to do this in the most efficient and profitable way possible. The cap and trade program should cover as much of the economy's greenhouse gas emissions as possible. We cannot

afford to leave behind anyone who can contribute to solving this problem. Legislation should also allow the use of offsets, from a range of activities such as no till farming. Offsets include not only those from agriculture but other domestic sources of emissions that are not subject to the cap and projects outside the US. Offsets can be a tremendously powerful transition tool that reduce the cost overall to the economy of any program and deliver real environmental results.

In fact, some have criticized the participation of some of the member CAP companies, charging that they are just in it to make money. To that I say, that is the power of cap and trade. It can align profit and protecting the environment, and it reduces the cost to the economy. Market-driven solutions -- not government subsidies -- that enhance our global competitiveness, boost our economy, and get to the best technologies at the lowest cost -- that is at the heart of US CAP. A clear, unambiguous signal, i.e. a cap and trade system, will give the essential green light to the investors and the innovators eager to make money and deliver the best answers. Requirements for reducing emissions may vary between sectors and should be designed to promote sustained economic growth and prompt, efficient action in the shortest time reasonable achievable.

As those of you who participated in the passage of the Clean Air Act Amendments know well, the allocation of allowances garners much interest. USCAP provides a framework. An emission allowance allocation system should seek to mitigate economic transition costs to entities and regions of the country that will be relatively more adversely affected by greenhouse gas limits or have already made investments in higher cost low-

greenhouse gas technologies, while simultaneously encouraging the transition from older, higher-emitting technologies to newer lower-emitting technologies.

It will take time to get a cap and trade program up and running. We need to reward those firms that have already acted to reduce greenhouse gas emissions and encourage other to do so while the program is being established. This credit for early action should grant credit for eligible reductions starting from a specified date until the mandatory program becomes effective. Other actions that should be placed on a fast track within the overall legislation is an aggressive technology research and development program and policies to discourage new investments in high-emitting facilities and accelerate deployment of zero and low-emitting technologies and energy efficiency. None of these are instead of a cap and trade program – these are a group of fast track actions that can begin within one year of enactment while the cap and trade system is put in place.

As you can see, our recommendations are both comprehensive and specific. We believe the time for general principles has passed. The time for incremental steps, if it ever existed, has passed.

Just as the National Academy of Sciences has shown us the way on the science, these experienced corporate leaders are showing us how to solve this problem and grow our economy – a strong cap and trade system is the way forward.

Thank you.