

The European Union adopted this approach in enacting their carbon dioxide emission reduction program, but it made some mistakes along the way from which the world has learned. One of those mistakes was to give the pollution allowances away to polluters for free. Economic theory and the EU experience have shown that only by implementing full 100 percent auctions can we ensure that polluters do not receive windfall profits and that all energy sources are competing on a level playing field.

The iCAP bill begins by auctioning 94 percent of the emission allowances from 2012 to 2019, and transitions to 100 percent auctions in 2020. Recognizing that some American industries—such as iron and steel, aluminum, cement, glass, and paper—face intense international trade competition, the bill provides transitional assistance to these industries. U.S. manufacturers in these industries will receive six percent of emission allowances from 2012 to 2019 before they, too, have to bid at auction for allowances. But note that, in order to stay competitive, these industries will need to begin innovating on day one.

To reduce program costs, the iCAP bill permits unlimited trading of pollution allowances and banking of allowances for future use. It also allows a regulated party to satisfy up to 15 percent of its yearly compliance obligation with allowances “borrowed” from future years, provided the loan is repaid with interest within 5 years. A regulated entity can meet up to 15 percent of its yearly obligations using EPA-approved domestic offset credits, based on greenhouse gas reductions achieved outside the cap. A regulated entity also may satisfy up to 15 percent of its yearly obligations using foreign allowances or offset credits that meet rigorous EPA standards.

The cap-auction-and-trade system established by the bill will give rise to a large and vigorous new “carbon market,” on which pollution allowances, offset credits, and derivatives such as futures and option contracts are traded. To ensure fairness, transparency, and stability in this new market, the bill establishes an Office of Carbon Market oversight within the Federal Energy Regulatory Commission, which is charged with prevention of fraud or market manipulation.

Alongside the cap-auction-and-trade system, the iCAP bill adopts mandatory performance standards for certain other sources that cannot easily be included in the cap—such as coal mines, landfills, wastewater treatments, and large animal feeding operations. It also provides financial incentives to farmers and forest managers to adoption of practices that will further reduce global warming pollution and sequester carbon. Together with the cap, these measures will cover over 94 percent of U.S. greenhouse gas emissions—as much of the economy as is practicable to reach.

The bill also establishes measures to encourage the coal industry to invest in new technology to adapt to the new low-carbon future. The International Energy Agency recently warned that, for the coal industry, “a huge amount of investment and unprecedented technological breakthroughs such as in carbon capture and storage” will be needed to meet the greenhouse gas reduction targets that scientists believe we most achieve by 2050. The iCAP bill will help us meet this challenge by requiring that any new coal-fired power plant use carbon capture and sequestration tech-

nology, and we give companies assistance to use this technology until 2020. To the extent that the coal industry, with plenty of support from the Federal Government, can make carbon capture and sequestration work, then it will be part of the energy portfolio in the future.

Pollution allowance auctions under iCAP will generate a substantial amount of money. How should it be invested?

The first investment is back into the pockets of working- and middle-class Americans. Under this bill, half of the proceeds from polluter auctions flow directly back to consumers in the form of refundable tax credits and rebates, protecting 80 percent of America’s families from increased energy costs while our economy transitions. In fact, over 60 percent of U.S. households—those earning under \$70,000—will be fully compensated, while benefits will be extended up to those making \$110,000. In addition, substantial funds will go to job training for the hundreds of thousands of green collar jobs that our country will need filled, and to adjustment assistance to any workers who need help transitioning from carbon-intensive industries to the new low-carbon economy.

The iCAP bill also invests heavily in technologies that will drive that low-carbon economy. The best, brightest, and cheapest source of clean energy is efficiency. That is why the iCAP bill devotes tens of billions of dollars each year—in partnership with State and local governments—to making our homes, buildings, and transportation systems more efficient. The bill invests tens of billions more in research, development, and deployment of the cutting-edge low-carbon energy technologies that will power America’s future—including renewable energy, cellulosic ethanol, advanced hybrid vehicles, and carbon capture and sequestration.

Unfortunately, even if we act now to avert catastrophic global warming, some climate change is already inevitable. Accordingly, the iCAP bill devotes substantial funding to increasing resilience—both here in the United States and in the most vulnerable developing countries—to those impacts.

Finally, the bill sets up a system of carrots and sticks to encourage other countries to take action to combat global warming. The bill establishes an international forest protection fund to reduce heat trapping emissions from tropical deforestation. It also gives major developing countries that take “comparable action” to reduce global warming pollution access to an international clean technology fund, to promote deployment of low-carbon energy technologies. Only countries that take comparable action—or those that are among the least developed countries or that have very low emissions—will be able to sell offset credits into the U.S. market. And countries that fail to take comparable action by 2020 will have to buy special reserve allowances to cover the emissions generated by any covered primary goods—like iron and steel, aluminum, cement, glass, or paper—that they import into the United States. These incentives will help to ensure that all countries band together to combat global warming—as we must if we are to preserve our precious planet.

Climate change represents the single greatest threat now facing humanity, but it also presents an unprecedented opportunity. The iCAP Act represents a bold and comprehen-

sive response to that challenge and opportunity. I urge my colleagues to support this bill—to take action now to avert a climate catastrophe, to protect our national security, and to unleash a green energy revolution that will bring prosperity and robust economic growth to America. I am confident that after this bill reaches its goal in 2050—long after many of us have shuffled off our mortal coils—historians will look back on the beginning of this new millennium and say that it was an era of technological development that in the course of a generation changed the course of the planet.

HONORING CHAD ROBERTS

HON. SAM GRAVES

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 4, 2008

Mr. GRAVES. Madam Speaker, I proudly pause to recognize Chad Roberts of Liberty, Missouri. Chad is a very special young man who has exemplified the finest qualities of citizenship and leadership by taking an active part in the Boy Scouts of America, Troop 1135, and earning the most prestigious award of Eagle Scout.

Chad has been very active with his troop, participating in many Scout activities. Over the many years Chad has been involved with Scouting, he has not only earned numerous merit badges, but also the respect of his family, peers, and community.

Madam Speaker, I proudly ask you to join me in commending Chad Roberts for his accomplishments with the Boy Scouts of America and for his efforts put forth in achieving the highest distinction of Eagle Scout.

HONORING LYNDON BAINES JOHNSON

HON. GENE GREEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 4, 2008

Mr. GENE GREEN of Texas. Madam Speaker, later this year the Department of Education will formally be renamed after a former teacher, who became president and made equal opportunity to education a national priority. President Lyndon Baines Johnson pioneered many issues such as civil rights, voting rights, but his education leadership stands out even among those accomplishments. President Johnson was a very human figure but his legacy is with us in many major ways today. Lyndon Johnson’s first priority in life was education, and he was the first “Education President.” As we approach President Johnson’s 100th birthday on August 27, I would like to submit the following article which appeared in the Austin-American Statesman highlighting the profound legacy President Johnson had on America’s education system, and the renaming of the Department of Education Building.

[From the Austin American Statesman, October 28, 2007]

LBJ FINALLY GETS HIS DUE IN WASHINGTON  
(By David H. Bennett)

Washington is a city of monuments; the Mall hosts buildings, statues and walls commemorating big achievements (saving the