

## Section 2.3 Policy and Program Recommendations

### 1. If a cap-and-trade policy or carbon tax is passed, it should be done at the federal level.

#### Description

U.S. policymakers are currently considering national policy—either a cap-and-trade or carbon tax—to reduce U.S. emissions of carbon dioxide and other greenhouse gases. Congress has introduced numerous bills to regulate GHG emissions in all 50 states, the latest of which, the Dingell-Boucher discussion draft, was released on October 7, 2008.<sup>1</sup> Other bills introduced in 2007 and 2008 include the Kerry-Snowe *Global Warming Reduction Act*, the Sanders-Boxer *Global Warming Pollution Reduction Act*, the Bingaman-Spector *Low Carbon Economy Act*, and the Lieberman-Warner *Climate Security Act of 2007* (recently reintroduced in a revised form with Senator Boxer as an added co-sponsor).

Implementation of a carbon tax or cap-and-trade policy at the federal level will be far more environmentally effective—and economically efficient—than state or regional approaches (see Topic / Issue Description). It will provide uniformity and a level playing field for all 50 states and U.S. companies.

Policymakers in the U.S. and around the world recognize that controlling atmospheric concentrations of greenhouse gases ultimately requires the implementation of an international, collective framework. Enactment of U.S. policy is commonly viewed as an essential step towards establishment of an international climate policy.

#### Recommended Actions

##### a. Responsible parties

The Governor and Legislative leaders should send letters to the Kansas Congressional delegation and other key federal policymakers.

##### b. Legislative action

Legislators should consider adoption of a resolution in support of this recommendation.

##### c. Budget requirements

No additional funding required.

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<sup>1</sup> U.S. House of Representatives, Committee on Energy and Commerce, 2008, Executive Summary of the Discussion Draft: <http://energycommerce.house.gov/index/> (accessed November 2008).

**d. Implementation timeline**

Letters to the Congressional delegation should be delivered on or before January 31, 2009.

**Implications of Proposal****a. Pros**

- i. Market-based policies provide greater reductions in greenhouse gas emissions than non-market regulation, mandates, standards.
- ii. Market-based policies provide less-expensive reductions in greenhouse gas emissions than non-market regulation, mandates, standards.
- iii. Reduces or avoids potential future damages associated with greenhouse gas emissions from human activities.
- iv. Serves as an insurance policy, given the various uncertainties associated with climate change, because policy enacted now is likely to cost much less in the long term than “waiting and seeing.”
- v. Reduces health and environmental damages from “traditional” pollutants associated with fossil fuel combustion.
- vi. Spurs technological innovation and advantages all alternatives equally.
- vii. May provide impetus for international agreement.
- viii. May improve international standing of the United States.

**b. Cons**

- i. Will increase prices of goods and services that involve the combustion of fossil fuels.
- ii. May be politically unpopular because costs to consumers are not hidden.
- iii. May be politically unpopular because it requires “sacrifices” from present generation in exchange for benefits to future generations.
- iv. May be politically unpopular due to uncertainty surrounding future benefits.
- v. May be perceived as avoidance of action on climate change.
- vi. Restricts local, state, and regional policymakers who wish to take initiative with respect to climate policy.

**2. Endorse policies that promote declines in greenhouse gas emissions, not policies that merely shift emissions within or between regions.**

**Description**

In the absence of federal regulation, local, state, and regional policies that restrict greenhouse gas emissions are unlikely to achieve their stated purpose—that is, to reduce atmospheric concentrations of greenhouse gases. Instead, such policies may simply result in shifting emissions (and the economic activity that produces them) to another location in the United States, thus economically disadvantaging one locality without achieving the intended reductions in emissions.

Clearly, some climate policies and programs implemented at the local, state, and regional level may produce benefits, even if they are not effective at reducing global greenhouse gas emissions. For example, cost-effective policies to promote energy conservation and efficiency can be justified on grounds other than avoiding greenhouse gas emissions. However, the importance of implementing federal policy in the U.S.—and, ultimately, a coordinated, international framework—is widely accepted, if reductions in atmospheric concentrations of greenhouse gases are to be achieved.

**Recommended Actions**

**a. Responsible parties**

The Governor and Legislative leaders should send letters to the Kansas Congressional delegation and other key federal policymakers.

**b. Legislative action**

Legislators should consider adoption of a resolution in support of this recommendation.

**c. Budget requirements**

No additional funding is requested.

**d. Implementation timeline**

Letters to the Congressional delegation should be delivered on or before January 31, 2009.

**Implications of Proposal**

**a. Pros**

- i. Avoids implementing policies that are likely to be costly and unlikely to achieve stated goal of reducing global greenhouse gas emissions.

- ii. May promote public support for market-based, national and international policies.
- iii. Allows opportunity to demonstrate effective complementary policies at the local, state, and regional level.

**b. Cons**

- i. May be perceived as avoidance of action on climate change.
- ii. Restricts local, state, and regional policymakers who wish to take initiative with respect to climate policy.

### **3. Urge Congressional delegation to include agricultural sequestration as an offset in any federal cap-and-trade policy.**

#### **Description**

Many view agricultural (i.e., soil) sequestration of carbon dioxide as a low-cost means to achieve short-term reductions in carbon dioxide emissions. Some estimate that U.S. cropland could sequester anywhere from 275 to 760 million metric tons of carbon per year, with pasture land potentially sequestering an additional 66 to 330 million metric tons.<sup>2</sup>

If these estimates are correct, soil carbon sequestration could offset 20% to 30% of annual U.S. carbon emissions by 2025.<sup>3</sup> Because it may be cheaper for the regulated entity to purchase an offset than to achieve reductions through other means (for example, retrofitting factories or power plants), agricultural offsets may reduce costs associated with a federal cap-and-trade policy. According to the EPA's economic modeling of the Lieberman-Warner cap-and-trade policy, offsets and international credits have the potential to significantly reduce permit prices, while also reducing volatility.<sup>4</sup>

Because offsets are subject to gaming and fraud,<sup>5</sup> clear standards and protocols must be enforced to ensure that the payments result in additional, verifiable, and reasonably permanent reductions in emissions. Agricultural (and other) offsets are best viewed as short-term measures to facilitate the least-cost emissions reductions within a federal cap-and-trade program, allowing time for potential, new, low-carbon technologies to be developed.

#### **Recommended Actions**

##### **a. Responsible parties**

The Governor and Legislative leaders should send letters to the Kansas Congressional delegation and other key federal policymakers.

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<sup>2</sup>Charles W. Rice and Debbie Reed, 2007, PowerPoint presentation entitled "Soil Carbon Sequestration and Greenhouse Gas Mitigation: A Role for American Agriculture."

<sup>3</sup> Charles Rice, 2008, PowerPoint presentation entitled "Climate Change: Impacts, Adaptation and Mitigation Offsets Workshop."

<sup>4</sup> Michael Wara and David Victor, April 2008, A Realistic Policy on International Carbon Offsets, Freeman Spogli Institute for International Studies at Stanford University:

[http://pesd.stanford.edu/publications/a\\_realistic\\_policy\\_on\\_international\\_carbon\\_offsets/](http://pesd.stanford.edu/publications/a_realistic_policy_on_international_carbon_offsets/) (accessed 2008)

<sup>5</sup> Recent problems with the United Nation's Clean Development Mechanism (CDM) highlight some of the difficulties associated with offset programs. The CDM was established as part of the Kyoto Protocol to enable emitters in developed nations to invest in low-cost emission-reduction strategies in developing countries. Unfortunately, 28% of the offsets purchased (collectively valued in excess of \$6.5 billion) resulted in reductions of the greenhouse gas HFC-23 that could have been achieved for less than \$150 million (prices converted from Euros at 1.4195 Dollars per Euro). See Michael Wara and David Victor, April 2008, A Realistic Policy on International Carbon Offsets; also see Michael Wara, 2007, Is the global carbon market working?: *Nature*, v. 445, p. 595-596.

**b. Legislative action**

Legislators should consider adoption of a resolution in support of this recommendation.

**c. Budget requirements**

No additional funding is requested.

**d. Implementation timeline**

Letters to the Congressional delegation should be delivered to the Kansas Congressional delegation on or before January 31, 2009.

**Implications of Proposal****a. Pros**

- i. Provides an additional benefit for Kansas (and U.S.) farmers who engage in practices that sequester carbon dioxide.
- ii. Encourages environmentally beneficial practices such as no-till agriculture, methane capture, and reforestation.
- iii. Provides a lower-cost option for reductions of carbon dioxide emissions.
- iv. May increase public support for federal cap-and-trade policy.
- v. May bolster rural economies.

**b. Cons**

- i. May be perceived as a loophole that undermines effectiveness of cap-and-trade policy.
- ii. May be perceived as an excessive benefit to farmers in light of existing state and federal incentives.
- iii. Increases costs of administering cap-and-trade program, due to necessary monitoring and verification protocols.