
ENERGY INNOVATION AND CARBON DIVIDEND ACT (EICDA) – HR 763

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OVERVIEW

- Brief introduction to HR 763 – the Energy Innovation and Climate Dividend Act (EICDA)
- How the bill is similar to CCL’s “traditional” Climate Fee & Dividend (CFD) proposal
- What about the regulatory relief in the bill like limiting EPA’s regulatory authority over CO₂?
- How will EICDA help us meet the IPCC 1.5° goal?
- How will the dividend work and how much will it be?
- How it relates to Green New Deal
- Q&A

Energy Innovation AND Carbon Dividend Act

HR 763

How It Works



Carbon Fee

- \$15/ton of CO₂
- Rises \$10/year (+inflation)
 - \$15/year if not on track
- Collected at well head, mine, etc.



Carbon Dividend

- Paid monthly to Americans in equal shares (“per capita”) – like tax refund
- Full share for adults, ½ share for child up to 19 yrs
- Must be a lawful resident and have a US SSN or Tax ID
- Dividend is taxable income, but not counted for benefit programs like SNAP



Border Adjustment

- Goal is to make trade fair
- US exports are not penalized by the fee unfairly
- **Rebates** the fee if going to a country without equivalent carbon price.
- **Assesses** the fee if coming from a country without an equivalent carbon price.



Limited Regulatory Adjustment

- Will cover this in detail in a subsequent slide.

HOW HR 763 RELATES TO CCL'S "CARBON FEE & DIVIDEND"

- HR 763 aligns very closely with CCL's goal of Carbon Fee & Dividend legislation
 - It assesses a rising fee starting at \$15/ton on coal, oil and natural gas at first point of sale, it has the border adjustment and the dividend
- There are a few differences:
 - H.R.763 would go into effect in 2020 and end when certain technical and budgetary conditions are met
 - Specific emission reduction targets are mandated every year from 2025 to 2050.
 - Carbon dividends will be available to all minors, not just the first two in a household.
 - Carbon dividend payments will begin in advance of the first carbon fee collection to "prime the pump" with consumers
 - The annual carbon fee increase will be adjusted for inflation
 - There are some special provisions: for fossil fuels used in agriculture, and by the military, and a special rate for fluorinated GHGs
 - The policy will accommodate CO₂ capture and sequestration under certain conditions
 - There are narrow, temporary limits imposed on some greenhouse gas regulations by EPA
 - The carbon border fee adjustment will apply to exported fossil fuels
 - There are two National Academy of Sciences studies that will help ensure program effectiveness and sustainability

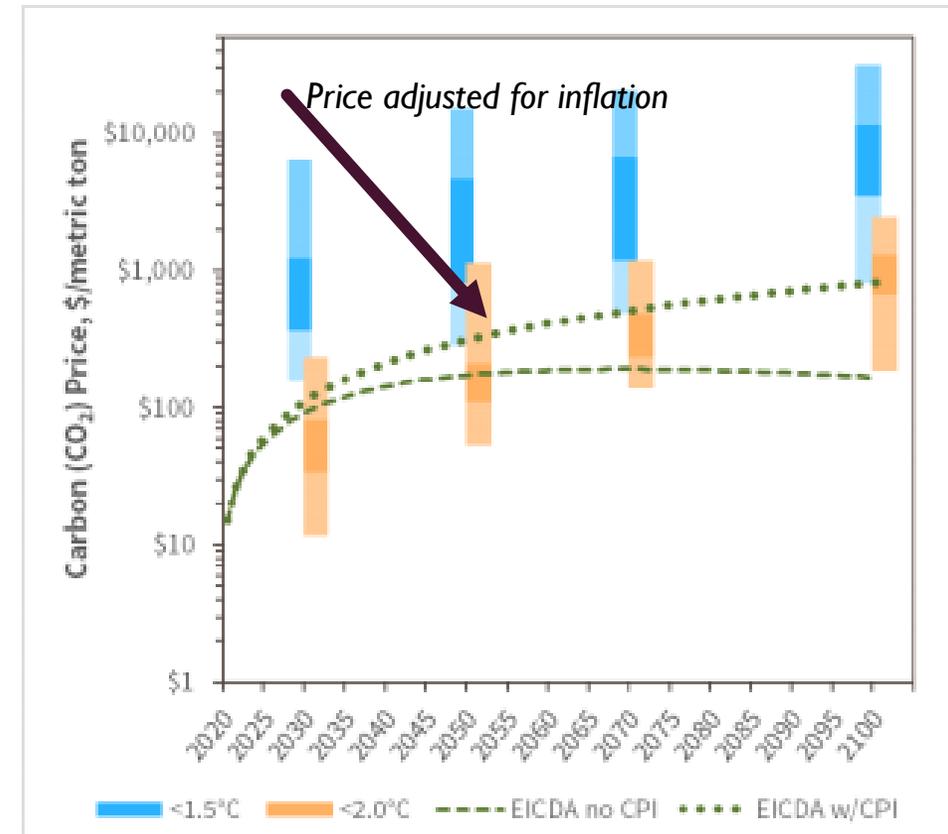
WHY ARE WE LIMITING EPA REGULATORY AUTHORITY?

- Any bi-partisan legislation is a compromise.
- EICDA is likely to be far more effective at reducing emissions than command-and-control regimes
 - For example, it will hit the Clean Power Plan targets for 2030 in just 4 years
 - The regulatory authority pause is not permanent, only for 10 years to give EICDA time to show results
- The regulatory adjustments are narrow, affecting only three existing mechanisms:
 1. the **Clean Power Plan** (CPP), which never went into effect and is being replaced by the Affordable Clean Energy rule (ACE) proposed by the Trump Administration
 2. permitting rules referred to as '**New Source Performance Standards**' (NSPS) for new industrial plants that emit greenhouse gases
 3. permitting rules for plant modifications under the same NSPS provisions.

These three mechanisms would be put on hold as long as emissions targets are being met.
- The Clean Air Act and CAFÉ (Corporate Annual Fuel Economy) Standards are not affected
- EPA can still regulate pollutants like NO_x, sulfur, ozone, particulates, and mercury for health impacts

WILL THIS MEET THE IPCC 1.5° GOAL?

- **Bottom line answer: it comes very close and does a lot of the heavy lifting**
- IPCC report recommends a reduction of global CO₂-equivalent emissions of at least **40 percent** from the 2010 level by 2030 to stay on track for staying below 1.5°C.
- The emissions reduction schedule in this bill would hit that target for U.S. emissions just **one year later**, in 2031, and would be within a few percent of the IPCC temperature curve thereafter.
- Cutting emissions from the world's second-largest emitter by 90 percent would be a huge boost to our chances of staying below 1.5°C this century.
- No other bill that's been proposed would come close.



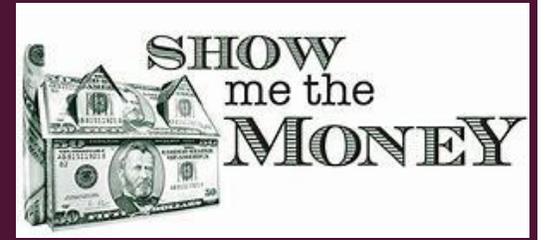
HOW THE DIVIDEND WILL WORK



- French “Yellow Vests”: *“He [Macron] cares about the end of the world; we care about the end of the month.”*
 - Our response: **at the end of the month you get a payment.**
- Key point: dividend is **not based** on your own carbon footprint
 - Reduce your carbon usage (drive less, fly less, etc.) – keep more of the dividend
 - Dividend increases as fee increases, increasing the value in reducing carbon footprint
- Minimize administrative cost of delivering dividend
 - Long-term administrative costs limited in the law to 2%
 - Vast majority of payments made via ACH to the recipients’ bank accounts (like tax refunds) or by adding funds to a debit card account that would be set up for the recipient by the government (as SNAP now does)



HOW THE DIVIDEND WILL WORK



- 53% of all US households would keep more money from the dividend than they would pay for increased costs related to the carbon fee
 - 90% of households below the Federal Poverty Line are net positive because of the dividend
- How much is the dividend? Try the Dividend Calculator! <https://citizensclimatelobby.org/calculator/>
 - Example 1: Household of 4 earning \$100K/year on Bainbridge Island, with fuel costs today of \$153/month and electricity bill of \$174/month – the first year dividend is estimated at \$80/month and increased costs are estimated at \$59/month – for a net benefit of \$21/month or \$252 in year one
 - Example 2: Household of 4 in a Silverdale town home earning \$45,000 per year with same fuel costs: \$85/month dividend (after taxes), \$47/month increased costs – a net benefit of \$38/month or \$456 in year one.
 - Example 3: High income couple \$250,000 per year in income, same fuel costs: \$45/month in dividend (after taxes), \$70/month in increased costs so a net cost in year one of \$300.

WHAT ABOUT GREEN NEW DEAL?



- The Green New Deal (GND) is a *rallying cry*, a set of proposed *policies*, and a *movement*
 - **Rallying Cry:** it's swept the progressive community. It means different things to different folks but includes jobs program and fixing climate change
 - **Policies:** There is a battle for what is included, with AOC and Bernie Sanders probably the most influential. Progressive GND organizations focus on solidarity and cooperation far more than on differences
 - **Movement:** gathering momentum to organize around highly progressive policies. For example Justice Democrats, who recruited Rep. Alexandria Ocasio-Cortez (AOC) to run, calls the Green New Deal a “mass mobilization”
- Important to understand at this point GND is a Congressional “Resolution”, while EICDA is “Legislation”
 - Resolution => “sense of Congress”, not binding
 - Original New Deal was many separate bills – not one omnibus piece of legislation

GREEN NEW DEAL POLICIES

- By 2030...
 - Achieve 100% renewable national power generation
 - Build a national “smart” grid
 - Upgrade every building for state-of-the-art energy efficiency
 - Decarbonize manufacturing, agricultural, and other industries
 - Decarbonize and improve transportation
 - Fund massive drawdown and capture of greenhouse gases
 - Make green technology a major US export
 - Remove GHG’s from the agriculture sector
 - Fund R&D on clean energy technology
 - Fund building resiliency to extreme weather events
 - Mitigate & manage health & economic effects
- Everyone a full participant, with training & education and job guarantee program with a living wage job
- Diversify local / regional economies to break industry control on labor
- Protect from unfair dominance by monopolies
- Strong enforcement of workers’ rights – strong unions
- “Just transition” focusing on most affected communities and ending harms from climate change and pollution
- Protect and enforce tribal rights
- “Mitigate deeply entrenched racial, regional and gender-based inequalities in income and wealth”
- Include additional measures such as basic income programs, universal health care, education for all, “affordable, safe, and adequate housing”
- Unions take leadership in job training and worker deployment
- Fund community projects to adapt to climate change
- Clean up hazardous waste sites and stop all water and air pollution
- Clean water, clean air, healthy and affordable food, and access to nature for all.

GREEN NEW DEAL AND EICDA

- So... could EICDA be “part of” the “Green New Deal?”
 - The EICDA can certainly stand on it's own
 - If Congress goes further on the GND, EICDA would also fit perfectly as a part
- The big challenge will be the same as I-732 – where does the money go?
 - We have to make a strong case that the French Yellow Vests movement and the need for bi-partisanship are why the dividend is key
 - Practical politics says since we need to take action soon (not in 2021 or 2023 or 2025), we need 60 Senate votes.
- Most progressive members of Congress will support EICDA *unless* strong progressive organizations tell them to oppose it
 - We must get enough progressives to understand EICDA so their orgs don't actively oppose it

THE PROGRESSIVE CASE FOR EICDA

- It significantly cuts greenhouse gases – by 90% by 2050
- Acknowledge that it's a great first step but it doesn't fix the whole problem
 - The *best next* step
- It's not just OK for low-income and working families – it's a net gain! It is a progressive policy!
- It's bi-partisan – this gives the best chance of anything to pass and be sustained
 - We can't pass anything without 60 Senate votes.
 - Do you really want to wait and roll the dice on electing 60 senators in 2020 or 2022?
 - We need to get started **now** – we can always do more
 - Frame this not as *either-or*, but **both-and**: pass EICDA soon and pass more of the GND to finish the job later.
- It works seamlessly with other policies: existing regulations, subsidies, government job and training programs,



Q & A / DISCUSSION



MORE INFORMATION

- TONS of information on CCL Community - <https://community.citizensclimate.org> – register for that if you haven't already and browse the trainings, laser talks, forums, etc.
 - <https://community.citizensclimate.org/resources/item/19/393> has a dataset on estimating dividends, etc.
- Three CCL studies – not 100% up-to-date as of today with the EICDA (vs. CCL's proposal) but still very close and valuable:
 - <https://citizensclimatelobby.org/dividend-delivery-study> for dividend delivery study – how the dividend would work
 - <https://citizensclimatelobby.org/household-impact-study/> has details on impact of dividend on households by region, income quintile, etc.
 - <https://citizensclimatelobby.org/remi-report/> - the REMI report with broad econometric data on the impact of CF&D
- Mike: mikekelly@msn.com

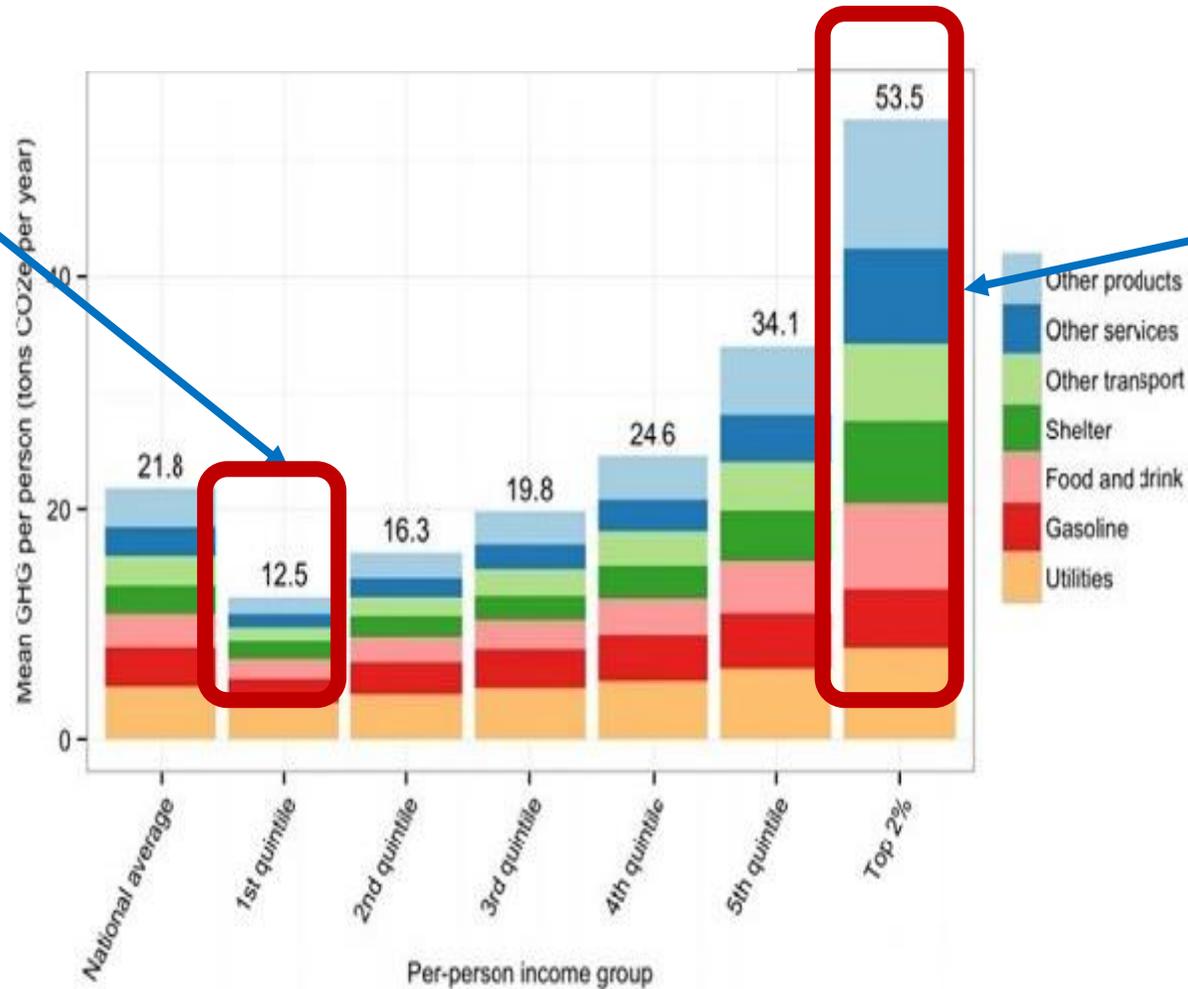


APPENDIX



CARBON FEE AND DIVIDEND: *WHY DIVIDEND IS PROGRESSIVE*

Figure 1: Average GHG footprint and income per person¹⁵



Low on the socioeconomic ladder: small CO₂ footprint. \$430 extra for \$1000 dividend.

High on the socioeconomic ladder: big CO₂ footprint. Pays \$1454 extra for \$1000 dividend.

29 CO-SPONSORS (AS OF 4/11/2019)

House of Representatives



Ted Deutch
(D-FL-22)
Original
sponsor



Judy Chu
(D-CA-27)
Original
cosponsor



Charlie Crist
(D-FL-13)
Original
cosponsor



Anna Eshoo
(D-CA-18)
Original
cosponsor



Dan Lipinski
(D-IL-03)
Original
cosponsor



Francis
Rooney
(R-FL-19)
Original
cosponsor



Scott Peters
(D-CA-52)
Original
cosponsor



Dean Phillips
(D-MN-03)
Cosponsor



Hank
Johnson
(D-GA-04)
Cosponsor



Salud
Carbajal
(D-CA-24)
Cosponsor



Alcee
Hastings
(D-FL-20)
Cosponsor



Susan Wild
(D-PA-07)
Cosponsor



Yvette Clarke
(D-NY-09)
Cosponsor



Jackie Speier
(D-CA-14)
Cosponsor



Jan
Schakowsky
(D-IL-09)
Cosponsor



Gerald
Connolly
(D-VA-11)
Cosponsor



Chellie
Pingree
(D-ME-01)
Cosponsor



Mark
DeSaulnier
(D-CA-11)
Cosponsor



Adam Schiff
(D-CA-28)
Cosponsor



Angie Craig
(D-MN-02)
Cosponsor



Tom
Malinowski
(D-NJ-07)
Cosponsor



Albio Sires
(D-NJ-08)
Cosponsor



Harley Rouda
(D-CA-48)
Cosponsor



Jim
McGovern
(D-MA-02)
Cosponsor



Barbara Lee
(D-CA-13)
Cosponsor



Gil Cisneros
(D-CA-39)
Cosponsor



Mike Levin
(D-CA-49)
Cosponsor



Pete Aguilar
(D-CA-31)
Cosponsor



Denny Heck
(D-WA-10)
Cosponsor

WHAT ABOUT THE SENATE?

- Bill was introduced by Sen. Chris Coons & Sen. Jeff Flake in the Senate in 2018
- Flake has retired
 - Chris Coons now owns the bill
 - Would be a big breach of Senate protocol not to go through Coons
- Encourage Senators to talk to Coons

HOW TO TRACK THE BILL

- Create an account on <https://www.congress.gov>
- Search for “hr763” and Get Alerts

The screenshot displays the CONGRESS.GOV website interface. At the top, the logo 'CONGRESS.GOV' is visible alongside navigation links for 'Advanced Searches' and 'Browse'. On the right side of the header, there are links for 'Search Tools', 'Support', and a user profile 'mikekelly'. Below the header, a search bar contains the text 'Current Legislation' and 'hr763'. A 'MORE OPTIONS' dropdown menu is located below the search bar. The main content area features a breadcrumb trail: 'Home > Legislation > 116th Congress > H.R.763'. To the right of the breadcrumb are icons for 'Print', 'Subscribe', 'Share/Save', and 'Give Feedback'. The title of the page is 'H.R.763 - Energy Innovation and Carbon Dividend Act of 2019', with a sub-link for '116th Congress (2019-2020) | Get Alerts'. A red arrow points to this 'Get Alerts' link. Below the title, there is a 'BILL' section with a 'Hide Overview' button. The 'Sponsor' is listed as 'Rep. Deutch, Theodore E. [D-FL-22] (Introduced 01/24/2019)'. The 'Committees' are 'House - Ways and Means; Energy and Commerce; Foreign Affairs'. The 'Latest Action' is 'House - 02/12/2019 Referred to the Subcommittee on Energy. (All Actions)'. The 'Tracker' section shows a progress bar with steps: 'Introduced' (highlighted), 'Passed House', 'Passed Senate', 'To President', and 'Became Law'. On the right side, there is a 'More on This Bill' section with links for 'Constitutional Authority Statement' and 'CBO Cost Estimates [0]'. Below that is a 'Subject — Policy Area' section for 'Taxation' with a 'View subjects >' link. At the bottom, there is a 'Summary (1)' button and a list of document types: 'Text (1)', 'Actions (5)', 'Titles (2)', 'Amendments (0)', 'Cosponsors (28)', 'Committees (3)', and 'Related Bills (0)'. The footer contains the text 'Summary: H.R.763 — 116th Congress (2019-2020)' and a link for 'All Information (Except Text)'.