ATTACHMENT A

Key Comparisons Between Waxman-Markey and Boxer-Kerry

	Waxman-Markey	Boxer-Kerry
Affected Sectors	Economy-wide bill affecting approximately 84.5% of greenhouse gas emissions in the United States.	No apparent change in covered sectors, or timing of when those sectors are affected.
Reduction Targets	Baseline Year is 2005 3% Below 2005 by 2012 **17%** Below 2005 by 2020 42% Below 2005 by 2030 83% Below 2005 by 2050	Baseline Year is 2005 3% Below 2005 by 2012 **20%** Below 2005 by 2020 42% Below 2005 by 2030 83% Below 2005 by 2050
Available Allowances	Total available allowances between 2012 and 2050 is 132.23 billion.	Total available allowances between 2012 and 2050 is 130.82 billion. Reduced allocation of 1.4 billion allowances spread between 2017 and 2029.
Deficit Reduction Allowances	A small pool of allowances are allocated for deficit reduction in the early years of the program. This is equivalent to 13.4% in 2012, 2% in 2014, and essentially drops to zero by 2016.	25% of all available allowances are allocated for deficit reduction in every year of the program. This additional large amount of auctioned allowances will significantly reduce the amount of allowances freely allocated.
Low Income Allowances	15% of allowances are auctioned in each year for the benefit of low-income consumers.	Although the actual percentage is not defined in the current draft bill, the expansion from low-income to low-to-moderate income will likely result in an increased allocation to this sector, and further reduce the free allocations to the remaining sectors.
Electric Consumer Free Allowance Allocations	Allocations to the electric consumer of: 2012-2013 = 43.75% 2014-2015 = 38.89% 2016-2025 = 35% 2026 = 28% 2027 = 21% 2028 = 14% 2029 = 7% 2030+ = 0% Sec. 782(a)(1) (page 864)	Allocations to the electric consumer are undefined. Thus, the current discussion draft is also silent on potential phase-out to full auction.

Allowance Allocations: Merchant Coal; Long-Term PPAs; Small LDCs and Co-Gen	14.3% going to merchant coal units (page 908) and long-term PPAs (page 912). An additional 0.5% is allocated to small LDCs, but these allowances come from the covered entity pool. (page 916) Certain co-gen facilities are allocated allowances "ratably" based upon 2006-2008 emissions; these allowances come from the electricity consumer pool (page 919)	14.3% are still targeted for merchant coal units (page 608) and long-term PPAs (page 612). An additional 0.5% is allocated to small LDCs, but these allowances come from the electric consumer pool. (page 616) Certain co-gen facilities are allocated allowances "ratably" based upon 2006-2008 emissions; these allowances come from the electricity consumer pool (page 619)
Electric LDC Allowance Allocation Methodology	The electric LDC allowance allocation methodology is based on 50% emissions and 50% retail sales, and is phased out between 2025 and 2030. (page 892)	No change in the allocation methodology. (page 589)
Nuclear Energy Deployment	The section in the bill related to nuclear energy is weak, and relates primarily to a small volume of loan guarantees to promote the advancement of clean energy technologies.	The nuclear section in this bill is equally weak, and only relates to nuclear worker training, and studies for nuclear safety and waste management programs.
Strategic Reserve Allowances	The strategic reserve allowances are removed from the allowance pool before any allocations are distributed, based on the following: 1% of allowances from 2012 to 2019 2% of allowances from 2020 to 2029 3% of allowances from 2030 to 2050 (page 758)	The stability reserve allowances are removed from the allowance pool before any allocations are distributed. There are no specific allocations outlined for this reserve, however the bill references section 721(a) in which all the allowances are outlined. It's possible that this reserve could be much larger than exists under Waxman-Markey. (page 466)
Strategic Reserve Annual Allowance Limits	Annual limit on the number of allowances from reserve that may be auctioned is: 2012-2016 = 5% (page 760) 2017 and thereafter = 10% (page 761)	Annual limit on the number of allowances from reserve that may be auctioned is: 2012-2016 = 15% (page 468) 2017 and thereafter = 25% (page 469)

Strategic Reserve Covered Entity Allowance Purchase Limits	The annual number of allowances purchased at the reserve auction in each calendar year is 20% of the entity's GHG emissions. (page 762)	Same. (page 470)
Strategic Reserve Availability of Offset Credits for Auction	Eligibility - Any entity holding international offset credits from reduced deforestation can be added to reserve auction. (page 765) Offsets are retired, with purchasers provided a number of emission allowances equal to 80% of the offset credits retired. (page 766)	Eligibility - Any entity holding offset credits can be added to reserve auction. (page 473) Offsets are retired, with purchasers provided a number of emission allowances equal to the number of offset credits retired. (page 473)
Price Collar	No price collar. Standard auction price floor is $10 (**2009$**) in 2012, and escalates at 5% above inflation. Strategic reserve auction price floor is $28 (**2009$**) in 2012, and escalates at 5% above inflation for 2013-2014. In 2015 and beyond, minimum price is 60% above 36-month rolling average daily allowance price. (page 759)	No price collar. Standard auction price floor is $10 (**2005$**) in 2012, and escalates at 5% above inflation. Strategic reserve auction price floor is $28 (**2005$**) in 2012, and escalates at 5% above inflation for 2013-2017. In 2018 and beyond, minimum price escalates at 7% above inflation. (page 468)
Combined Renewable Electricity and Energy Efficiency Standard	The combined standard begins at 6% by 2012 and escalates by 3.5% every other year until the target of 20% is reached in 2020. The target remains at 20% through 2039, after which the program sunsets.	There are general energy efficiency requirements in the bill, but no combined RES/EE standard. This is likely due to the fact that similar provisions were already incorporated into the earlier Senate energy bill.
Offset Credits Available Annually	2 billion available each year; 1 billion from domestic sources and 1 billion from international sources. The international amount can increase to 1.5 billion if insufficient allowances are available domestically.	2 billion available each year; 1.5 billion from domestic sources and 0.5 billion from international sources. The international amount can increase to 1.25 billion if insufficient allowances are available domestically.

Offset Credit Limits for Covered Entities	The ability to use offsets to be divided "pro rata" among all covered entities. Formula specified within Sec 722 (a)(d)(1)(B) calculates to 100% of the number of allowance required to be held. (page 741)	The ability to use offsets to be divided "pro rata" among all covered entities. Formula: tons emitted by covered entity, divided by the sum of all emissions by covered entities; then multiply the quotient (ratio) by 2 billion. (page 449)
Offset List of Eligible Project types	Sec. 503(b) (aka "Initial List … **at a minimum**")(pages 1393-1394) Primarily forestry and agriculture.	Sec. 733(a)(4)(A) (aka "… **to be considered** for Initial List") (pgs 491-494) Forestry, agriculture, and methane collection.
Restrictions on Allowance and Offset Transactions	Transactions are <u>not</u> restricted to owners and operators of covered entities.	No change.