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Federal Climate Change Forecast

Los Angeles Area Chamber of Commerce
February 24, 2009

Significant Changes as a Result of the November Elections

- George W. Bush
- Democrats held 235 seats in the House
- Democrats held 51 seats in the Senate
- House Energy and Commerce Committee Chairman John Dingell
- House Energy Subcommittee on Energy and Air Quality Chairman Rick Boucher
- Barack Obama
- Margin in the House is now 257-178
- Margin in the Senate is 58-41, with Minnesota soon to be decided
- House Energy and Commerce Committee Chairman Henry Waxman
- House Energy Subcommittee on Energy and the Environment Chairman Ed Markey

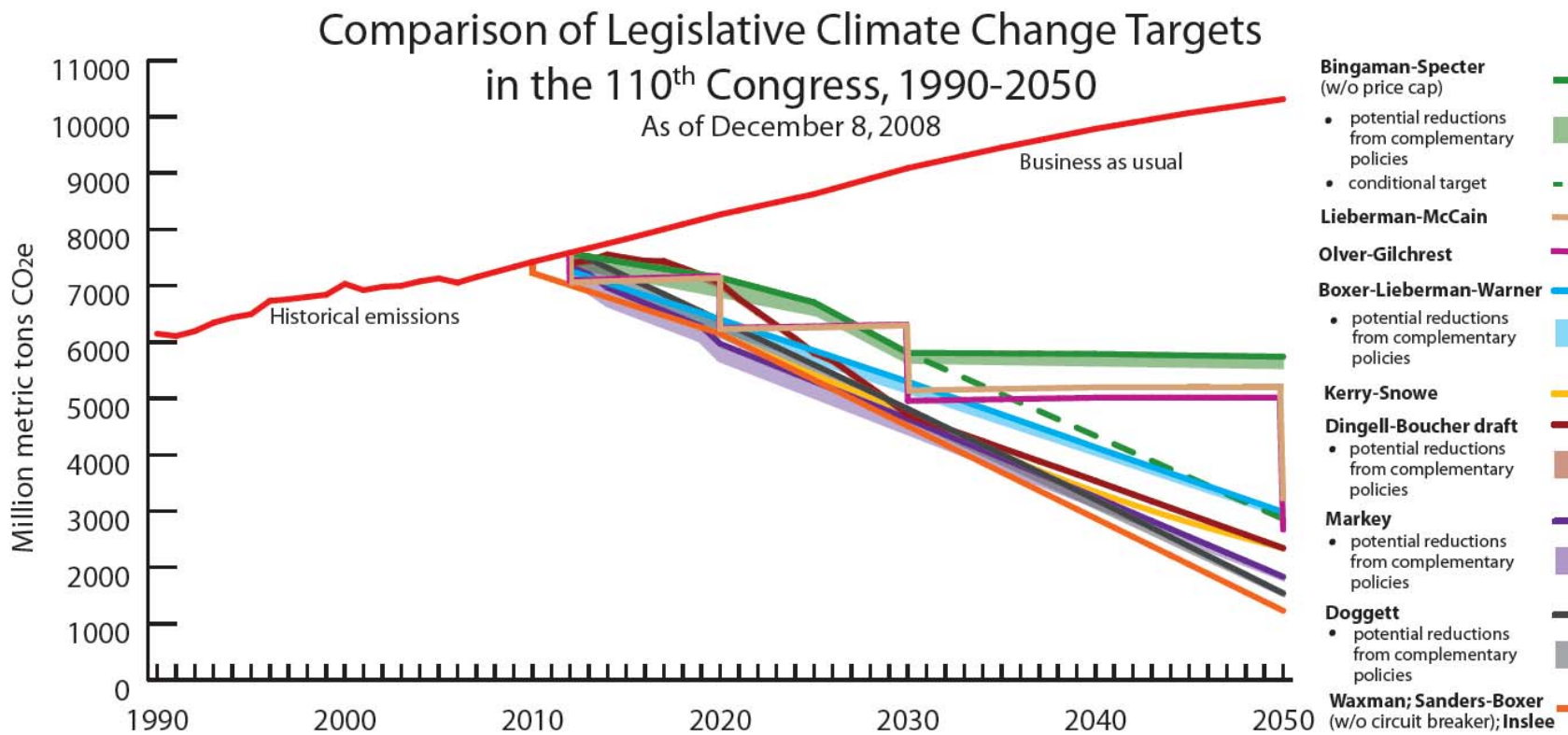
Safe Climate Act of 2007

HR 1590 (Waxman)

21 page bill amending the Clean Air Act, directing the EPA to promulgate:

- A greenhouse gas emissions cap reducing 2% reduction each year from 2010-2020 to reach 1990 levels by 2020
- A greenhouse gas emissions cap reducing 5% reduction each year from 2021-2050 to reduce emissions 80% below 1990 levels by 2050
- Requires the President to submit to Congress a plan for the distribution of emission allowances (including auctions) and the use of proceeds (to be deposited in a Climate Reinvestment Fund) for specified goals, including mitigating the effects of energy cost increases and climate change. Proposal would go into effect after one year if Congress fails to act.
- Requires such regulations to set standards for the reduction of greenhouse emissions from motor vehicles at least as quickly as the standards adopted by the California Air Resources Board in September 2004
- Establishes a Renewable Portfolio Standard beginning in 2010, to require an annual increase in the percentage of renewable energy sold in the US and to require such percentage to be at least 20% of the total electric retail sales by 2020, as well as energy efficiency goals for utilities.

Reductions are among the most aggressive



2008 Senate Action

- Senate action on climate change legislation came to a halt on June 6, 2008 when the Boxer-Lieberman-Warner bill, S. 3036 (the Climate Security Act), failed to muster enough votes (48-36) to cut off debate.
- S. 3036 would limit greenhouse gas emissions to 2005 levels by 2012; 1990 levels by 2020 (same as AB 32); and 65 percent below 1990 levels by 2050.
- With skyrocketing gasoline prices capturing national headlines, supporters could not have chosen a worse week to begin the Senate floor debate.
- The debate on the bill was truncated due to an unrelated dispute over judges when the Senate Clerk was forced by Republicans to read the bill (all 342 pages) into the record. Senate Majority Leader Reid (NV) pulled the bill from further debate. As a result, a number of important cap-and trade design issues never got a full public airing.

2008 Senate Action

- Afterwards, 10 moderate Democrats sent a letter to Senators Reid and Boxer containing principles for legislation that they could support.
 - Senators Stabenow, Rockefeller, Levin, Lincoln, Pryor, Webb, Bayh, McCaskill, Brown and Ben Nelson
- Legislation must:
 - contain costs and protect the U.S. economy;
 - invest in new technologies and deployment of existing technologies;
 - treat states equitably;
 - protect America’s working families;
 - protect U.S. manufacturing jobs;
 - fully recognize the role of agriculture and forestry;
 - provide accountability for consumer dollars; and
 - **“clarify” Federal and state authority (so that “existing state laws and initiatives should be integrated into the federal cap-and-trade program where the policies do not conflict”).**

2009 Environment & Public Works Principles

Sen. Boxer on Feb. 4 announced six climate change principles:

- Reduce emissions to levels guided by science to avoid dangerous global warming;
- Set short and long term emissions targets that are certain and enforceable, with periodic review of the climate science and adjustments to targets and policies as necessary to meet emissions reduction targets;
- Establish a transparent and accountable market-based system that efficiently reduces carbon emissions;
- Use revenues from the carbon market to help consumers, invest in new technologies, support adaptation, conserve wildlife and natural systems, support efforts by developing nations and assist workers, businesses and communities, including manufacturing states, in the transition to a clean energy economy;
- Ensure a level global playing field, by providing incentives for emission reductions and effective deterrents so that countries contribute their fair share to the international effort to combat global warming; and
- **Ensure that state and local entities continue pioneering efforts to address global warming.**