

## **Issue 2: Lieberman-Warner Climate Security Act of 2008 (S.2191)**

**Background:** There is a growing consensus among federal policy makers that legislation to reduce greenhouse gas emissions (particularly carbon dioxide) is necessary. Both the House and Senate have embarked on initiatives to accomplish this goal, and much of the debate has centered on the costs and benefits of a mandatory program to cap emissions and establish markets to buy and sell CO<sub>2</sub> emission allowances. S.2191 is a major piece of legislation that has, among many other things, the following provisions:

- Capping CO<sub>2</sub> emissions from covered facilities beginning in 2012, requiring emissions reductions to 70% below 2005 levels by 2050.
- Covered facilities such as natural gas processors and petroleum-based fuel refiners and importers would need to purchase and submit to EPA allowances accounting for their annual emissions of CO<sub>2</sub> equivalents.
- Quarterly reporting of GHG emissions
- Major increases in federal funding for
  - low-carbon energy technologies like high efficiency appliances
  - LIHEAP, weatherization, and rural energy assistance

The propane industry is active in the climate change debate for several reasons. While at this point most propane industry facilities are not defined in S. 2191 as “covered facilities” for purposes of regulation, some clearly are. Furthermore, it is generally recognized that any broad-based carbon reduction program will increase the cost of energy. A carbon emissions reduction program will create higher (perhaps much higher) demand for lower carbon fuels like propane. Questions also remain about how to cover fast-growing developing nations like China and India. NPGA believes that the climate change issue provides a unique opportunity for the industry to lock-in policy objectives that have been in play for some time now.

**Status:** S.2191 was reported out of the Environment and Public Works Committee on December 5, 2007. Reports indicate that Majority Leader Harry Reid (D-NV) will bring the bill to the Senate floor in early June. While no comparable omnibus bill exists on the House side, leaders of the Energy and Commerce Committee have stated their intent to try to move a bill by the end of 2008.

**The Ask:** The propane industry strongly urges caution in quickly proceeding with a national regulatory program because of the possibility of price shocks and/or supply disruptions. To mitigate the higher costs of low-carbon fuels like propane on American citizens, NPGA urges Congress to

1. Make permanent the tax credits for alternative fuel, alternative fuel vehicle, and alternative fuel re-fueling infrastructure, set to expire beginning in 2009
2. Enact tax credits for the installation of energy efficient appliances
3. Ensure that any climate change bill covers the transportation sector to spur commercialization of propane vehicles