



## Preliminary Bingaman & Kerry/Lieberman Utility-Only Analysis

*\*NOTE: This is a quick analysis of these rapidly emerging bills. We hope that it will be a useful guide but we recognize that there may be discrepancies given the speed with which it was produced. Please contact Mitch Hunter at AFT ([mhunter@farmland.org](mailto:mhunter@farmland.org)) with any comments.*

### Kerry/Lieberman

**The Kerry/Lieberman utility-only bill maintains the Stabenow/Baucus offset program that has been endorsed by agriculture and was included in the comprehensive Kerry/Lieberman bill, but the program is drastically cut from 1.5 billion domestic offsets per year to a mere 375,000 domestic offsets per year.** (Note: the House-passed Waxman/Markey bill allows roughly 700M domestic offsets per year.) As a result, the offsets program is a less effective cost-containment tool and a weaker incentive for agricultural conservation. Though the cap will be smaller and increases in agricultural energy costs will be lower under the utility-only version, **we believe that the offset program should include the same proportion of the cap as in the comprehensive Kerry/Lieberman bill.**

In addition, the Kerry/Lieberman utility-only bill does not specify the allowance allocation for the Carbon Conservation Program. **On the whole, the Kerry/Lieberman utility-only bill does not sufficiently support agricultural carbon mitigation.**

### Bingaman

**The Bingaman utility-only bill's domestic offset program does not include the provisions that the agricultural community has determined are key to achieving agricultural carbon mitigation.** Instead of including the agriculture-approved Stabenow/Baucus language, the bill charges the EPA to develop an offset program. The agricultural community has made it clear that it can only support an offset program that is run by the USDA. Moreover, only one agricultural measure is included in the bill's list of "streamlined" offset project types: methane digesters.

**At the same time, the Bingaman utility-only bill does set aside 117.8M yearly allowances for agriculture (5% of the total), which could yield \$1.2-2.9B per year for agricultural carbon mitigation** (based on the inflation-adjusted price collar of \$10-\$25). However, because agricultural offsets are limited to 5% of the total, the program will be a less effective cost-containment tool and will not create the market tools that farmers and ranchers want to use to drive long-term and independent agricultural carbon mitigation.

### Conclusion

**The Kerry/Lieberman and Bingaman utility-only carbon cap bills should incorporate robust offset programs proportional to the programs included in the Kerry/Lieberman comprehensive bill. These programs would deliver cheaper carbon reductions and provide more co-benefits for rural America, such as cleaner water and air, reduced soil erosion and increased soil fertility.**

## Agricultural Allowances

	Bingaman	Kerry/Lieberman Utility-Only	Kerry/Lieberman Comprehensive	Stabenow/Baucus	Waxman/Markey
<b>Description</b>	Set aside for ag-derived allowances; certification program based on USDA study of ag GHG management	Carbon Conservation Program to fund conservation easements and sequestration projects	Carbon Conservation Program to fund conservation easements and sequestration projects	Carbon Conservation Program to fund conservation easements and sequestration projects	To be used for demonstration projects, climate adaptation, avoidance of land conversion and research
<b>Size</b>	Sets aside 117.8 MMT/yr for agricultural sequestration projects; price collar of \$10-\$25, increasing yearly	Size not specified	Size not specified	Size not specified	0.28% of emissions allowances for 2012-2016 (12-14M allowances)
<b>Benefits</b>	\$1.2-2.9B/yr	TBD	TBD	TBD	TBD (based on price)

## Domestic Offsets

	Bingaman	Kerry/Lieberman Utility Only	Kerry/Lieberman	Stabenow/Baucus	Waxman/ Markey (w/ Peterson Amendment)
<b>Size of Cap</b>	2,356 MMT in 2012, reduced 14% by 2020, then 40% by 2030	TBD	4,722 MMT in 2013, increased 8% by 2020, then reduced 25% by 2030	Same as Kerry/Lieberman	4,627 MMT in 2012, increased 9% by 2020, then reduced 24% by 2030
<b>% of Cap Eligible for Offsets</b>	Not Specified	500K MT (does not increase or decline); 75% domestic and 25% international	2,000M MT (does not increase or decline); 75% domestic and 25% international	Same as Kerry/Lieberman	2,000M MT/(2,000M MT * previous yr cap) * current yr cap; 50% domestic & 50% intl.
<b>Size of Domestic Offsets Market</b>	TBD – unspecified % of total by entity	500K offsets/yr	1,500M offsets/yr	Same as Kerry/Lieberman	2012: ~700M offsets 2020: ~700M offsets 2030: ~600M offsets
<b>Offset Price</b>	Collar of \$10-\$25, increasing yearly	TBD	TBD	TBD	TBD
<b>Regulation of Agriculture</b>	Precluded – utility only	Precluded – utility only	Not Specifically Precluded	Not Specifically Precluded	Precluded
<b>Distribution of Authority</b>	EPA must consult with USDA for ag and forestry offsets; M/R/V requirements are established by EPA	Clear delegation of ag/forestry authority to USDA; coordination with EPA is specified	Clear delegation of ag/forestry authority to USDA; coordination with EPA is specified	Clear delegation of ag/forestry authority to USDA; coordination with EPA is specified	Clear delegation of ag/forestry authority to USDA; coordination with EPA <i>not</i> specified
<b>Priority/ Eligible List</b>	Streamlined list: only ag element included is methane digesters	Eligible list: comprehensive list of agricultural practices	Eligible list: comprehensive list of agricultural practices	Eligible list: comprehensive list of agricultural practices	Eligible list: comprehensive list of agricultural practices
<b>Duration</b>	Not specified	Gives USDA flexibility; 5-10 yr ag; 30 yr max for forestry	Gives USDA flexibility; 5-10 yr ag; 30 yr max for forestry	Gives USDA flexibility; 5-10 yr ag; 30 yr max for forestry	5 yr max for ag; 20 yr max for forestry
<b>Stackability</b>	Not specified	Allowed	Allowed	Allowed	Not specified
<b>Reversals</b>	Not specified	USDA can establish reserve or insurance program; unintentional reversals require 50% replacement	USDA can establish reserve or insurance program; unintentional reversals require 50% replacement	Offsets reserve; unintentional reversals not punished	USDA can establish reserve or insurance program; unintentional reversals require 50% replacement
<b>Early Offsets Provision</b>	Not included	Credit for projects back to 1/1/04; Max 7 years of credits	Credit for projects back to 1/1/04; Max 7 years of credits	Credit for projects back to 1/1/01; Max 10 years of credits	Credit for projects back to 1/1/01