ENERGY INNOVATION AND CARBON DIVIDEND ACT (EICDA) – HR 763
MIKE KELLY – BAINBRIDGE ISLAND / 6TH CD LIAISON
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 NOx, 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.
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 its 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](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](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](https://citizensclimatelobby.org/dividend-delivery-study) for dividend delivery study – how the dividend would work
  - [https://citizensclimatelobby.org/household-impact-study/](https://citizensclimatelobby.org/household-impact-study/) has details on impact of dividend on households by region, income quintile, etc.
  - [https://citizensclimatelobby.org/remi-report/](https://citizensclimatelobby.org/remi-report/) - the REMI report with broad econometric data on the impact of CF&D

- Mike: mikekelly@msn.com
Low on the socioeconomic ladder: small CO$_2$ footprint. $430$ extra for $1000$ dividend.

High on the socioeconomic ladder: big CO$_2$ footprint. Pays $1454$ extra for $1000$ dividend.
29 CO-SPONSORS (AS OF 4/11/2019)
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 prototol 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