



Frequently Asked Questions about the Wildlife Provision In the Revised Climate Stewardship Act

What does the wildlife provision do?

It provides a new, guaranteed funding source for the Wildlife Conservation and Restoration Program of the Pittman-Robertson Act via revenue from a carbon pollution cap and trade program. A portion of the money paid by major industries that emit carbon dioxide will be set aside in an account to supplement existing funding for state wildlife grants. This money would be used by state wildlife managers to develop restoration and adaptation strategies so that wildlife is better able to adapt to changing climate.

How much revenue would this program generate for state wildlife grants?

The wildlife provision calls for no less than 10 percent of the annual revenue generated from the sale of global warming pollution permits to be set aside for state wildlife grants. Under current estimates, the wildlife provision could generate revenues of between \$500 million and \$2 billion annually starting in the year 2010. Since the Wildlife Conservation and Restoration Program is woefully under-funded, this is critical funding that would support wildlife management by the states.

Would this revenue take away other federal wildlife funding?

No. Because it is a new source of revenue, it would not come at the expense of other federal wildlife funding, nor would it increase the federal deficit. It would be deposited into the Wildlife Conservation and Restoration Program account, supplementing other sources of state wildlife grant funding.

How much carbon are we talking about?

The bill calls for a mandatory emissions “cap,” or overall limit, on the total amount of carbon dioxide that could be emitted by major industries in the United States each year, beginning in 2010. The cap would be set at 5.9 billion tons, which is equal to the amount of carbon dioxide emitted by regulated sources in 2000. These industries include power plants, oil refineries and large manufacturers. Every year, the government would issue a certain number of global warming pollution permits, each of which allows industry to emit one ton of carbon dioxide (or equivalent emissions of other greenhouse gases). At the end of the year, each industrial source must hold sufficient allowances to cover its emissions for the year.

How would the trading system work?

Each global warming pollution permit would be tracked with a serial number and would be tradable between companies directly or through brokers. In essence, this creates a new stock market commodity. Polluters would have the flexibility to decide when, where and how to reduce emissions of carbon dioxide. A source that reduces its emissions below its allowance level may sell its extra allowances to another source. A source that finds it more expensive to reduce emissions below allowable levels may purchase allowances from another source.

How would global warming pollution permits be distributed to industry?

Each year beginning in 2010, a new non-profit corporation called the “Climate Change Credit Corporation” (whose board of directors is appointed by the president and approved by the Senate) would auction off a limited number of global warming pollution permits (also called emission “allowances”) to the highest bidders among emitters. The bulk of the allowances will be given for free to industry through a formula determined by Secretary of Commerce and EPA Administrator. The portion of allowances that is sold to industry rather than given away for free will be determined by the Commerce Department, with oversight by Congress.

How much are the global warming pollution permits worth?

Because the bill features a flexible compliance system that encourages innovation and minimizes the cost of compliance for industry, the exact cost of permits – and the revenues paid to the government – will be determined by the free market. Companies are allowed to buy and sell permits from each other as well as from the government. Sources that increase their pollution levels will need to buy excess pollution permits from the government or from other companies. Sources that curb their pollution may be in a position to make a profit by selling excess pollution permits to others. Based on estimates by the Massachusetts Institute of Technology and the Energy Department’s Energy Information Administration, the market price for the global warming pollution permits could be between \$9 and \$16 for every ton of carbon dioxide.

Is there a penalty for emitting more than your allotted allowance?

Yes. Regulated sources that emit more than their entitled allowances would be subject to a financial penalty equal to three times the market price per emissions allowance. A similar program created under the Clean Air Act for Acid Rain has had 100-percent compliance due to its efficient, market-based design.

Who can buy and sell carbon allowances?

Anyone can buy carbon allowances and sell them on a new carbon market, similar to the stock exchange. The value of the allowances will go up and down depending on the supply and demand for them, just like other commodities.

Who is required to buy global warming pollution permits under this bill?

Major industries already regulated under the Clean Air Act would be subject to this legislation. They include large oil refineries, power plants and any manufacturers that release more than 10,000 lbs of carbon dioxide annually. By targeting large emitters, only two percent of U.S. manufacturers will be required to buy global warming pollution permits. These large emitters account for approximately 80 percent of the sector's current carbon dioxide emissions.

Would homeowners or SUV owners be required to buy global warming pollution permits?

No. Individuals and small businesses such as farms and ranches are exempt from this legislation.

What do state wildlife grants have to do with global warming?

Scientists have documented that wildlife species in North America are beginning to respond to global warming. According to a recent report by The Wildlife Society, some species already are migrating in response to the average 1-degree Fahrenheit average global temperature rise experienced in the last century. Climate scientists project a 2-10 degree Fahrenheit rise in temperatures by 2100 if we do not start to reduce the pollution causing global warming. As the nation's core program for preventing wildlife from becoming endangered in every state, the current State Wildlife Grants program needs a much larger federal investment to meet current wildlife conservation needs. This additional funding is essential to fulfilling the shared federal-state responsibility for conserving our nation's wildlife.