

# Congressmen float climate bill with fixed carbon price

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Two congressmen have unveiled a climate bill that aims to prevent carbon price volatility.

Democratic Congressmen Lloyd Doggett, a senior member of the House Ways and Means Committee, which is charged with drafting tax legislation, and Jim Cooper, co-author of the 1990 acid rain cap-and-trade system, have introduced the Safe Markets Development act.

Unlike other previously-introduced cap-and-trade bills, the Safe Markets bill would try avoid volatility in emission allowance prices by fixing the price of carbon allowances.

The bill aims to prevent any market manipulation "that could lead to destructive booms and busts in a US carbon market," according to a press release.

The legislation would give authority to an independent board to determine annual allowance prices to meet science-based emissions reductions targets between 2012 and 2020.

The bill would also direct the US Treasury Department to hold quarterly auctions in which 100 per cent of emissions permits would be sold to emitters.

These allowance auctions are designed to maintain prices determined by the board, said the release.

The board would be required to review annually its success in meeting the targets and adjust the prices to stay on track to meet those goals.

## **Traditional cap and trade**

Beginning in 2020, the programme would revert to a more traditional cap-and-trade approach where market prices are not fixed.

The bill aims to "ensure that any future market for carbon allowances is not abused by price speculators and undermined by excessive price volatility," said

Doggett in a release.

This is the second piece of cap-and-trade legislation to be drafted by the House Ways and Means committee.

Congressman Chris Van Hollen, member of the ways and means committee, said in February he will introduce a “cap-and-dividend” bill that would require at least 90 per cent of total allowance auction proceeds to be returned to taxpayers.

The Safe Markets bill was cosponsored by a coalition of House members, including members of the Blue Dog Coalition, which represents fiscally conservative Democrats, as well as members of the Congressional Progressive Caucus, which represents the interests of liberal members of the House.

Attracting the support of both extremes of the Democratic party is seen as vital to getting a climate change bill passed in Congress.

The Center for Clean Air Policy (CCAP), an environmental think tank, helped draft the bill.

**CCAP President Ned Helme said: “The Safe Markets Development act responds to concerns about the possibility of high costs, market manipulation and speculators interfering with new carbon markets.”**

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