

Argus Air Daily

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Market-watchers weigh in on GHG bill

Emitters are closely watching the debate on climate legislation this week for any indication the legislation would supersede greenhouse gas regulations that could be promulgated under the Clean Air Act.

Unless pre-emption issues are addressed, two separate statutes limiting GHGs could be a reality, said Senior Vice President of the Hawthorne Group John Shanahan, former Republican counsel on the Senate EPW Committee.

But the CAA thresholds for ambient concentrations of other pollutants are very low. Regulating GHGs under the same prescription would be very difficult for EPA, he said, speaking today on a Webinar hosted by the Environmental Markets Association.

Moreover, the CAA is only one of the statutes that could overlap a climate statute. The Endangered Species Act is another, warned Kyle Danish, senior associate of Van Ness Feldman.

These issues will only prolong passage of such a bill. "No one thought climate legislation would be passed this year, few think next year; I think it is more likely to pass in 2011, maybe 2012," Shanahan said. Until a bill from Rep. John Dingell (D-

Mich.) is introduced in the House, there is nothing in earnest from that side to debate, he said.

But the House process has been superior to the Senate's, Shanahan said, and the numerous hearings and white papers have advanced the state of knowledge among the rank-and-file lawmakers on the mechanics of a GHG cap-and-trade program, making it possible that a bill could move through the House faster than the Senate.

What a Senate final bill will look like is being shaped now, but as far as getting the details of credit allocations and offset provisions ironed out, "work is cut out for traders and the markets community," Shanahan warned. "The regulated community is your ally," he noted.

Passage of any bill must also consider what type of fuel is burned in what state, Danish said. "The debate on climate change is not a partisan issue as much as it is a regional issue."

Argus Air Daily

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