

U.S. Mitigation Presentation

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- We welcome the opportunity to discuss our respective mitigation contributions. I thought it would be useful to discuss several inter-related issues:
- First, I would like to remind everyone of the U.S. mitigation submission, and clarify a few points related to it.
- Second, I would like to give a brief background on our emissions trend and sources.
- Third, I would like to speak about what we are doing in the U.S. to reduce our emissions.
- Fourth, I would like to clarify some relevant assumptions and conditions, particularly in the land use sector.
- Finally, I thought it would be useful to show how our efforts stack up against those of other developed countries on a few metrics.

U.S. Mitigation Submission

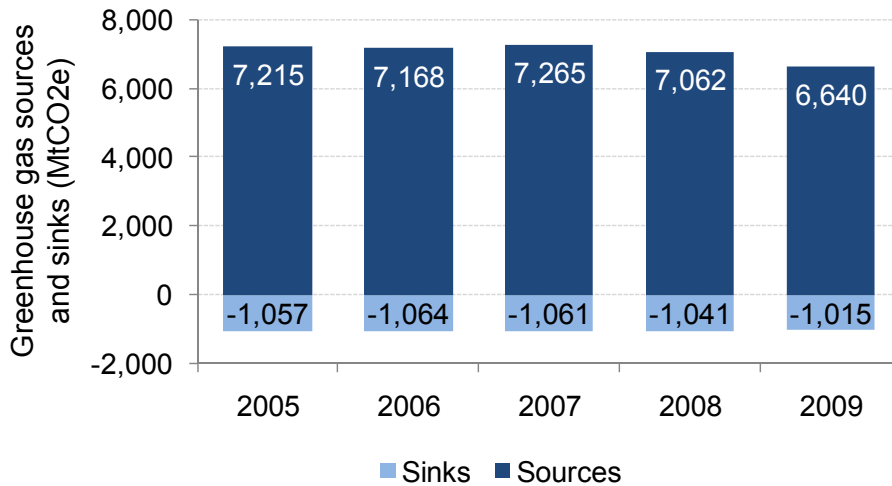
“In the range of 17% (below 2005 levels by 2020), in conformity with anticipated U.S. energy and climate legislation, recognizing that the final target will be reported to the Secretariat in light of enacted legislation.”

- First, let me reaffirm: **we stand by our pledge to reduce emissions “in the range of 17%” below 2005 levels.** The implementation will conform to whatever legislation is applicable.

- Second, concerning the scope of the target. In the lead-up to Copenhagen, because we linked the U.S. mitigation contribution closely to anticipated legislation, the question was asked whether we only intended for our target to cover that part of the U.S. economy that is covered by any new legislation. In Copenhagen, we agreed to “economy wide” targets for Annex I Parties and made our submission accordingly. I want to make clear that our target **is** an economy-wide target.

- Third, our preference for an approach that provides some discretion to Parties to determine the calculation of targets and their implementation **does not at all** mean that we are planning to calculate our target and its implementation without regard to any international standards. On the contrary, I will spend much of this presentation speaking to this issue.

U.S. Emissions Trend



Source: U.S. Environmental Protection Agency 2011 Draft U.S. Greenhouse Gas Inventory Report

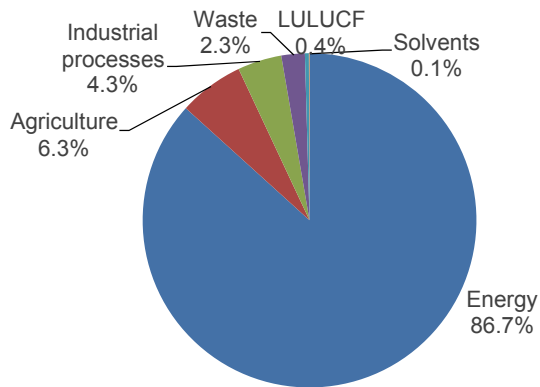
This chart present the emissions and sinks data from our 2011 inventory, the draft of which has already been released. The final version is to be released later this month.

U.S. emissions have been going down over the last decade. Our estimated net 2009 emissions are 5.7% above 1990 levels, and 8.7% **below** 2005 levels. Our gross emissions have declined by 8%.

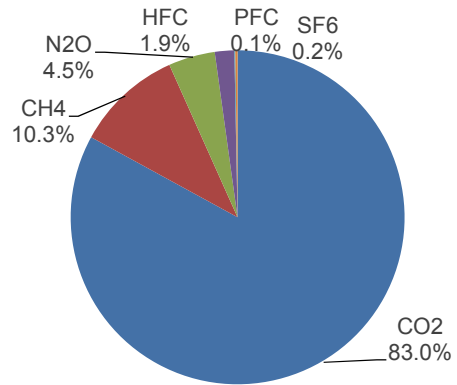
Of course, the inclusion of land use introduces some uncertainties not reflected in this chart; I will come back to that in a few moments.

U.S. Emissions Sources, 2009

All GHG sources by IPCC sector



All GHG sources by gas

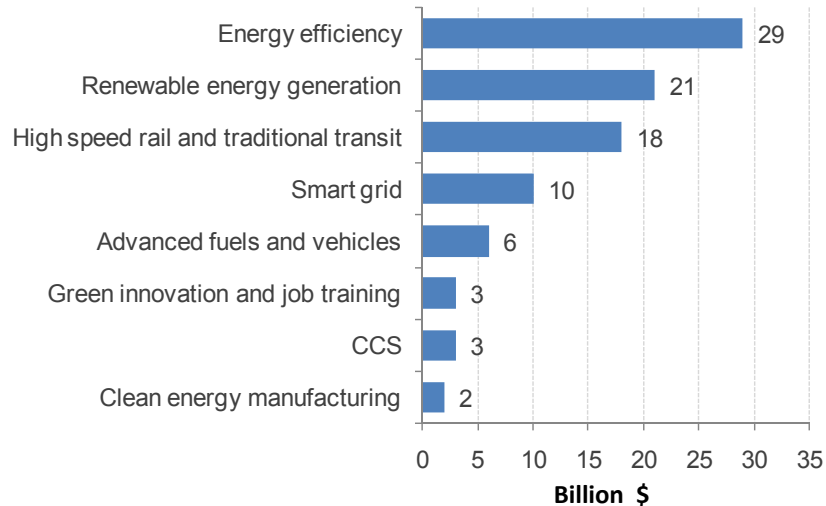


Total emissions (2009): 6,639.7 MtCO₂e
Net emissions (2009): 5,624.6 MtCO₂e

Note: The net CO₂ flux from LULUCF, which includes both emissions and sequestration, constitutes a sink in the U.S. of -1015.1 MtCO₂e.
Source: U.S. Environmental Protection Agency 2011 Draft U.S. Greenhouse Gas Inventory Report

U.S. Actions: Clean Energy Funding

TOTAL: \$92 billion



Source: U.S. Department of Energy

Under the Obama administration, the United States has demonstrated a renewed commitment to addressing climate change.

Until recently, the Administration had been pressing forward with comprehensive energy and climate legislation. Unfortunately, this did not pass through our Congress.

However, the Administration has also been working on a suite of other efforts to meet our mitigation commitment and advance a clean energy future.

We are committed to continuing to regularly and transparently report on our actions and the resulting emissions reductions as more information becomes available.

The U.S. is investing more than \$90 billion in clean energy through the economic Recovery Act – including the largest ever renewable energy investment in U.S. history. This includes:

- \$29 billion for Energy Efficiency;
- \$21 billion for Renewable Generation;
- \$10 billion to develop a "smart grid" with high-tech electric meters, electricity distribution and transmission grid sensors, and energy storage;
- \$6 billion to support Advanced Vehicles and Fuels Technologies

U.S. Actions: Policies and Measures

- Issued car and light truck GHG standards equivalent to 35.5 mpg by 2016
- Proposed heavy and medium duty truck GHG standards that would reduce emissions up to 20% by 2018
- Technical assessment examined potential car and light truck GHG stringencies of 47-62 mpg equivalent by 2025.
- Goal of one million electric vehicles on the road by 2015
- Expanded Clean Air Act permitting requirements and processes to now include GHGs for large stationary sources
- Plans to propose GHG emission standards for utility boilers and refineries
- Proposed 80% of electricity from clean sources by 2035 (double current levels)
- Using conservation programs to store carbon on croplands and turn degraded lands into grasses and trees

The EPA, **jointly with DOT**, has instituted historic new greenhouse gas emissions and vehicle efficiency standards of 35.5 mpg by 2016. These standards will reduce nearly a billion tons of greenhouse gas emissions over the lifetime of the 2012-2016 vehicles covered by this rule.

We have taken the first steps towards developing tougher greenhouse gas and fuel economy standards for passenger cars and trucks built in model years 2017 through 2025.

Expanded the Clean Air Act permitting requirements and processes to now include GHGs for large stationary sources. EPA is examining including new sources in the near future.

President Obama made clean energy a central focus of his State of the Union. The president called for:

- 80% of US electricity to come from clean sources by 2035
- the U.S. to put 1 million advanced tech cars on road by 2015

The President remains committed to advancing climate and energy legislation and other policies and measures to promote clean energy investments and lower U.S. greenhouse gas emissions.

Fundamental equation underlying targets

$$\left(\begin{array}{l} \text{emissions} - \\ \text{sinks in 2020} \end{array} \right) = \left(\begin{array}{l} X\% \text{ of baseline levels} \\ +/- \text{ emissions trading} \\ +/- \text{ internat'l offsets} \end{array} \right)$$

Let's look at the fundamental equation that underlies the calculation of country targets.

On the left hand, we have emissions and removals in 2020.

On the right hand, we have emissions in the base year and any emissions trading or offsets undertaken.

We intend to measure both emissions and sinks in accordance with the IPCC guidelines, as our inventory does.

Many countries will take policy decisions on two specific issues that would need to be considered in addition to their comprehensive national inventory.

First is land use.

Second is offsets.

I will talk about how those relate to our economy-wide target.

LULUCF

- For US accounting purposes, we will undertake ***a comprehensive, land-based approach that takes advantage of the broadest array of mitigation actions***
- A comprehensive approach will create incentives to reduce net emissions from all sectors that have mitigation potential
- The US is committed to comprehensive, consistent, and transparent reporting of all our GHG emissions and removals—including those in the LULUCF sector

LULUCF

We are considering ways to manage the following issues related to this sector:

- ***Climate impacts and natural disturbances***
- ***Baseline approaches***
- ***Uncertainties in LULUCF data***

We are looking closely at our own inventory and modeling capabilities to see if there are modifications or improvements needed to take on a particular approach—including various baseline methods as well as a comprehensive scope.

We recognize, however, that the land use sector has unique characteristics that we will want to manage – similar to considerations of Parties under the Kyoto Protocol.

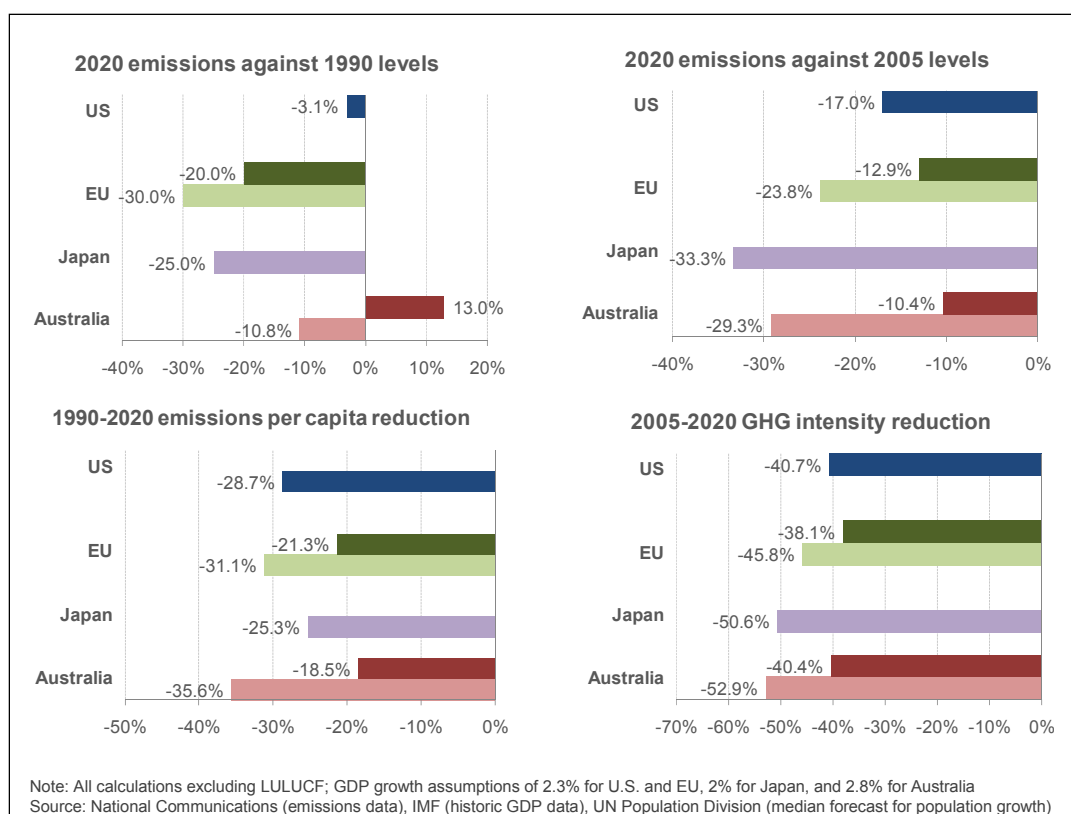
- In particular, we are examining how we can best manage risks related to future climate impacts and natural disturbances.
- Considering a baseline approach can also pose challenges given the diversity of national circumstances and starting points. KP discussions on forest management reference levels have considered both forward looking baselines and a near-term historic approach. Both have pros and cons. ***Forward-looking baseline approaches*** provide long-term estimates, but have significant uncertainties. Taking a ***base year or range of years approach ('near-term historic approach')*** can potentially provide a high degree of transparency but may not reflect national circumstances or the effect of forest and ag management practices.
- Similar to agriculture and waste, uncertainties in LULUCF data are significantly higher than energy data. Because sinks comprise a relatively significant portion of our emissions (around 15%, much higher than most European countries); including them will add a greater level of uncertainty to total US net emissions.

We are working on these issues, and will endeavor to find a way to deal with these inherent risks that is pragmatic and has scientific integrity.

We are also looking closely at our own inventory and modeling capabilities to see if there are modifications or improvements that would need to be made to take on a particular accounting approach—including various baseline methods as well as a comprehensive scope.

Emissions Trading and Offsets

- No current federal law providing for emission trading or offsets.
 - Some U.S. states provide credit toward emissions for allowances/reductions secured abroad.
 - Any mechanisms in the United States would meet high standards for environmental integrity and transparency.
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- Turning to **emissions trading and international offsets**, we do not currently have a federal law providing for such mechanisms.
 - Some of our state programs have provisions allowing the import of international emission reductions into their trading programs under certain conditions— though to date, no such purchases have happened.
 - If a new federal law were to provide for emissions trading and/or offsets abroad, we would also include such mechanisms in the reckoning of the U.S. target.
 - I am confident that any such mechanisms in the United States would meet high standards for environmental integrity, including with respect to transparency and ensuring that any credited offset is unique.
 - We are open to discussing the possibility of recommended best practices and/or reporting guidelines that would promote these objectives in all Annex I Parties.



Before I explain how the US target is “comparable” to other developed country targets, I would note that Bali doesn’t actually say that the “targets” of developed countries should be comparable.

Rather, it refers to “efforts,” which was intentionally formulated in that way to capture the widest range of actions taken by them. There are no dates mentioned, i.e., efforts are not focused particularly on 2020 or even on efforts taken post-Bali. Efforts are not limited to the GHGs covered by the FCCC; rather, efforts could include actions involving non-FCCC gases.

I would also note that the comparison of efforts is in relation to “all” developed country Parties. Thus, where a group of Parties take on an aggregate target but then apportion the target among them, the comparison is to each and every one of those Parties, not to groups of Parties.

Finally, I would note that comparability under Bali is to take into account differences in the “national circumstances” of developed country Parties. This phrase is often left out when Parties speak of comparability, but it was an essential part of the deal in Bali on this subparagraph. It was intended, in part, to take into account the fact that the US is not a party to the Kyoto Protocol. Thus, in no way was this paragraph to be understood to mean that the KP could be introduced through the backdoor of “comparability” to apply in some way to the United States.

Now, going beyond what Bali actually says, in a simple comparison of emissions reductions, our 17% target is consistent with or exceeds the ambition of other developed countries’ unconditional targets on a range of metrics, including:

- 2005 levels
- per capita reductions, and
- GHG intensity reductions

Some Closing Comments

- A few concluding remarks:
- First, I want to reiterate our commitment to our 2020 target reflected in our submission.
- Second, I hope that this presentation has helped illuminate both our actions and the methodologies we intend to use. This workshop is very much the kind of discussion we have in mind when we press for a transparent international process. We presented here the kind of information that hopefully enables you, as Parties, to evaluate our level of effort. Of course, it is incomplete – and we are working on the further development of both policies and an assessment of the GHG effects of those policies. We cannot, for example, yet tell you how close we are to meeting the 17% reduction levels I spoke of at the start of this presentation. Over time, as that analysis is completed, we will share that information with you. But you can see the contours of our effort. It is an absolute target – and we have explained how we count some of the contentious elements, like land use and offsets. It is economy wide, and we have presented the figures that demonstrate what we include – for us, all emissions, all sources, and all sectors. We are happy to have this information reviewed --- and in fact, it has been, several times, by UNFCCC-led expert teams.
- Thank you for the opportunity to present. I welcome your questions.