



November 20, 2019

The Honorable Kathy Castor
Chair
House Select Committee on the Climate Crisis
H2-359 Ford Building
Washington, DC 20515

The Honorable Garret Graves
Ranking Member
House Select Committee on the Climate Crisis
H2-361 Ford Building
Washington, DC 20515

Dear Chair Castor and Ranking Member Graves:

Thank you for soliciting stakeholder policy recommendations to achieve substantial and permanent reductions in pollution and other activities that contribute to the climate crisis.

To achieve national net-zero emissions by mid-century, CRES Forum proposes a 10-year revenue neutral federal policy strategy. Our strategy is characterized by a focus on reducing clean energy costs for Americans and U.S. business. It is also focused on increasing all possible technological options available to avoid, reduce, capture and sequester greenhouse gases. As a result, locally appropriate solutions can be implemented quickly not just in the U.S., but globally.

Our strategy builds off traditional federal and state roles in the energy sector, therefore we believe it is politically expedient, market-friendly, and durable climate policy.

The four pillars of our strategy are:

1. **STRENGTHEN PRICE SIGNALS FOR MARKETS.** Congress should provide certainty to energy developers and investors by establishing a federal carbon avoidance and sequestration price through a 10-year tax incentive program. The goal of the incentives should be revised from support for early-stage technologies to reducing greenhouse gases to address climate change—and measuring the results. Therefore, Congress should:
 - Harmonize tax credits (ITC PTC) for renewables, energy storage, and nuclear to create effective technological neutrality
 - Expand the carbon capture utilization and sequestration credit (45Q) to include eligibility for terrestrial sequestration (e.g., forests management, afforestation, and on-farm practices)
 - Expand and reform tax credits for home and commercial energy efficiency, and electric vehicles
 - Establish tax incentives in order to diversify investment opportunities in zero-emissions technologies for individuals, investment funds and small banks (e.g., mutual funds and retirement funds)
2. **EMPOWER STATES, MUNICIPALITIES, BUSINESSES AND INDIVIDUAL CONSUMERS TO ACT.** Cooperative federalism is a hallmark of American environmental policy. The federal government can enable rapid emissions reductions by empowering states and municipalities to adopt locally appropriate policy and improving carbon emissions information for businesses and individuals. Therefore, Congress should:
 - Establish a voluntary framework and common carbon accounting system for use by the private sector, states, and municipalities. The voluntary framework should track carbon emissions, facilitate the exchange of carbon credits, and track emissions avoidance and reductions through renewable energy purchases and energy efficiency
 - Establish a program for certified greenhouse gas emissions offsets for agriculture and land-use carbon offsets

3. **INCREASE FUNDING FOR DEPARTMENT OF ENERGY INNOVATION PROGRAMS, EXPEDITE GRID MODERNIZATION, AND REDUCE EMISSIONS ON FEDERAL PROPERTIES.** The federal government plays an important role complimenting the private sector by providing finance for energy research and development and pilot programs. Beyond this, the federal government should partner with the private sector to reduce emission from federal properties and better utilize federal lands for grid modernization. Therefore, Congress should:
- Increase funding for the Department of Energy for a period of 10 years with a special focus on investment in innovation programs such as ARPA-E to assure adequate financing for research and the advancement of high-potential, high-impact energy technologies
 - Modernize or eliminate regulatory and permitting barriers to competitive procurement, grid interconnection, and hydropower development, and open federal rights of way and lands to transmission projects
 - Expand performance contracting to increase energy efficiency and redevelopment on federal properties (e.g., office buildings, military bases, public housing)
4. **STRENGTHEN INTERNATIONAL ACCOUNTABILITY STANDARDS.** To drive global emissions reductions and conservation efforts outside U.S. borders and assure that U.S. purchasing power isn't "exporting the problem" we must link carbon emissions to trade. Therefore, Congress should:
- Enact a 10-year border carbon adjustment tariff on carbon intensive imports for the purpose of fulfilling domestic decarbonization goals (pursuant to GATT Article XX exceptions). The tariff should be established at the level needed to recover forgone tax revenue from tax incentives and pay for increased programmatic spending. Therefore, **this climate change policy proposal is revenue neutral.**
 - Enact international development policies that result in global emissions reductions through conservation, including afforestation, reforestation, habitat restoration, and cleaning the world's rivers and oceans.

An *all of the above* approach to clean energy is the principal reason the U.S. has been able to reduce carbon emissions more than any other country over the past decade. CRES Forum believes that future emissions reductions can be achieved by doubling down and expanding on historically successful policies and approaches, instead of pursuing a federal clean energy standard or carbon pricing policy that would upend the historical rights of states to shape their energy mixes.

Thank you for your leadership on this critical issue. We look forward to working with you.

Sincerely,



Charles Hernick
Director of Policy and Advocacy

Enclosure: Responses to RFI questions

About CRES Forum

Citizens for Responsible Energy Solutions (CRES) Forum is a 501(c)(3) non-profit organization that educates the public and influences the national conversation around responsible clean energy solutions that are actionable, market-friendly, and responsible. Founded in 2017, our organization provides expert information to key decision makers so they are empowered to act.

Contents

About CRES Forum.....	3
Sector-Specific Policies.....	6
1. What policies should Congress adopt to decarbonize the following sectors consistent with meeting or exceeding net-zero emissions by mid-century? Where possible, please provide analytical support that demonstrates that the recommended policies achieve the goal.....	6
a. Transportation.....	6
b. Electric power. The Select Committee would like policy ideas across the electricity sector but requests specific comment on two areas:	7
c. Industry	9
d. Buildings	9
2. What policies should Congress adopt to ensure that the United States is a leader in innovative manufacturing clean technologies; creating new, family-sustaining jobs in these sectors; and supporting workers during the decarbonization transition?.....	10
3. What policies should Congress adopt to ensure that environmental justice is integral to any plan to decarbonize these sectors?.....	10
Cross-Cutting Policies	11
4. Carbon Pricing:	11
a. What role should carbon pricing play in any national climate action plan to meet or exceed net zero by mid-century, while also minimizing impacts to low- and middle-income families, creating family-sustaining jobs, and advancing environmental justice?.....	11
b. How could sectoral-specific policies, outlined in questions 1-3, complement a carbon pricing program?	12
5. Innovation:.....	12
a. Where should Congress focus an innovation agenda for climate solutions? Please identify specific areas for federal investment and, where possible, recommend the scale of investment needed to achieve results in research, development and deployment.....	12
b. How can Congress incentivize more public-private partnerships and encourage more private investment in clean energy innovation?.....	13
Agriculture.....	14
6. What policies should Congress adopt to reduce carbon pollution and other greenhouse gas emissions and maximize carbon storage in agriculture?	14
7. What policies should Congress adopt to help farmers, ranchers, and natural resource managers adapt to the impacts of climate change?	14
Oceans, Forestry and Public Lands.....	15
8. How should Congress update the laws governing management of federal lands, forests, and oceans to accelerate climate adaptation, reduce greenhouse gas emissions and maximize carbon storage?.....	15
Non-CO2 Greenhouse Gases.....	15
9. What policies should Congress adopt to reduce emissions of non-CO2 greenhouse gases, including methane, nitrous oxide, and fluorinated gases?	15
Carbon Removal	16

10. How can Congress accelerate development and deployment of carbon removal technology to help achieve negative emissions?..... 16

Resilience and Adaptation 16

11. What policies should Congress adopt to help communities become more resilient in response to climate change? The Select Committee welcomes all ideas on resilience and adaptation but requests comments on three specific questions:..... 16

 a. What adjustments to federal disaster policies should Congress consider to reduce the risks and costs of extreme weather and other effects of climate change that can no longer be avoided? 16

 b. How can Congress better identify and reduce climate risks for front-line communities, including ensuring that low and moderate-income populations and communities that suffer from racial discrimination can effectively grapple with climate change? 17

 c. What standards and codes should Congress consider for the built environment to ensure federally supported buildings and infrastructure are built to withstand the current and projected effects of climate change? 17

Climate Information Support..... 17

12. What policies should Congress adopt to support solutions to the climate crisis and provide decisionmakers – and the American people – with the information they need? 17

International..... 18

13. The climate crisis requires a global response. U.S. leadership is critical for successful global solutions. What policies should Congress adopt to support international action on the climate crisis? 18

Sector-Specific Policies

1. What policies should Congress adopt to decarbonize the following sectors consistent with meeting or exceeding net-zero emissions by mid-century? Where possible, please provide analytical support that demonstrates that the recommended policies achieve the goal.

a. Transportation

CRES Forum believes that cooperative federalism means state and federal policymakers should strive for a common set of emissions standards and complimentary policy efforts that benefit consumers, provide certainty to the market, and continue to spur the innovation we have seen over the past two decades in the auto industry. As such CRES Forum recommends transportation policy on three fronts:

- Establish aggressive, achievable, and predictable year-over-year fuel economy increases with longer planning horizons that assure a single nationwide emissions standard;
- Reduce compliance costs by consolidating redundant credit/trading programs;
- Expand tax credits for the electrification of the transportation sector; and
- Improve highway signage for electric vehicle charging infrastructure.

ESTABLISH PREDICTABLE YEAR-OVER-YEAR INCREASES IN FUEL EFFICIENCY STANDARDS FOR THE NEXT DECADE

History shows irregular increases and plateaus in fuel economy standards driven by changes in Administration, leading to alternating periods of innovation and stagnation. American automakers and consumers deserve steady policy from government and longer planning horizons. The current focus on model years 2022-2025, is too near-term from a technological and investment standpoint.

Congress should establish steady year-over-year achievable increases in national fuel economy standards that extend to 2030. Ultimately, predictable increases that are both achievable and continue to push automakers to innovate will give American companies an advantage in competitive aggressive international markets, make new cars affordable for consumers, reduce pollution and, if gas prices increase, alleviate pain at the pump.

REDUCE COMPLIANCE COSTS BY CONSOLIDATING REDUNDANT CREDIT/TRADING PROGRAMS

The EPA and the National Highway Traffic Safety Administration (NHTSA) have developed flexible systems to allow auto manufacturers to meet fuel efficiency standards in a timely and cost-effective manner. An important component of this flexibility is a credit system that allows trading of credits between cars and trucks for a single manufacturer and trading of credits between manufacturers. However, the cost of compliance can be reduced. EPA's greenhouse gas emissions regulations and NHTSA's fuel economy regulations basically regulate the same thing—fuel economy and emissions are tightly linked for gasoline engines. Therefore, Congress should direct EPA and NHTSA to establish a single credit market would be much more effective, especially if it were linked to emissions, instead of efficiency per fuel type. This would simplify credit accounting for differences between automobiles using different fuel types (e.g., gasoline, E85, propane, electric vehicles).

EXPAND TAX CREDITS FOR THE ELECTRIFICATION OF THE TRANSPORTATION SECTOR

Electric vehicles are key to a cost-effective, consumer-oriented approach to reducing emissions from transportation. A federal tax credit of up to \$7,500 for the first 200,000 vehicles sold by a manufacturer has worked well. Tesla was the first manufacturer to reach this limit. Even though they are still a small percentage of cars on U.S. roads, widespread adoption may not be far off. Congress should extend federal tax credits to 2030 to support the transition and continue to compliment more targeted state policies. However, the tax credit should be reduced to \$7,000, with no volumetric limits.

Extending the electric vehicle tax credit through 2030 will be the catalyst needed to drive innovation in this sector and provide a strong and long-term market signal. The tax credit assures that small businesses can enter the market, and well-known automakers can diversify their lineups and offer consumers more environmentally friendly choices.

IMPROVE HIGHWAY SIGNAGE TO MAKE DRIVERS AWARE OF ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

A major barrier faced by prospective car buyers when considering a switch to an electric vehicle from a traditional internal combustion car is: where can I re-charge? Congress should direct the Department of Transportation to update Interstate Highway exit signs with electric vehicle charging stations in addition to gas stations to increase awareness on the availability of charging. This will become especially important as more rapid charging stations come online.

b. Electric power. The Select Committee would like policy ideas across the electricity sector but requests specific comment on two areas:

i. If you recommend a Clean Energy Standard, how should it be designed?

CRES FORUM DOES NOT RECOMMEND A FEDERAL CLEAN ENERGY STANDARD

CRES Forum recommends that the Select Committee on the Climate Crisis focus only on policies that recognize the rights of states under the Federal Power Act of 1935 to shape their resource mixes. Instead, Congress should:

STRENGTHEN PRICE SIGNALS FOR MARKETS BY ESTABLISHING A FEDERAL CARBON AVOIDANCE AND SEQUESTRATION PRICE

To achieve national net-zero emissions by from the electric power sector by mid-century, Congress should enact a 10-year policy that will provide certainty to energy developers and investors by establishing a *federal carbon avoidance and sequestration price* through tax incentives.

Instead of raising costs for energy developers or operators of legacy assets, Congress should utilize an approach that reduces clean energy costs and incentivizes investment in new clean energy generation. The historical system of tax credits has been a major driver of reduced emissions in the electric power sector. To further reduce emissions, these successful policies should be extended and expanded as follows:

- Harmonize tax credits (ITC PTC) for renewables, energy storage, and nuclear to create effective technological neutrality. This includes, but is not limited to:
 - Extending the Section 45 Production Tax Credit (PTC) for the so-called “orphaned” technologies such as hydropower, biomass and biogas. The PTC for these technologies has been expired for years with the promise of congressional action. Good-faith investments in these projects should receive the same eligibility for the PTC that wind energy has received since the PTC was extended in 2015.

- Extending and expanding tax incentives for clean energy to ensure their benefits are applied in a more technology-neutral manner. This would include extending and modifying the existing solar Investment Tax Credits (ITC) by allowing parity for investments in energy storage, offshore wind, and nuclear energy retrofits.
- Expand the carbon capture utilization and sequestration credit (45Q) to terrestrial sequestration (forests and farms)
- Extending and expanding robust residential tax incentives for energy efficiency construction and upgrades, including HVAC upgrades and expanding tax incentives for commercial building energy efficiency retrofits.
- Expand tax incentives for electric vehicles and electric vehicle charging technology.
- Establish tax incentives in order to diversify investment opportunities in zero-emissions technologies for individuals, investment funds and small banks (e.g., mutual funds and retirement funds)

In effect, Congress should modify the goal of tax incentives. Historically, they've been used to support early-stage market development for renewables and sequestration. However, given the need to address climate change the purpose should be redefined to cut carbon emissions. As such, Congress should require the Executive Branch to report on emissions reductions from these tax credits so the efficacy of the policy can be evaluated over time.

Fair and predictable tax policy in tandem with the policies outlined above would provide the incentive to more quickly spur large-scale investment in the clean energy technologies necessary to address climate change.

ii. How can Congress expedite the permitting and siting of high-voltage interstate transmission lines to carry renewable energy to load centers.

ESTABLISH A NATIONAL POLICY FAVORING EXPANDED, MODERNIZED, AND INTEGRATED BULK POWER TRANSMISSION, EQUAL CONSIDERATION FOR NON-WIRES ALTERNATIVES, AND OPEN FEDERAL LANDS AND RIGHTS-OF-WAY TO TRANSMISSION DEVELOPMENT

Clean and affordable energy depends on an efficient mechanism for moving bulk energy from generation to local distribution and effectively matching supply and demand. Unfortunately, transmission planning has not kept up with our changing energy requirements.

All options should be on the table — and that includes non-transmission alternatives as well as a concerted plan to develop transmission.

While larger investments in transmission are needed, the operational benefits of adopting new technology must be evaluated, too. Smart- and often local-options for updating our grids must be fully utilized. Congress should direct regional grid operators to evaluate and take advantage of technology advancements like advanced power flow control, dynamic line rating, advanced conductors, and topology control we can ensure that a reliable energy transmission framework is in place.

Congress should create mechanisms for the federal government to partner with the private sector to better utilize federal lands for grid modernization with a specific focus on grid interconnection and opening federal rights of way and lands to transmission projects.

As it relates to transmission, CRES Forum is a member of Americans for a Clean Energy Grid (ACEG). The following recommendations were developed by ACEG and are supported by CRES Forum:

- Congress should formally articulate and adopt a statement of policy favoring expanded, modernized, and integrated bulk power transmission as a preface to any relevant

legislation, thereby declaring to federal agencies, states, reviewing courts, stakeholder utilities and companies, public-interest advocates, and the general public that it is in the public interest to overcome the regulatory and jurisdictional barriers to such a system to obtain the manifold benefits of transmission that have been analytically identified and documented. Such a statement of policy could allow regulators and other decision-makers a basis to align decisions on transmission investments with the broader national interest.

- **Require Effective Interregional Transmission Planning:** Congress should direct FERC to develop and implement interregional transmission planning and cost allocation processes and procedures, beyond the mere consultation stipulated by Order 1000, subject to certain baseline requirements
- **Facilitate State Decision-Making:** Congress should provide financial and technical support to state and local regulators, planning agencies, and administrators, often under-funded and understaffed for the complex and controversial siting and permitting decisions they face.

c. Industry

STRENGTHEN PRICE SIGNALS FOR MARKETS BY ESTABLISHING A FEDERAL CARBON AVOIDANCE AND SEQUESTRATION PRICE, AND ESTABLISH A VOLUNTARY FRAMEWORK AND COMMON CARBON ACCOUNTING SYSTEM FOR USE BY THE PRIVATE SECTOR

The heavy-industry and fossil fuel sectors are the most challenged to make deep reductions in greenhouse gas emissions due to the need for large quantities of steady power. We have been working with businesses that have demonstrated the opportunity associated with carbon capture storage and carbon capture utilization. These technologies are proven and increasingly cost effective with the availability of the 45Q tax credit and must be written into climate change policy to rapidly reduce carbon emissions in the U.S. and globally. There are also examples of major ports and industrial facilities rapidly building out renewables plus energy storage and large-scale geothermal to power new industrial developed. Specifically, Congress should:

- Enact a 10-year policy that will provide certainty to energy developers and investors by establishing a *federal carbon avoidance and sequestration price* through tax incentives. *See response to Question #1b for further elaboration.*
- Establish a [voluntary framework](#) to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. *See response to Question #12 for full detail on the voluntary framework.*

d. Buildings

STRENGTHEN PRICE SIGNALS AND ESTABLISH A VOLUNTARY CARBON FRAMEWORK FOR USE BY THE PRIVATE SECTOR

The policies to (1) strengthen price signals for markets by establishing a federal carbon avoidance and sequestration price, and (2) establish a voluntary framework and common carbon accounting system for use by the private sector will work together to reduce emissions from buildings. These greenhouse gas emissions reductions will be achieved not by direct government intervention, but by strengthening the incentives and market reward for climate action.

See responses to Question 1b for full details on our price signal proposal and Question 12 for full details on the voluntary framework proposal.

2. What policies should Congress adopt to ensure that the United States is a leader in innovative manufacturing clean technologies; creating new, family-sustaining jobs in these sectors; and supporting workers during the decarbonization transition?

STRENGTHEN INCENTIVES AND IMPROVE INFORMATION FOR THE MARKET, INCREASE INVESTMENT IN INNOVATION, AND ESTABLISH A BORDER CARBON ADJUSTMENT

Our four-pillar climate strategy will increase clean energy options and reduce costs for all Americans and by correcting market failures and inefficiencies. As the most market-friendly approach to reduce emissions it will achieve the goals of economic growth, asserting U.S. leadership and job creation. The four pillars include:

- Enact a 10-year policy that will provide certainty to energy developers and investors by establishing a *federal carbon avoidance and sequestration price* through tax incentives. *See response to Question #1b for further elaboration.*
- Establish a [voluntary framework](#) to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. *See response to Question #12 for full detail on the voluntary framework.*
- Increase funding for Department of Energy innovation programs, expedite grid modernization, and reduce emissions on federal properties. *See response to Question #5 for further elaboration.*
- Establish a border carbon adjustment on carbon intensive goods. The tariff should be established for 10 years to assure that U.S. businesses benefit from actions to reduce carbon emissions and that all countries and foreign businesses aiming to gain access to U.S. markets and customers receive a market-signal to encourage emissions reductions. *See response to Question #13 for further elaboration.*

3. What policies should Congress adopt to ensure that environmental justice is integral to any plan to decarbonize these sectors?

REDUCE COSTS, INCENTIVIZE CLEAN ENERGY DEVELOPMENT AND JOBS, AND OPTIMIZE ENERGY PERFORMANCE IN PUBLIC HOUSING

Environmental outcomes can be improved by driving down costs for energy and expediting the transition to locally appropriate clean energy.

Our strategy will increase clean energy options and reduce costs for all Americans and by correcting market failures and inefficiencies. As the most market-friendly approach to reduce emissions it will achieve the goals of economic growth, asserting U.S. leadership and job creation.

Congress should also focus on improving energy efficiency in federal public housing. Dated energy equipment and appliances mean tenants are paying too much for electricity. In general, the federal government should look toward energy savings performance contracts to pursue energy efficiency on a national scale in all types of federal buildings. Performance contracting uses private sector financing and expertise to improve the energy use in the built environment, usually for public, commercial and industrial facilities.

Performance contracts are important for increasing the efficiency of buildings quickly and affordably—and must be a priority mechanism and entry point for optimizing energy performance in public housing. The concept offers an alternative financing model that accelerates energy-efficiency projects by making them possible without an upfront cost.

Through a partnership with a private company the federal government—or state and local governments—have a powerful tool for energy savings in their arsenal. A government entity will contract a private company to make the energy-efficient building upgrade. The company will pay for the construction out of its own pocket. After the upgrade is complete, the company gets paid back through a portion of the money saved over time through the increased efficiency of the building or facility.

In an Energy Savings Performance Contract (ESPC) the company also provides measurement and verification of the energy savings and guarantees that they will accrue to the government.

A second type of performance contract, Utility Energy Saving Contracts (UESC), function in a similar way. Such contracts are a great tool for speeding up progress on energy-efficiency projects and create new construction jobs without imposing costs on taxpayers.

Cross-Cutting Policies

4. Carbon Pricing:

a. What role should carbon pricing play in any national climate action plan to meet or exceed net zero by mid-century, while also minimizing impacts to low- and middle-income families, creating family-sustaining jobs, and advancing environmental justice?

CRES FORUM DOES NOT RECOMMEND A FEDERAL PRICE ON CARBON EMISSIONS

CRES Forum recommends that the Select Committee on the Climate Crisis focus only on policies that recognize the rights of states under the Federal Power Act of 1935 to shape their resource mixes. Congress should defer to states to enact renewable or clean energy standards or any mechanisms to price carbon emissions to assure the lowest-possible local price. Like any good or service in the economy, the costs for controlling carbon emissions vary widely by region and over time. Instead, Congress should:

STRENGTHEN PRICE SIGNALS FOR MARKETS BY ESTABLISHING A FEDERAL CARBON AVOIDANCE AND SEQUESTRATION PRICE

To achieve national net-zero emissions by mid-century, Congress should enact a 10-year policy that will provide certainty to energy developers and investors by establishing a federal carbon avoidance and sequestration price through tax incentives.

Instead of raising costs for energy developers or operators of legacy assets, Congress should utilize an approach that reduces clean energy costs and incentivizes investment in new clean energy generation. The historical system of tax credits has been a major driver of reduced emissions in the electric power sector. To further reduce emissions, these successful policies should be extended and expanded as follows:

1. Harmonize tax credits (ITC PTC) for renewables, energy storage, and nuclear to create effective technological neutrality. This includes, but is not limited to:
 - Extending the Section 45 Production Tax Credit (PTC) for the so-called “orphaned” technologies such as hydropower, biomass and biogas. The PTC for these technologies has been expired for years with the promise of congressional action. Good-faith investments in these projects should receive the same eligibility for the PTC that wind energy has received since the PTC was extended in 2015.
 - Extending and expanding tax incentives for clean energy to ensure their benefits are applied in a more technology-neutral manner. This would include extending and modifying the existing solar Investment Tax Credits (ITC) by allowing parity for investments in energy storage, offshore wind, and nuclear energy retrofits.

2. Expand the carbon capture utilization and sequestration credit (45Q) to terrestrial sequestration (forests and farms)
3. Extending and expanding robust residential tax incentives for energy efficiency construction and upgrades, including HVAC upgrades and expanding tax incentives for commercial building energy efficiency retrofits.
4. Expand tax incentives for electric vehicles and electric vehicle charging technology.
5. Establish tax incentives in order to diversify investment opportunities in zero-emissions technologies for individuals, investment funds and small banks (e.g., mutual funds and retirement funds)

In effect, Congress should modify the goal of tax incentives. Historically, they've been used to support early-stage market development for renewables and sequestration. However, given the need to address climate change the purpose should be redefined to cut carbon emissions. As such, Congress should require the Executive Branch to report on emissions reductions from these tax credits so the efficacy of the policy can be evaluated over time.

Fair and predictable tax policy in tandem with the policies outlined above would provide the incentive to more quickly spur large-scale investment in the clean energy technologies necessary to address climate change.

b. How could sectoral-specific policies, outlined in questions 1-3, complement a carbon pricing program?

N/A NOT APPLICABLE. CRES FORUM DOES NOT RECOMMEND A FEDERAL PRICE ON CARBON EMISSIONS

5. Innovation:

a. Where should Congress focus an innovation agenda for climate solutions? Please identify specific areas for federal investment and, where possible, recommend the scale of investment needed to achieve results in research, development and deployment.

INCREASE FUNDING FOR DEPARTMENT OF ENERGY INNOVATION PROGRAMS

The federal government plays an important role complimenting the private sector by providing finance for energy research and development and pilot programs. Innovation in clean energy is critical both for further driving down costs in energy for all American, but also for incubating the next generation of technologies that will drive job creation and economic growth. Therefore, Congress should increase funding for the Department of Energy for a period of 10 years with a special focus on investment in innovation programs to assure adequate financing for research and the advancement of high-potential, high-impact energy technologies. A funding increase should achieve the following:

- Investing in next generation zero-emissions sources, including renewable energy and nuclear energy, especially small modular reactors.
- Advance CO2 utilization and direct air capture research, permitting and development.
- Bolster America's leadership in nuclear energy by facilitating the development of next-generation nuclear energy resources.
- Authorize DOE to support the development of technologies that improve the efficiency, effectiveness, costs, and environmental performance of coal and natural gas use.

- Increase R&D in battery storage technologies to strengthen the electric grid amid the integration of renewables.
- Accelerate DOE's research and development of commercially viable carbon capture technologies for natural gas-fired electric generation facilities.
- Improve the energy efficiency of buildings, industries and manufacturers, and the federal government, delivering energy security and environmental benefits.
- Establish an emissions-reduction technology program to reduce industrial sector greenhouse gas emissions.

While not an exhaustive list, we believe investment in these areas will help further reduce costs and invest in diverse technologies to create options for reducing emissions that is foundational in a comprehensive climate policy.

b. How can Congress incentivize more public-private partnerships and encourage more private investment in clean energy innovation?

LEVEL THE PLAYING FIELD AND MAKE MARKETS MORE COMPETITIVE

With Advanced Energy Economy (AEE), we published for Congress's consideration [five ways to improve the electric power system and accelerate growth from energy innovation](#). These ideas all represent opportunities to embrace innovation, make the power grid our economy relies on secure, clean, and affordable, and crowd-in private sector investment. In the report, we describe details for how Congress should:

- Streamline Federal Permitting for Advanced Energy Projects
- Encourage Grid Planners to Consider Alternatives to Transmission Investment
- Allow Energy Storage and Energy Efficiency to Compete with Additional Generation
- Allow Large Customers to Choose Their Electricity Sources
- Allow Utilities and Consumers to Benefit from Cloud Computing Software

Furthermore, Congress should

- Modernizing the electric grid through strategic investments in transmission, distribution, and storage.
- Modernizing regulations governing hydropower development. For example, FERC should be established as the lead agency for coordinating all federal authorizations/reviews related to hydro license applications to assure their timely completion and interagency coordination.
- Modernize or eliminate regulatory and permitting barriers to competitive procurement, grid interconnection, and hydropower development, and open federal rights of way and lands to transmission projects
- Expand performance contracting to increase energy efficiency and redevelopment on federal properties (e.g., office buildings, military bases, public housing)

Agriculture

6. What policies should Congress adopt to reduce carbon pollution and other greenhouse gas emissions and maximize carbon storage in agriculture?

STRENGTHEN INCENTIVES AND IMPROVE INFORMATION FOR THE MARKET—ESPECIALLY BY ESTABLISHING A FEDERAL CARBON AVOIDANCE AND SEQUESTRATION PRICE FOR TERRESTRIAL SEQUESTRATION

To achieve national net-zero emissions by mid-century, Congress should enact a 10-year policy that will provide certainty to energy developers and investors by establishing a federal carbon avoidance and sequestration price through tax incentives—including expanding the carbon capture utilization and sequestration credit (45Q) to terrestrial sequestration (forests and farms)

A climate policy offering farmers a profit opportunity, rather than exclusively regulation or cost-share concessions, recognizes that incentives frequently work better than regulations and advances the conservative principle that the private sector is best suited to deliver the optimal level of public and private goods. Expeditious climate policy should compensate farmers and land/forest owners who voluntarily invest in sustainability best management practices – such as cover crops or water conserving irrigation systems – which offer benefits to climate mitigation, water conservation, water quality, soil health, and/or air quality. Farmers choosing to invest in our shared natural resources can be fairly compensated for the public benefit – delivering a healthy combination of environmental benefits and private business opportunity. See response to Question #1b for further elaboration.

Congress should establish a voluntary framework to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. Such a voluntary framework will increase transparency and accountability in the marketplace, driving additional investment in clean energy and offsets—and promote a race to the top in environmental performance among public and private sector entities. See response to Question #12 for full detail on the voluntary framework.

7. What policies should Congress adopt to help farmers, ranchers, and natural resource managers adapt to the impacts of climate change?

While adaptation is beyond the focus of our climate change mitigation strategy, we anticipate that results of the ecosystem based and green infrastructure policies described in the answer to Question 6 (above) will increase the adaptive capacity of farmers, ranchers, and natural resource managers.

STRENGTHEN INCENTIVES AND IMPROVE INFORMATION FOR THE MARKET—ESPECIALLY BY ESTABLISHING A FEDERAL CARBON AVOIDANCE AND SEQUESTRATION PRICE FOR TERRESTRIAL SEQUESTRATION

To achieve national net-zero emissions by mid-century, Congress should enact a 10-year policy that will provide certainty to energy developers and investors by establishing a federal carbon avoidance and sequestration price through tax incentives—including expanding the carbon capture utilization and sequestration credit (45Q) to terrestrial sequestration. This policy would be of particular benefit to land managers, especially farmers, ranchers, and natural resource managers.

A climate policy offering land managers a profit opportunity, rather than exclusively regulation or cost-share concessions, recognizes that incentives frequently work better than regulations and advances the conservative principle that the private sector is best suited to deliver the optimal level of public and private goods. Expeditious climate policy should compensate land managers who

voluntarily invest in sustainability best management practices – such as cover crops or water conserving irrigation systems – which offer benefits to climate mitigation, water conservation, water quality, soil health, and/or air quality. Land managers choosing to invest in our shared natural resources can be fairly compensated for the public benefit – delivering a healthy combination of environmental benefits and private business opportunity. *See response to Question #1b for further elaboration.*

Congress should establish a [voluntary framework](#) to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. Such a voluntary framework will increase transparency and accountability in the marketplace, driving additional investment in clean energy and offsets—and promote a race to the top in environmental performance among public and private sector entities. *See response to Question #12 for full detail on the voluntary framework.*

Oceans, Forestry and Public Lands

8. How should Congress update the laws governing management of federal lands, forests, and oceans to accelerate climate adaptation, reduce greenhouse gas emissions and maximize carbon storage?

DEPLOY BEST PRACTICES FOR TERRESTRIAL SEQUESTRATION AND ADAPTATION

On federal lands, forests, and in federal waters, Congress should direct federal agencies to deploy best management practices for terrestrial sequestration and adaptation coupled with adequate funding. Congress should also allow equal opportunities for leasing/use for renewables, energy storage, and transmission on federal lands and in federal waters, while balancing conservation interests.

Finally, Congress should enact international development policies that result in global emissions reductions through conservation, including afforestation, reforestation, habitat restoration, and cleaning the world's rivers and oceans.

Non-CO2 Greenhouse Gases

9. What policies should Congress adopt to reduce emissions of non-CO2 greenhouse gases, including methane, nitrous oxide, and fluorinated gases?

ESTABLISH A VOLUNTARY FRAMEWORK FOR GREENHOUSE GAS ACCOUNTING, REPORTING, AND OFFSET EXCHANGE TO EMPOWER CLIMATE ACTION BY THE PRIVATE SECTOR, STATES, AND MUNICIPALITIES; AND ELIMINATE SUPER POLLUTANTS

Congress should establish a [voluntary framework](#) to track greenhouse gas emissions, facilitate the exchange of carbon (equivalency) credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. Such a voluntary framework will increase transparency and accountability in the marketplace, driving additional investment in clean energy and offsets—and promote a race to the top in environmental performance among public and private sector entities. *See response to Question #12 for full detail on the voluntary framework.*

Furthermore, Congress should address super pollutants by leveraging existing resources and coordinating new efforts to mitigate emissions from short-lived climate pollutants such as black carbon, methane, and hydrofluorocarbons (HFC). Not all greenhouse gases are equal. For example, Congress should commission additional research from the National Academies of Science,

Engineering, and Medicine to develop recommendations on how to phase-out high global warming HFCs across key sectors of the economy. Congress should also provide technical assistance to support global methane reductions, along with supporting reductions of domestic methane emissions. These are first steps that Congress could take to address greenhouse gases that have a disproportionately strong climate-forcing effect. By reducing emissions of short-lived climate pollutants and developing best practices here in the U.S., we have an opportunity to demonstrate and implement climate solutions that are in-demand in the global marketplace, particularly in fast-growing developing country economies.

Carbon Removal

10. How can Congress accelerate development and deployment of carbon removal technology to help achieve negative emissions?

STRENGTHEN INCENTIVES AND IMPROVE INFORMATION FOR THE MARKET—ESPECIALLY BY ESTABLISHING A FEDERAL CARBON AVOIDANCE AND SEQUESTRATION PRICE FOR GEOLOGIC AND TERRESTRIAL SEQUESTRATION, AND INCREASE FUNDING FOR DEPARTMENT OF ENERGY INNOVATION PROGRAMS

To achieve national net-zero emissions by mid-century, Congress should enact a 10-year policy that will provide certainty to energy developers and investors by establishing a *federal carbon avoidance and sequestration price* through tax incentives—including extending the carbon capture utilization and sequestration credit (45Q) and expanding the credit to terrestrial sequestration (forests and farms). *See response to Question #1b for further elaboration.*

Congress should establish a [voluntary framework](#) to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. Such a voluntary framework will increase transparency and accountability in the marketplace, driving additional investment in clean energy and offsets—and promote a race to the top in environmental performance among public and private sector entities. *See response to Question #12 for more detail on the voluntary framework.*

The federal government plays an important role complimenting the private sector by providing finance for energy research and development and pilot programs. Congress should increase funding for the Department of Energy for a period of 10 years with a special focus on CO₂ storage, utilization and direct air capture research and development. *See response to Question #5 for more detail on innovation opportunities.*

Resilience and Adaptation

11. What policies should Congress adopt to help communities become more resilient in response to climate change? The Select Committee welcomes all ideas on resilience and adaptation but requests comments on three specific questions:

a. What adjustments to federal disaster policies should Congress consider to reduce the risks and costs of extreme weather and other effects of climate change that can no longer be avoided?

ENHANCE RESILIENCY OF THE ENERGY SYSTEM AND ECONOMY THROUGH STRENGTHENED INCENTIVES AND INFORMATION FOR THE MARKET, INCREASED INVESTMENT IN INNOVATION, AND A BORDER CARBON ADJUSTMENT

Our four-pillar climate strategy will increase clean energy options and reduce costs for all Americans and by correcting market failures and inefficiencies. The results of the strategy will enhance the resilience of the energy system, but also increase incomes and economic opportunity making communities more resilient to climate change too. The four-pillars include:

- Enact a 10-year policy that will provide certainty to energy developers and investors by establishing a *federal carbon avoidance and sequestration price* through tax incentives. *See response to Question #1b for further elaboration.*
- Establish a [voluntary framework](#) to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. *See response to Question #12 for full detail on the voluntary framework.*
- Increase funding for Department of Energy innovation programs, expedite grid modernization, and reduce emissions on federal properties. *See response to Question #5 for further elaboration.*
- Establish a border carbon adjustment on carbon intensive goods. The tariff should be established for 10-years to will assure that U.S. businesses benefit from actions to reduce carbon emissions and that all countries and foreign businesses aiming to gain access to U.S. markets and customers receive a market-signal to encourage emissions reductions. *See response to Question #13 for further elaboration.*

b. How can Congress better identify and reduce climate risks for front-line communities, including ensuring that low and moderate-income populations and communities that suffer from racial discrimination can effectively grapple with climate change?

REDUCE COSTS, INCENTIVIZE CLEAN ENERGY DEVELOPMENT AND JOBS, AND OPTIMIZE ENERGY PERFORMANCE IN PUBLIC HOUSING

See full response at Question #3.

c. What standards and codes should Congress consider for the built environment to ensure federally supported buildings and infrastructure are built to withstand the current and projected effects of climate change?

NO RESPONSE

Climate Information Support

12. What policies should Congress adopt to support solutions to the climate crisis and provide decisionmakers – and the American people – with the information they need?

ESTABLISH A VOLUNTARY FRAMEWORK FOR CARBON ACCOUNTING, REPORTING, AND OFFSET EXCHANGE TO EMPOWER CLIMATE ACTION BY THE PRIVATE SECTOR, STATES, AND MUNICIPALITIES

Congress should establish a [voluntary framework](#) to track carbon emissions, facilitate the exchange of carbon credits/offsets, and track emissions avoidance through renewable energy purchases and energy efficiency. Such a voluntary framework will increase transparency and accountability in the marketplace, driving additional investment in clean energy and offsets—and promote a race to the top in environmental performance among public and private sector entities.

Additional visibility for climate action is needed. Nine eastern states and California have employed cap-and-trade systems to reduce greenhouse gases for more than a decade. Three additional states

are expected to join RGGI in the coming year. Separately, more than 3,500 mayors, governors, CEOs, college presidents, faith organizations, and tribal leaders have moved to similarly track and reduce emissions in “[We are Still In](#)” commitments. Because many companies struggle to cut emissions in their own operations, the purchase of offset credits allows them to compensate for reduced emissions elsewhere. The tool has proved to be popular and resulted in a [\\$28 million](#) voluntary offset credit market.

However, these myriad actions are difficult for decisionmakers and the American public to understand because a national reporting system is lacking. Through the voluntary framework, Congress will support these sub-federal actions and establish reliable standards and transparency that could help unleash the market’s potential to reduce greenhouse gases. This targeted federal effort could help protect investors and maintain fair and orderly functioning of voluntary carbon transactions.

One system for voluntary reporting and offset exchange is both complimentary to the market-based mechanisms that states have been using to reduce greenhouse gases for over a decade and does not supersede state action in this space. It may also raise consumer confidence in zero- or low-carbon products, investments, and services through a labeling program similar to Energy Star, or USDA certifications for organics. Some policymakers have called this a *Carbon Star* approach/policy.

International

13. The climate crisis requires a global response. U.S. leadership is critical for successful global solutions. What policies should Congress adopt to support international action on the climate crisis?

ESTABLISH A BORDER CARBON ADJUSTMENT TARIFF

To drive global emissions reductions outside our borders and assure that U.S. purchasing power isn’t “exporting the problem” we propose a border carbon adjustment on carbon intensive goods. The tariff should be established for 10 years at the level (price) needed to recover forgone tax revenue from tax incentives and pay for increased programmatic spending anticipated in our other policy proposals.

The border carbon adjustment will assure that U.S. businesses benefit from actions to reduce carbon emissions and that all countries and foreign businesses aiming to gain access to U.S. markets and customers receive a market-signal to encourage emissions reductions.