

Frequently Asked Questions about the CLEAR Act

What does CLEAR stand for?

"Carbon Limits and Energy for America's Renewal"

What are its main goals and objectives?

By putting a steadily-increasing price on carbon emissions and via clean energy investments, it will reduce greenhouse gas emissions (GHG's) 20% below 2005 levels by 2020; 42% lower by 2030 and 83% lower by 2050. It will put money into the pockets of every U.S. resident with a Social Security number via monthly rebates; it is projected that a family of four will receive approximately \$1,000/year in the first year of the program. It will drive the transition from a fossil fuel-based economy to one based on clean energy sources by steadily increasing the price of carbon-based fuels and by investments in green jobs, clean energy, energy efficiency and transition assistance programs.

Where does the money for the rebates and clean energy investments come from?

It is raised by requiring companies that import or mine coal, oil and natural gas-the fossil fuels-to buy a permit for every ton that they bring into the U.S. economy. These companies, 2,000-3,000 of them, will buy these permits at a government-organized auction. It is projected that between \$42 billion and \$126 billion will be raised in 2012, the first year of this program, and over time that amount will likely grow, as will the rebates to the American people.

How much of the money is used for rebates and how much is used for clean energy investments?

75% is for rebates, 25% is for investments via a Clean Energy Reinvestment Trust (CERT) Fund.

Can the GHG reduction targets be made stronger?

The CLEAR Act contains a provision that allows the President to propose a strengthening of the targets by decreasing the number of carbon permits available for auction. The Congress is given 30 days after he/she makes this proposal to approve it, or not, via a joint resolution.

What is the role of Wall Street and big banks in this plan?

They are explicitly prevented from buying or selling the carbon shares/emissions permits.

Is trading of carbon shares allowed?

Yes, but only among the 2-3,000 fossil fuel producing companies that are each required to buy shares at auction. There is a secondary "derivatives" market allowed, but the fossil fuel companies that buy carbon shares are prohibited from participating in it.

Does it allow for offsets?

No, it does not. The CERT Fund will, however, undertake investments in "offset-like" projects-like capping methane from landfills or planting fast-growing trees-but these investments will be in addition to, not a replacement for, the buying of permits by carbon polluters.

What are the projected uses of the 25% of auction revenues that are invested via the CERT Fund?

42% of those revenues would be used for direct GHG reduction efforts, most for projects such as energy efficiency and agricultural and forestry sequestration efforts, both in the U.S. and internationally. Other uses would include: transition assistance to those workers, communities and businesses most affected by the changeover to a clean energy economy; job-training programs for US workers for the new clean energy economy; clean energy research, development and deployment; energy efficiency programs; projects that benefit our oceans, fish and wildlife and our ecosystems; and programs to protect energy consumers.

How many pages is the CLEAR Act?

It's only 39 pages long!

Is there a penalty for companies that don't have enough carbon pollution permits?

Yes, they have to pay five times the value of the permit, and that money will go to the CERT Fund to be used for clean energy investments.

How does it protect U.S. carbon-based companies from competition from non-U.S.-based companies that don't have a similar program?

It provides for a fee to be imposed at the port-of-entry comparable to the cost to U.S. fossil fuel companies of this program.

Does it support carbon sequestration?

Yes, in two ways. It allows for reimbursement of carbon shares for any "verifiably sequestered" carbon, for carbon "embedded" in a product that prevents its release into the atmosphere, or for the operator of an oil or gas "reinjection project." The authors of the legislation also anticipate that there will likely be dedicated funding for carbon capture and sequestration research, development and deployment.

Is there a minimum or a maximum price for the carbon emission permits?

Yes. The minimum is \$7/share and the maximum is \$21/share; the \$7 minimum price can grow annually by 6.5% plus inflation; the \$21 maximum can grow annually by 5.5% plus inflation.

How can I get involved in the effort to advance, and strengthen, this bill?

There are many local, state, regional and national organizations around the country which are interested in or actively supporting the CLEAR Act. You can find out more and sign up to be connected to the national network of supporters by going to <http://www.supportclearact.org>. And you can take the initiative right away to contact your Senators, and encourage other people you know to do the same, to urge them to co-sponsor this important, urgently-needed piece of legislation.