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**Research Report**

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## New Climate Leadership

**“Yes we can ... after all” – the United States is caught between international ambitions and domestic challenges**

*Susanne Dröge / Sonja Thielges*

In a push for climate protection in the US, the United States Environmental Protection Agency has proposed new CO<sub>2</sub> emission limits for power plants. This is the next step in President Barack Obama’s agenda on tackling climate change and the measures taken by the US administration are highly pertinent in the run-up to a new UN climate agreement in 2015. In June at the Bonn climate talks, the American push was welcomed. At the latest G7 summit a new climate deal was supported as well, and the US took the lead in bringing the issue forward. The EU has to balance its role as a key partner for developing countries under the UN framework with increasing its influence on key negotiators to promote climate protection as a global goal.

On 2 June, the US proposed regulation to limit the CO<sub>2</sub> emissions of its power plants. This came at the same time as negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) in Bonn, and the G7 summit in Brussels.

During UNFCCC talks in 2009, the US pledged to reduce its greenhouse gas emissions to 17 percent below 2005 levels by 2020. A federal climate bill passed the US House of Representatives in the same year, but never made it through the Senate. Since then the president has been bypassing resistance from climate change sceptics, and the general gridlock in Congress, with reference to the Clean Air Act of 1970, which authorises him to regulate greenhouse gases without the explicit approval of Congress. Climate pledges made under a UNFCCC

treaty need to be approved by Congress. But for now at least, Congress cannot challenge Obama’s international leadership.

### Climate Action Plan and “Clean Power” Plan

In 2013 the Obama administration presented a comprehensive Climate Action Plan which led to a number of separate initiatives: in September 2013 the Environmental Protection Agency (EPA) proposed carbon standards for building new power plants; in March 2014 the White House published its strategy to reduce methane emissions; and stricter emissions standards are being drafted for heavy duty vehicles. Then in May, various federal agencies and departments published their third joint climate

report, warning of the consequences of climate change for the US. The Clean Power Plan currently being proposed is especially significant, as almost 40 percent of CO<sub>2</sub> emissions in the US are caused by power plants.

The plan sets CO<sub>2</sub> limits for fossil fuel fired power plants in the US, approximately 1000 in total. Full implementation of the plan could reduce CO<sub>2</sub> emissions from these power plants to 30 percent below 2005 levels by 2030. The emission goals differ from state to state, depending on their current power plant CO<sub>2</sub> emissions as a proportion of total electricity production in 2012, and on their capacity to make reductions through increased efficiency or use of renewable energy. For instance, the gas producing state of North Dakota would only have to reduce by 11 percent compared to 2012, whereas Washington state would have to reduce by 72 percent; however, Washington would reach this goal, largely through the closure of an old coal power plant.

### **The Chances of Success**

The EPA must be prepared for tough resistance to its plan. Objections to the regulation will come from Congress, the coal producing states, climate change sceptics as well as companies and Republican representatives who plan to sue the EPA.

Although it usually takes several years to implement executive regulations, this one has a good chance of succeeding. President Obama will likely veto any congressional attempts to block it, regardless of the results of the midterm elections this winter. He knows that the majority of the population, from all political camps, are in favour of an active climate policy by the US government. Moreover, the plan accommodates the coal producing states not only by allowing for a flexible approach, but also by setting goals for them that are much less strict than for other states. The courts, too, are on Obama's side, having repeatedly approved the EPA's regulatory power in

recent years. At most, objections will lead to delays, thereby posing a political risk.

The public may submit comments on the proposed rule by October, and the final proposal is scheduled for June 2015. States must submit their implementation plans by June 2016, though this deadline may be extended as far as June 2018, subject to the establishment of regional emissions trading systems. The approval and revisions phase is scheduled from June 2017 to June 2019. By January 2017 there could be a new president, possibly a Republican, which could also mean a change at the top of the EPA. However, if the new president were to completely revise the emission rules after three years of planning, this would draw heavy criticism, especially from the states and power plants affected.

### **Impact on the US**

Successful implementation of the Clean Power Plan could reduce healthcare costs and positively affect the energy sector as well as the job market. Although electricity prices are projected to rise until 2030, consumers could see their electricity bills drop due to improved energy efficiency. Furthermore, the healthcare sector would save between 55 and 93 billion dollars due to reduced smog and soot. According to the EPA, jobs will be lost in the coal industry because 19 percent of the electricity produced by some 600 coal power plants would no longer be competitive. On the other hand, the EPA expects a net 108,000 jobs to be created in the energy and energy efficiency sector by 2020.

Yet despite all this, the Clean Power Plan is not a truly ambitious step towards climate protection. CO<sub>2</sub> emissions from US power plants have already fallen by 13 percent since 2005, and there are no comparably robust plans for other sectors (especially private households and industry). It is important to note that the emission reduction targets of 30 percent below 2005 levels are not binding; this is only the case with the state-specific emission limits for power

plants. Moreover, dependence on fossil fuels has not been fundamentally reduced but shifted to gas. Shale gas extraction through “fracking” releases methane, which is much more harmful to the climate than CO<sub>2</sub>. Positive effects on the climate will therefore only be achieved if Obama’s methane strategy is implemented.

Nevertheless, the speedy departure from coal sends an important signal. Moreover, focusing the Clean Power Plan on the states is a promising strategy as they have gained expertise in energy and climate policy over the years and have a tradition of close cooperation with the EPA.

### **US Leadership in International Climate Negotiations?**

The US was actively involved in the early stages of UN climate negotiations in the 1990s, and especially the Kyoto Protocol. However, after the Bush administration rejected the Kyoto Protocol in 2001, the US became an outsider. Over the next few years the EU took on a leading role in climate policy, but since 2009 the roles have changed once again. Apparently unimpressed by the Europeans’ pursuit of an ambitious international deal, the US, along with China and other newly industrialised countries, forged the “Copenhagen Accord” at the UN climate summit in Copenhagen. This put global climate protection on a voluntary basis rather than establishing it under binding international laws, a move which proved popular with many countries. The UNFCCC’s Cancún Agreements of 2010 specify targets for over 90 countries to be met by 2020. To some extent, the US can claim credit for the successes of international negotiations over the last few years, which from a European perspective are rather modest.

### **Obama’s International Commitments**

The 2013 Climate Action Plan sets out President Obama’s international commit-

ments in his second term of office. The plan is based on the US international climate policy approach: no binding reduction targets; technological solutions to reduce emissions; bilateral cooperation with newly industrialised countries; forest protection; transparency and measurability; and tackling so-called “short-lived climate pollutants”, i.e. gases which remain in the atmosphere for a brief period of time (e.g. black carbon) but have a considerable influence on local air quality and the climate. The plan also highlights energy efficiency and “clean” energy sources as important tools in climate protection.

The US government is making its mark on the international stage with foreign policy initiatives. In 2012, former US Secretary of State Hillary Clinton played a key role in the establishment of the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants, which now comprises 75 partners. Since 2013, US Secretary of State John Kerry has been driving forward cooperation on climate policy with the Chinese government.

During the last two decades cooperation between China and the USA on climate policy seemed problematic, if not unthinkable. This was due to the US administration’s steadfast refusal to agree to international climate action without climate targets for the largest emerging countries.

### **Rethinking Strategy – not just in the United States**

Since Copenhagen, however, the Chinese position has changed. International responsibility is no longer a taboo subject. Due to the dynamic economic growth, the Chinese government faces a number of economic, energy and health policy problems. Air and water pollution are among the most severe challenges for the Chinese population. Beijing is showing signs that it might agree to emission reductions on an international level. At the Petersberg Climate Dialogue in July, the Chinese climate minister Xie Zhenhua announced that China will

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restrict its rising emissions from 2020 onwards. The US Secretary of State's initiative will help smooth misunderstandings between the two countries in the run-up to UN negotiations. As well as cooperating to fight local air pollution, the two countries have announced their common interest in ensuring successful negotiations in Paris in 2015.

It is not yet clear whether the US will reach its Copenhagen climate target of a 17 percent reduction by 2020 (compared with 2005); but according to the European Environment Agency, the EU will actually exceed its 2020 climate target, achieving a 24.5 rather than 20 percent reduction (compared with 1990). However, given the extent of the economic and debt crisis of recent years, the EU can no longer pursue the ambitious climate policy it laid out in its climate and energy package of 2008, since member states have no appetite to commit to this policy. Instead, the European Commission has proposed a new climate target of minus 40 percent, to be reached by 2030. It would benefit the UN process if this target were agreed by European leaders soon, but the EU will probably not commit itself before spring 2015, the agreed deadline for setting post-2020 targets under the UNFCCC.

A commitment by key countries at the UN summit in New York in September 2014 (hosted by Ban Ki-Moon) would send a strong signal of support to the UN process. However, the US will not make early promises regarding the post-2020 period either. The Obama administration is still elaborating how to agree on a target year and reduction ambition given the domestic hurdles in implementing international commitments posed by Congress.

## **EU: Balancing Ambition and Realism**

From a European perspective the US involvement in international climate policy is crucial, especially as it touches on some key issues for a comprehensive deal, such as the verifiability of measures or develop-

ment cooperation. But the US commitment will only spread to other countries if it specifies concrete climate targets after 2020 and also makes financial commits to climate protection.

However, greater US involvement also reduces the likelihood that Germany and the EU's calls for ambitious, binding climate targets will be met. In the run-up to the UNFCCC summit in Paris, the US may well press for more flexibility over national climate protection, which would allow countries to scale back their ambitions. Using the Clean Power Plan as a model, climate targets could be set for just a few economic sectors, rather than for the economy as a whole. Germany and the EU should therefore continue to keep up their calls for national targets.

Meanwhile, the German government can harness Obama's push in its diplomatic bid for success in Paris. In 2015 Germany takes over the G7 presidency. With the Paris deal in mind it should – in addition to pressing for climate targets – focus on ensuring that money is made available for the Green Climate Fund.