

111TH CONGRESS
1ST SESSION

S. _____

To direct the Secretary of Energy to establish a program to regulate the entry of fossil carbon into commerce in the United States to promote clean energy jobs and economic growth and avoid dangerous interference with the climate of the Earth, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Ms. CANTWELL introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To direct the Secretary of Energy to establish a program to regulate the entry of fossil carbon into commerce in the United States to promote clean energy jobs and economic growth and avoid dangerous interference with the climate of the Earth, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Carbon Limits and
5 Energy for America’s Renewal (CLEAR) Act of 2009”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) according to the Energy Information Ad-
2 ministration, if no action is taken, global demand for
3 oil, natural gas, and coal will likely rise by over 25
4 percent by 2030, exerting continual, upward pres-
5 sure on fossil fuel prices;

6 (2) multiple independent scientific bodies (in-
7 cluding the Intergovernmental Panel on Climate
8 Change and the National Science Academies of
9 Brazil, Canada, China, Germany, India, Italy,
10 Japan, Russia, the United Kingdom, and the United
11 States) have expressed high confidence that anthro-
12 pogenic greenhouse gas emissions are a primary fac-
13 tor that has resulted in significant changes in Earth
14 systems, including the observed—

15 (A) melting of polar ice caps and Arctic
16 permafrost;

17 (B) acidification of the oceans of Earth;
18 and

19 (C) increases in average day- and night-
20 time surface temperatures over land surfaces;

21 (3) while uncertainties still exist concerning the
22 timing, extent, and regional impacts of climate
23 change, the vast majority of scientists are confident
24 that the warming trend will continue and intensify

1 in the absence of steadfast efforts to reduce global
2 greenhouse gas emissions sharply by 2050;

3 (4) on April 17, 2009, the Environmental Pro-
4 tection Agency found that—

5 (A) greenhouse gases in the atmosphere
6 threaten the public health and welfare of cur-
7 rent and future generations within the meaning
8 of the Clean Air Act (42 U.S.C. 7401 et seq.);
9 and

10 (B) the effects of climate change observed
11 to date and projected to occur in the future in-
12 clude—

13 (i) more frequent and intense heat
14 waves;

15 (ii) more severe wildfires;

16 (iii) degraded air quality;

17 (iv) more heavy downpours and flood-
18 ing;

19 (v) increased drought;

20 (vi) greater sea level rise;

21 (vii) more intense storms;

22 (viii) harm to water resources;

23 (ix) harm to agriculture; and

24 (x) harm to wildlife and ecosystems;

1 (5) on June 16, 2009, the United States Global
2 Change Research Program found that—

3 (A) as of that date, climate-related
4 changes were observed in the United States (in-
5 cluding the coastal waters of the United States)
6 that resulted in impacts, including—

7 (i) increases in heavy downpours;

8 (ii) the rising of temperatures and sea
9 levels;

10 (iii) the rapid retreat of glaciers;

11 (iv) the thawing of permafrost;

12 (v) the lengthening of growing sea-
13 sons;

14 (vi) the lengthening of ice-free seasons
15 in the ocean and on lakes and rivers;

16 (vii) earlier seasonal snowmelts; and

17 (viii) alterations in river flows; and

18 (B) the impacts described in subparagraph

19 (A)—

20 (i) are projected to intensify and, if
21 unabated, cause serious harm to—

22 (I) water resources;

23 (II) energy systems;

24 (III) agriculture;

25 (IV) ecosystems; and

1 (V) human health; and

2 (ii) will vary from region to region, al-
3 though all regions of the United States will
4 experience climate change impacts of in-
5 creasing severity during the 21st century;

6 (6) climate change trends will cause trillions of
7 dollars in economic dislocations, impact the liveli-
8 hoods of tens of millions of people, and affect the
9 well-being of all United States citizens (including the
10 private property of the citizens), meaning that the
11 costs of not addressing climate change will be sig-
12 nificantly higher than the cost of a well-constructed
13 greenhouse gas emission mitigation program;

14 (7) simplicity, transparency, and equity are
15 hallmarks of the greenhouse gas emission reduction
16 approach established under section 4(a)(1), which
17 will—

18 (A) limit the quantity of fossil carbon that
19 is allowed to enter the economy of the United
20 States prior to the emission of fossil fuel-related
21 combustion byproducts into the atmosphere;

22 (B) accommodate a very gradual initial de-
23 cline in fossil carbon, that will—

24 (i) provide time for carbon-intensive
25 industries to make investments in more ef-

1 efficient or alternative technologies and proc-
2 esses; and

3 (ii) minimize the overall costs to the
4 economy of the United States;

5 (C) allow only the several thousand energy
6 producing or importing firms operating in the
7 United States to bid at monthly auctions to es-
8 tablish an accurate market-clearing price for
9 each ton of fossil carbon entering the economy;

10 (D) refund $\frac{3}{4}$ of all auction proceeds to
11 each citizen of the United States each month on
12 an equal, per capita basis, which will fully offset
13 any energy price increases for most low- and
14 middle-income families;

15 (E) direct the remaining auction proceeds
16 described in subparagraph (D) to a dedicated
17 trust that uses the normal congressional budget
18 and appropriations process—

19 (i) to create new, family-wage clean
20 energy jobs;

21 (ii) to fund clean energy research, de-
22 velopment, and deployment activities;

23 (iii) to finance programs that equalize
24 and compensate for any variances in do-

1 domestic regional impacts resulting from the
2 carbon limits; and

3 (iv) to support a variety of other es-
4 sential climate mitigation and adaptation
5 efforts; and

6 (8) the principal benefits and advantages of the
7 greenhouse gas emission reduction approach estab-
8 lished under section 4(a)(1) include—

9 (A) the potential creation of 2,000,000
10 jobs in emerging and established energy indus-
11 tries through incentives for investment and de-
12 ployment in new energy technologies and energy
13 efficiency;

14 (B) the fact that energy and fuel tech-
15 nology decisions are left to the market;

16 (C) the economic efficiency achieved
17 through the use of market-based auctions to de-
18 termine least cost solutions to reduce carbon
19 emissions;

20 (D) coverage of all fossil fuel carbon enter-
21 ing the United States economy, representing
22 more than 80 percent of total United States
23 greenhouse gas emissions;

24 (E) reasonable price certainty and lead
25 time, which will allow private industry to invest

1 in new, less carbon-intensive and more efficient
2 equipment and facilities;

3 (F) a significant reduction in the number
4 of entities that would be regulated relative to a
5 downstream approach;

6 (G) a carbon budget approach to emission
7 reductions that avoids difficulties associated
8 with the determination of historic emission lev-
9 els for various industries, economic sectors, or
10 countries;

11 (H) competitive advantages to downstream
12 users that deploy, or have already deployed,
13 clean energy technologies;

14 (I) robust incentives to encourage fossil
15 carbon sequestration;

16 (J) protections to ensure that domestic
17 manufacturers of energy-intensive commodities
18 are not placed at a disadvantage relative to
19 competitors operating in countries without car-
20 bon constraints;

21 (K) safeguards against market-distorting
22 behavior that are achieved by—

23 (i) limiting auction participation to
24 stakeholders in the upstream fossil fuel in-
25 dustry;

1 (ii) preventing windfall profits associ-
2 ated with the free allocation of emission al-
3 lowances;

4 (iii) preventing carbon share hoarding
5 or gaming through monthly auctions and
6 the expiration of carbon shares after 2
7 years; and

8 (iv) prohibiting carbon shares to be
9 tradable on secondary markets; and

10 (L) broad-based public support and accept-
11 ance, and long-term sustainability, due to—

12 (i) a lack of any element that benefits
13 1 industry, sector, region, or person over
14 another industry, sector, region, or person;
15 and

16 (ii) the fact that the greenhouse gas
17 emission reduction approach would likely
18 be largely revenue-neutral to—

19 (I) the Treasury of the United
20 States;

21 (II) fossil fuel users, including
22 energy intensive industries and elec-
23 tric power generators that may pass
24 any increased input costs downstream;
25 and

1 (III) the majority of consumers
2 in the United States.

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) ADMINISTRATOR.—The term “Adminis-
6 trator” means the Administrator of the Environ-
7 mental Protection Agency.

8 (2) CARBON REFUND PAYMENT.—The term
9 “carbon refund payment” means, with respect to
10 any month, a payment in an amount that is equal
11 to the quotient obtained by dividing—

12 (A) the amount of auction proceeds trans-
13 ferred into the Carbon Refund Trust Fund for
14 the month preceding such month; by

15 (B) the number of qualified individuals for
16 the preceding month.

17 (3) CARBON REFUND TRUST FUND.—The term
18 “Carbon Refund Trust Fund” means the Carbon
19 Refund Trust Fund established by section 4(d).

20 (4) CARBON SHARE.—The term “carbon share”
21 means the right to sell or otherwise place into com-
22 merce in the United States 1 ton of fossil carbon.

23 (5) CERT FUND.—The term “CERT Fund”
24 means the Clean Energy Reinvestment Trust Fund
25 established by section 6(a).

1 (6) FIRST SELLER.—The term “first seller”
2 means an entity in the business of producing or im-
3 porting fossil carbon or production process carbon,
4 as determined by the Secretary.

5 (7) FOSSIL CARBON.—The term “fossil carbon”
6 means—

7 (A) carbon in the form of a fossil fuel
8 (such as coal, natural gas, and crude oil) in the
9 raw state in which the fossil fuel exists at the
10 time the fossil fuel is removed from the Earth;
11 and

12 (B) the carbon content of imported refined
13 fuel products (such as gasoline, diesel, and jet
14 fuels) derived from a fossil fuel.

15 (8) GREENHOUSE GAS.—The term “greenhouse
16 gas” means—

17 (A) carbon dioxide;

18 (B) methane;

19 (C) nitrous oxide;

20 (D) a hydrofluorocarbon;

21 (E) a perfluorocarbon;

22 (F) sulfur hexafluoride; and

23 (G) any other anthropogenically emitted
24 gas that the Administrator, after notice and

1 comment, determines to contribute to climate
2 change.

3 (9) POINT-OF-ENTRY.—

4 (A) IN GENERAL.—The term “point-of-
5 entry” means, with respect to the economy of
6 the United States, the point at which fossil car-
7 bon is introduced into commerce.

8 (B) INCLUSIONS.—The term “point-of-
9 entry” includes—

10 (i) a wellhead;

11 (ii) a mine entrance; and

12 (iii) any port-of-entry, as determined
13 by the Secretary.

14 (10) PRODUCTION PROCESS CARBON.—The
15 term “production process carbon” means the quan-
16 tity of fossil carbon used to manufacture an energy-
17 intensive commodity.

18 (11) PROGRAM.—The term “program” means
19 the fossil carbon limitation program established
20 under section 4(a)(1).

21 (12) QUALIFIED INDIVIDUAL.—The term
22 “qualified individual” means any individual who is a
23 legal resident of the United States.

24 (13) RATE OF CAPITAL INVESTMENT RE-
25 TURN.—The term “rate of capital investment re-

1 turn” means an annual real rate of return on capital
2 investment of 6 percent.

3 (14) RATE OF INFLATION.—The term “rate of
4 inflation” means the annual rate increase of the
5 price of goods and services, as measured by the Con-
6 sumer Price Index for All Urban Consumers pub-
7 lished by the Bureau of Labor Statistics of the De-
8 partment of Labor.

9 (15) SAFETY VALVE PRICE.—The term “safety
10 valve price” means the maximum price per ton of
11 carbon dioxide equivalent for any 1 calendar year es-
12 tablished under section 4(a)(4).

13 (16) SECRETARY.—The term “Secretary”
14 means the Secretary of Energy.

15 **SEC. 4. FOSSIL CARBON LIMITATION PROGRAM.**

16 (a) ESTABLISHMENT.—

17 (1) IN GENERAL.—The Secretary shall by regu-
18 lation establish within the Department of Energy a
19 program to reduce the emission of greenhouse
20 gases—

21 (A) by placing a gradually declining limita-
22 tion on the quantity of fossil carbon permitted
23 to be sold into commerce in the United States;
24 and

1 (B) by requiring each first seller to sur-
2 render periodically to the Secretary a number of
3 carbon shares equal to the quantity of fossil
4 carbon that the first seller introduces into com-
5 merce by not later than 2 years after the date
6 on which the fossil carbon is introduced into
7 commerce.

8 (2) ANNUAL QUANTITY OF CARBON SHARES.—

9 (A) INITIAL QUANTITY.—

10 (i) IN GENERAL.—Not later than Jan-
11 uary 1, 2011, to carry out the program, in
12 accordance with clause (ii), the President,
13 in consultation with the Secretary and the
14 Administrator, shall establish and an-
15 nounce a maximum aggregate quantity of
16 fossil carbon, and a corresponding number
17 of carbon shares, permitted to be intro-
18 duced through points-of-entry for calendar
19 year 2012.

20 (ii) REQUIREMENT.—The maximum
21 aggregate quantity of carbon shares for
22 calendar year 2012 under clause (i) shall
23 equal the approximate level of fossil carbon
24 likely to be required by the economy of the
25 United States during calendar year 2012.

1 (B) SUBSEQUENT QUANTITIES.—

2 (i) CALENDAR YEARS 2013 AND
3 2014.—For each of calendar years 2013
4 and 2014, the maximum aggregate quan-
5 tity of carbon shares permitted to be intro-
6 duced through points-of-entry shall be
7 equal to the maximum aggregate quantity
8 established under subparagraph (A)(i).

9 (ii) CALENDAR YEAR 2015 AND SUBSE-
10 QUENT CALENDAR YEARS.—For calendar
11 year 2015 and each calendar year there-
12 after, the maximum aggregate quantity of
13 carbon shares shall be reduced from the
14 quantity of the previous calendar year at a
15 rate that—

16 (I) for calendar year 2015, is
17 equal to 0.25 percent; and

18 (II) for each subsequent calendar
19 year, increases by an additional 0.25
20 percent.

21 (C) MODIFICATION OF QUANTITY OF CAR-
22 BON SHARES AVAILABLE.—Subject to para-
23 graph (3), the President, in consultation with
24 the Secretary and the Administrator, may in-

1 crease or decrease the number of carbon shares
2 available for an auction to respond to—

3 (i) changes in the scientific under-
4 standing of climate change;

5 (ii) the need to stabilize atmospheric
6 greenhouse gas concentrations to avoid
7 dangerous interference with the climate of
8 the Earth;

9 (iii) any international obligations of
10 the United States, including any commit-
11 ment of the United States under the
12 United Nations Framework Convention on
13 Climate Change;

14 (iv) insufficient efforts by other major
15 greenhouse gas emitting countries to re-
16 duce greenhouse gas emissions;

17 (v) the need to maintain the inter-
18 national competitiveness of the United
19 States;

20 (vi) the quantity of carbon that has,
21 or is likely, to be permanently sequestered
22 from release into the atmosphere or ocean;
23 and

24 (vii) the need to provide a sufficient
25 price signal to ensure private sector invest-

1 ment in clean energy technology research,
2 development, and deployment.

3 (3) EXPEDITED CONGRESSIONAL REVIEW.—

4 (A) DEFINITION OF JOINT RESOLUTION.—

5 In this paragraph, the term “joint resolution”
6 means only a joint resolution introduced during
7 the 30-day period beginning on the date on
8 which the report referred to in subparagraph
9 (B) is received by Congress (excluding days ei-
10 ther House of Congress is adjourned for more
11 than 3 days during a session of Congress), the
12 matter after the resolving clause of which is as
13 follows: “That Congress approves the modifica-
14 tion of the number of shares available for auc-
15 tion described in the report required under sec-
16 tion 4(a)(3)(B) of the CLEAR Act of 2009 sub-
17 mitted by the President to Congress on
18 _____, and the modification shall take ef-
19 fect.” (The blank space being appropriately
20 filled in).

21 (B) REPORT.—Before any modification of
22 the number of shares available for auction take
23 effect under paragraph (2)(C), the President
24 shall submit to each House of Congress a re-
25 port that provides a notice of the modification.

1 (C) APPROVAL.—The modification of the
2 number of shares available for auction under
3 paragraph (2)(C) shall take effect if Congress
4 enacts a joint resolution of approval of the
5 modification.

6 (D) PROCEDURE.—

7 (i) IN GENERAL.—Subject to clause
8 (ii), the procedures described in sub-
9 sections (b) through (g) of section 802 of
10 title 5, United States Code, shall apply to
11 the consideration of a joint resolution
12 under this paragraph.

13 (ii) TERMS.—For purposes of this
14 subparagraph—

15 (I) the reference to “section
16 801(a)(1)” in section 802(b)(2)(A) of
17 that title shall be considered to refer
18 to subparagraph (B); and

19 (II) the reference to “section
20 801(a)(1)(A)” in section 802(e)(2) of
21 that title shall be considered to refer
22 to subparagraph (B).

23 (4) AUCTION PRICE SAFEGUARDS.—

24 (A) CALENDAR YEAR 2012.—The carbon
25 share price shall be limited in a manner to en-

1 sure that the corresponding price per ton of
2 carbon dioxide equivalent for calendar year
3 2012 is—

4 (i) not less than \$7; and

5 (ii) not more than \$21.

6 (B) SUBSEQUENT CALENDAR YEARS.—For
7 calendar year 2013 and each calendar year
8 thereafter, the minimum and maximum allow-
9 able carbon share price shall increase by the ag-
10 gregate rate obtained by adding—

11 (i) the rate of inflation; and

12 (ii) the rate of capital investment re-
13 turn.

14 (5) PENALTY FOR NONCOMPLIANCE.—

15 (A) IN GENERAL.—Any first seller that
16 fails to surrender a sufficient number of carbon
17 shares for the fossil carbon that the first seller
18 introduced to the United States market by not
19 later than 2 years after the date on which the
20 fossil carbon is introduced into commerce shall
21 be liable for payment to the Secretary of a pen-
22 alty in the amount described in subparagraph
23 (B).

24 (B) AMOUNT.—The amount of a penalty
25 required to be paid under subparagraph (A)

1 shall be equal to the product obtained by multi-
2 plying—

3 (i) the number of carbon shares that
4 the owner failed to surrender by the dead-
5 line; by

6 (ii) 5 times the carbon share price set
7 at an auction described in subsection (b),
8 the date of which is closest to that of the
9 sale of the fossil carbon subject to a non-
10 compliance penalty.

11 (C) TIMING.—A penalty required under
12 this paragraph shall be immediately due and
13 payable to the Secretary.

14 (D) NO EFFECT ON LIABILITY.—A penalty
15 due and payable by the owner of a covered enti-
16 ty under this paragraph shall not diminish the
17 liability of the owner for any fine, penalty, or
18 assessment against the owner for the same vio-
19 lation under any other provision of law.

20 (E) USE OF PENALTIES.—Any penalties
21 collected by the Secretary under this paragraph
22 shall be transferred to the CERT Fund.

23 (6) PRODUCTION PROCESS CARBON ADJUST-
24 MENT.—

1 (A) IN GENERAL.—Not later than January
2 1, 2013, the Secretary, in consultation with the
3 Secretary of Commerce, the Secretary of the
4 Treasury, and the United States Trade Rep-
5 resentative, shall impose fees on individuals and
6 entities for the production process carbon asso-
7 ciated with commodities imported for sale in the
8 United States.

9 (B) AMOUNT OF FEE.—To the maximum
10 extent practicable, a fee described in subpara-
11 graph (A) shall be an amount commensurate
12 with the carbon share value of the production
13 process carbon that is the subject of the fee.

14 (C) APPLICABILITY.—A fee described in
15 subparagraph (A) shall only apply to imported
16 commodities if—

17 (i) the fee is compatible with the obli-
18 gations of the United States with respect
19 to any international trade agreement to
20 which the United States is a party;

21 (ii) the country of origin of the im-
22 ported commodities does not impose com-
23 parable limits on the fossil carbon use of
24 the country of origin; and

1 (iii) domestic producers of comparable
2 commodities would be demonstrably dis-
3 advantaged economically by the Program
4 in the absence of the fees.

5 (D) USE OF FEES.—Any fees collected by
6 the Secretary under this paragraph shall be
7 transferred to the CERT Fund.

8 (b) AUCTIONS.—

9 (1) IN GENERAL.—Subject to paragraph (8), in
10 carrying out the program, during each calendar
11 year, the Secretary shall conduct monthly uniform
12 price auctions of a portion of the carbon shares
13 made available for the calendar year under sub-
14 section (a)(2).

15 (2) ELIGIBLE PARTICIPANTS.—First sellers
16 shall be the only entities eligible to participate in an
17 auction conducted under paragraph (1).

18 (3) RESERVE PRICE.—The minimum price of
19 any carbon share purchased under an auction con-
20 ducted under paragraph (1) shall be the minimum
21 price for the corresponding calendar year specified in
22 subsection (a)(4).

23 (4) SAFETY VALVE PRICE.—

24 (A) IN GENERAL.—Subject to subpara-
25 graph (B), the maximum price of any carbon

1 share purchased under an auction conducted
2 under paragraph (1) shall be the maximum
3 price for the corresponding calendar year speci-
4 fied in subsection (a)(4).

5 (B) SAFETY VALVE SHARES.—If the safety
6 valve price is reached in any 1 auction con-
7 ducted under paragraph (1), the number of
8 available carbon shares may be increased to ex-
9 ceed the aggregate quantity described in sub-
10 section (a)(2) to ensure that all legal bids at
11 the safety valve price can be accommodated for
12 the 1 auction.

13 (C) SAFETY VALVE REVENUES.—Any rev-
14 enue generated by the sale of a carbon share at
15 the safety valve price that is in excess of the ag-
16 gregate quantity described in subsection (a)(2)
17 shall be—

18 (i) deposited in the CERT Fund; and
19 (ii) used only for the conduct of a pro-
20 gram or initiative described in subpara-
21 graph (D) or (E) of section 6(c)(1).

22 (D) USE OF SAFETY VALVE CARBON
23 SHARES.—A carbon share purchased at the
24 safety valve price shall be redeemed by not later

1 than 90 days after the date on which the origi-
2 nal purchaser purchased the carbon share.

3 (5) USE OF CARBON SHARES.—A carbon share
4 purchased under an auction conducted under para-
5 graph (1), or on an exchange described in paragraph
6 (7)(A), may—

7 (A) only be redeemed by a first seller to
8 the original carbon share holder during the 2-
9 year period commencing on the date of
10 issuance; and

11 (B) not be traded or sold on any secondary
12 market.

13 (6) LIMITATION OF CARBON SHARE ACCUMULA-
14 TION.—No individual first seller may accumulate a
15 quantity of carbon shares that, as determined by the
16 Secretary—

17 (A) significantly exceeds the anticipated
18 market needs of the individual first seller;

19 (B) allows for speculation or manipulation;
20 or

21 (C) interferes with normal market competi-
22 tion.

23 (7) PURCHASE OR SALE OF CARBON SHARES.—

24 (A) IN GENERAL.—A transaction other
25 than an auction described in paragraph (1) that

1 involves the purchase or sale of a carbon share
2 may be carried out only if—

3 (i) the carbon share is offered for sale
4 to any eligible first seller on a dedicated
5 public carbon share exchange established
6 and administered by the Secretary for that
7 purpose; and

8 (ii) all relevant transaction dates, car-
9 bon share quantities, and prices are made
10 publically available.

11 (B) CERTAIN RECIPIENTS OF CARBON
12 SHARES.—Recipients of carbon shares under
13 subsection (c) shall be granted access to an ex-
14 change described in subparagraph (A) solely for
15 the purpose of selling carbon shares to eligible
16 first sellers.

17 (8) MODIFICATION OF AUCTION FREQUENCY.—
18 The Secretary may modify the frequency of the uni-
19 form price auctions under paragraph (1) if the Sec-
20 retary determines that the modification will signifi-
21 cantly—

22 (A) improve the accuracy, predictability,
23 and stability of the market-clearing auction
24 price; or

25 (B) facilitate greater program efficiency.

1 (c) REIMBURSEMENT FOR EMBEDDED AND SEQUES-
2 TERED CARBON.—The Secretary shall provide carbon
3 shares that are in excess of the aggregate quantity estab-
4 lished under subsection (a)(2) to each—

5 (1) operator of a carbon capture and storage
6 facility, in a quantity that corresponds to the quan-
7 tity of fossil carbon permanently sequestered by the
8 carbon capture and storage facility; and

9 (2) manufacturer that embeds fossil carbon in
10 the products of the manufacturer (in a manner that
11 prevents the emission of the fossil carbon into the
12 atmosphere), in a quantity that corresponds to the
13 aggregate quantity of fossil carbon permanently em-
14 bedded in the products.

15 (d) CARBON REFUND TRUST FUND.—

16 (1) IN GENERAL.—There is established in the
17 Treasury of the United States a trust fund to be
18 known as the “Carbon Refund Trust Fund”, con-
19 sisting of such amounts as may be appropriated to
20 the trust fund under this subsection.

21 (2) TRANSFER OF AUCTION PROCEEDS.—There
22 are appropriated to the Carbon Refund Trust Fund,
23 out of funds in the Treasury not otherwise appro-
24 priated, an amount equal to $\frac{3}{4}$ of the proceeds from
25 auctions conducted under subsection (b).

1 (3) EXPENDITURES FROM FUND.—Amounts in
2 the Carbon Refund Trust Fund shall be available for
3 the purpose of making carbon refund payments as
4 provided in section 5.

5 **SEC. 5. PER CAPITA DISTRIBUTION OF AUCTION PRO-**
6 **CEEDS.**

7 (a) IN GENERAL.—Every qualified individual is enti-
8 tled to a carbon refund payment for each month beginning
9 with the first month after such individual becomes a quali-
10 fied individual and ending with the month such individual
11 dies.

12 (b) ADMINISTRATION.—The Commissioner of Social
13 Security, the Secretary of the Treasury, and the Secretary
14 of Housing and Urban Development shall provide the Sec-
15 retary such information as the Secretary requires for the
16 purpose of distributing carbon refund payments under this
17 section.

18 (c) FREQUENCY AND MODE OF ALLOCATION OF CAR-
19 BON REFUND PAYMENTS.—The Secretary may modify the
20 frequency or mode of allocation of carbon refund pay-
21 ments—

22 (1) to minimize administrative costs associated
23 with the program; or

24 (2) to increase the value of refund payments.

25 (d) MONITORING; ANNUAL REPORTS.—

1 (1) MONITORING.—Effective beginning January
2 1, 2012, the Administrator of the Energy Informa-
3 tion Administration shall, on a monthly basis, cal-
4 culate and record the incremental contribution of
5 carbon share prices to wholesale and retail fossil fuel
6 prices.

7 (2) ANNUAL REPORTS.—Not later than June 1,
8 2013, and annually thereafter, the Administrator of
9 the Energy Information Administration shall pre-
10 pare and post on the website of the Energy Informa-
11 tion Administration a report that contains, for the
12 period covered by the report, the results of the moni-
13 toring carried out by the Administrator of the En-
14 ergy Information Administration under paragraph
15 (1).

16 **SEC. 6. CLEAN ENERGY REINVESTMENT TRUST FUND.**

17 (a) ESTABLISHMENT.—There is established in the
18 Treasury of the United States a revolving fund, to be
19 known as the “Clean Energy Reinvestment Trust Fund”
20 or the “CERT Fund”, consisting of such amounts as are
21 appropriated to the Fund under subsection (b).

22 (b) TRANSFERS TO FUND.—

23 (1) IN GENERAL.—There are appropriated to
24 the CERT Fund, out of funds in the Treasury not
25 otherwise appropriated, amounts equivalent to—

1 (A) 1/4 of the proceeds from auctions con-
2 ducted under section 4(b);

3 (B) the amount of penalties transferred to
4 the CERT Fund under section 4(a)(5)(E); and

5 (C) the amount of fees transferred to the
6 CERT Fund under section 4(a)(6)(D).

7 (2) INVESTMENT OF CORPUS.—Rules similar to
8 the rules of section 9602(b) of the Internal Revenue
9 Code of 1986 shall apply for purposes of this sec-
10 tion.

11 (c) EXPENDITURES FROM FUND.—

12 (1) IN GENERAL.—To the extent that budget
13 authority and appropriations are made available in
14 advance and subject to paragraph (2), amounts in
15 the CERT Fund shall be used to carry out programs
16 and initiatives, provide incentives, and make
17 grants—

18 (A) to provide targeted and region-specific
19 transition assistance to workers, communities,
20 industries, and small businesses of the United
21 States experiencing the greatest economic dis-
22 locations due to efforts to reduce carbon emis-
23 sions and address climate change and ocean
24 acidification;

1 (B) to provide targeted and region-specific
2 compensation for early retirement of carbon-in-
3 tensive facilities, machinery, or related assets in
4 the United States that are stranded by new
5 market dynamics;

6 (C) to provide targeted relief to energy-in-
7 tensive industries that export goods or products
8 to countries that do not have similar restric-
9 tions on fossil carbon;

10 (D) to curtail the emission of—

11 (i) greenhouse gases other than car-
12 bon dioxide from fossil carbon; and

13 (ii) nongreenhouse gas substances
14 that exacerbate or accelerate climate
15 change (including black carbon);

16 (E) to fund cost-effective domestic and
17 international projects that verifiably reduce,
18 avoid, or sequester greenhouse gas emissions
19 through the modification of agriculture, for-
20 estry, or other land use practices;

21 (F) to ensure sustained and robust invest-
22 ments in clean energy and fuels research, devel-
23 opment, and deployment activities;

1 (G) to fund projects or initiatives that
2 verifiably increase energy efficiency or energy
3 productivity;

4 (H) to carry out weatherization and im-
5 prove energy efficiency of low-income and public
6 buildings;

7 (I) to provide funding for climate change
8 mitigation and adaptation projects, activities,
9 and research to increase the resilience of human
10 populations and communities, fish and wildlife,
11 and managed and unmanaged terrestrial,
12 aquatic, and marine ecosystems;

13 (J) to fund cost-effective projects that pro-
14 vide adaptation services in areas and countries
15 in which climate change or ocean acidification
16 impacts are likely to be most severe; and

17 (K) to ensure that the program does not
18 contribute to the budget deficit of the Federal
19 Government.

20 (2) USE.—Amounts in the CERT Fund shall—

21 (A) only be used for the purposes described
22 in paragraph (1);

23 (B) to the extent practicable, be award-
24 ed—

25 (i) on a competitive-bid basis; and

1 (ii) in accordance with applicable laws
2 (including regulations) and procedures of
3 existing Federal programs; and

4 (C) to the extent practicable, complement
5 and leverage existing Federal programs, the
6 scope and mission of which complement the
7 purposes described in paragraph (1).

8 (d) TRANSFERS OF AMOUNTS.—

9 (1) IN GENERAL.—The amounts required to be
10 transferred to the CERT Fund under this section
11 shall be transferred at least monthly from the gen-
12 eral fund of the Treasury to the CERT Fund on the
13 basis of estimates made by the Secretary of the
14 Treasury.

15 (2) ADJUSTMENTS.—Proper adjustment shall
16 be made in amounts subsequently transferred to the
17 extent prior estimates were in excess of or less than
18 the amounts required to be transferred.