- Regulation: International offset credits may be issued only if: 1) the United States is a party to a bilateral or multilateral agreement that includes the country in which the project has occurred; 2) such a country is a developing country[10]; 3) the agreement ensures all relevant requirements included in APA apply, and 4) the offset project representative is eligible to receive service of process in the United States (Sec. 2001 [new sec. 753 of the CAA], pg. 427).

- **Project Sources:** Offset credits may be issued for projects identified by the EPA under new Sec. 733 of the CAA through an approved international body, sectoral crediting mechanisms or international reduced deforestation as set out below (Sec. 753, pg. 430).
    - Recognition of other programs: The EPA can issue credits in exchange for credits issued by an international body established by the UNFCCC, a protocol to such convention or a treaty that succeeds such a convention as long as those credits were generated through a program that creates equal or greater assurance of the environmental integrity of the U.S. program. Beginning Jan. 1, 2016, no credits shall be issued from sectors identified by the EPA as eligible to produce sector based credits (Sec. 2001 [new sec. 756 of the CAA], pg. 447).
    - Sector-based credits: Approves the issuance of offset credits based on sectoral crediting mechanisms targeted at sectors in any country that: 1) has comparatively high emissions or greater levels of economic development or 2) would be subject to a compliance obligation under Section 722 if it were located in the United States (Sec. 2001 [new sec. 756 of the CAA], pg. 442).
    - Offsets from reduced deforestation: International offset credits are allowed only if the activity occurs in a country identified by the EPA pursuant to the country's capacity to participate in such a program according to specific criteria as established by the APA. Offset credits can be issued relative to a national or sub-national deforestation baseline. Sub-national credits can only be issued for first five years of program. Project-based credits may be included at the discretion of the EPA. (Sec. 2001 [new sec. 756 of the CAA], pg. 449).

DOMESTIC AGRICULTURE AND FORESTRY POLICIES AND PROGRAMS

- **Annual Greenhouse Gas Accounting for the Forestry Sector:** EPA, in consultation with the USDA and DOI, must provide an annual accounting of forests and forest products sequestration and emissions from federal, private and tribal lands larger than 5000 acres that are regularly used for forestry, based on information available from existing sources (Sec. 2501 [new sec. 807 of the CAA], pg. 669).
- **Carbon Conservation Fund:** An unspecified amount of allowances administered by the Secretaries of Agriculture and Interior are set aside to create incentives for additional activities (other than those qualified under the offset program) in the agriculture sector to reduce greenhouse gas emissions or sequester carbon. Compensation will be based on the amount of emissions reductions obtained and the duration of the reductions. Requires reporting of results to EPA and reviews every five years (Sec. 4152, pg. 878).
- **Productivity Study:** The USDA must conduct an annual assessment of the amount of agricultural land that has been removed from agricultural production due to participation of landowners in afforestation offset projects and evaluate the impact of the offset program on a range of other issues (Sec. 2001 [new sec. 741 of the CAA], pg. 419).

INTERACTION WITH EXISTING EPA AUTHORITY UNDER THE CLEAN AIR ACT

- **Standards:** EPA must:
    - Regulate black carbon with consideration to public health and environmental impacts (including global and regional warming impacts) within three years; or decide, through a

[10] The term 'developing country' means a country eligible to receive official development assistance according to the income guidelines of the Development Assistance Committee of the Organization for Economic Cooperation and Development.

  public finding, that current CAA regulations are adequate (Sec. 2212 [new sec. 805 of the CAA], pg. 605).
  - Set emissions standards for heavy-duty vehicles which must reflect the greatest emissions reductions achievable giving consideration to cost, energy and safety factors (Sec. 4141 [new sec. 804 of the CAA], pg. 872).
  - Set emission standards for non-road vehicles and engines after EPA identifies which non-road vehicles and engines contribute significantly to total emissions from that category and provide the greatest potential for significant and cost-effective reductions (Sec. 4141 [new sec. 804 of the CAA], pg. 873).
  - Set passenger vehicle emissions standards for 2017 and beyond in consultation with DOT and other agencies that reflect the greatest emissions reductions achievable for each vehicle year, as determined by the EPA, giving consideration to cost, energy and safety factors (Sec. 4141 [new sec. 804 of the CAA], pg. 877).
  - Set standards for geologic storage sites and new coal-fired power plants (see "Coal Provisions").
- **Performance Standards for New Coal-Fired Power Plants.** Coal fired electric generating units (EGU) must meet performance standards based on their initial permitting date (Sec. 1441 [new sec. 801 of the CAA], pg. 172).
  - EGUs initially permitted during or after 2020 must achieve at least a 65 percent reduction in CO_2 emissions annually, or a more stringent standard as set by the EPA (Sec. 1441 [new sec. 801 of the CAA], pg. 173).
  - EGUs initially permitted between 2009 and 2019 (inclusive) must achieve at least a 50 percent reduction in CO_2 emissions annually by the earlier of two compliance dates (either four years after the EPA reports that there is at least the equivalent of 10 GW of CCS-applied capacity in the US), or Jan. 1, 2020. The date may be extended to 2022 if the EPA and DOE jointly find, and Congress approves, that it would be technically infeasible to meet the standard in this timeframe. If the fallback date is used, individual EGUs may apply for specific extensions (Sec. 1441 [new sec. 801 of the CAA], pg. 177).
  - The EPA must review these standards at least every five years after the compliance date and reduce the maximum CO_2 emissions rate reflecting achievable emission limitations through the "application of the best system of emission reduction" taking into account cost and non-air quality health and environmental impact and energy requirements. (Sec. 1441 [new sec. 801 of the CAA], pg. 178)
- **Extension of CAA Title VI** (stratospheric ozone protection) to include HFCs (Sec. 2201 [new sec. 619 of the CAA], pg. 533):
  - Sets a cap on consumption of HFCs with most allowances auctioned and the rest sold at fixed prices to producers, importers and consumers of HFCs (see targets and timetables section above). This cap is separate from the broader cap-and-trade program. (Sec. 2201 [new sec. 619 of the CAA], pg. 533).
  - Offsets from the destruction of chlorofluorocarbons (CFCs) may be used for compliance in this program and may also potentially qualify as eligible offset types under the primary cap-and-trade and early offset program (Sec. 2201 [new sec. 619 of the CAA], pg. 567).
  - Imposes other requirements restricting the sale and importation of HFCs and HFC containing products (Sec. 2201 [new sec. 619 of the CAA], pg. 536).
- **EPA is Given Discretion to Set Standards for Perfluorocarbons (PFCs)** and other nonhydrofluorocarbon fluorinated substances: The EPA may determine that PFCs and other nonhydrofluorocarbon fluorinated substances should be regulated separately from the broader cap-and-trade program and set best-achievable performance standards for covered entities. Standards must be reviewed and their stringency increased over time. NF_3 and SF_6 are not eligible to be regulated under this section (Sec. 2001 [new sec. 714 of the CAA], pg. 306).
- **Prohibits EPA From:**
  - Setting emission performance standards for sources of capped emissions except coal fired electric generating units. In addition, no standards of performance shall be set for sources of uncapped emissions that are also sources that qualify for offset project status until after Jan. 1, 2020 (Sec. 2302, pg. 619).

- Establishing National Ambient Air Quality Standards (NAAQS) for greenhouse gases and designating greenhouse gases as hazardous air pollutants (HAPs) (Sec. 2301, 2303; pg. 619, 621).
- Applying New Source Review requirements on the basis of greenhouse gas emissions for sources initially permitted or modified after Jan. 1, 2009 (Sec. 2306, pg. 623).

INTERACTION WITH STATE PROGRAMS

- **Permanently Prohibits States from Running Their Own Cap-and-Trade Programs:** The prohibition does not apply to state low-carbon fuel standards, vehicle fleet standards such as California cars or most other areas of state authority (Sec. 2501 [new sec. 806 of the CAA], pg. 667).
  - Those who hold California, Regional Greenhouse Gas Initiative or Western Climate Initiative allowances may be compensated with allowances from the federal program. Compensation is based on the cost of obtaining and holding allowances, not on a ton-for-ton basis (Sec. 2101 [new sec. 786 of the CAA], pg. 510).
  - States may require federal allowances for compliance with state air regulations that reduce greenhouse gasess (Sec. 2305, pg. 622).
  - Early action allowances: States that have issued allowances under their own cap-and-trade programs are eligible (Sec. 2102 [new sec. 788 of the CAA], pg. 516)
- **States Receive Allowances to Support New and Existing Programs and Requirements** (See “Renewable Energy and Energy Efficiency” and “Transportation” sections)

ASSISTANCE DURING THE TRANSITION TO A LOW-CARBON ECONOMY

- **Consumer Assistance:**
  - Electric and natural gas LDC ratepayer assistance: Emission allowances distributed to an electricity or natural gas local distribution company (LDC) must be used exclusively for the benefit of retail ratepayers. The LDC shall ensure that the ratepayer benefit is distributed among ratepayer classes (i.e., residential, industrial and commercial) ratably based on deliveries to each class and equally within each class. State utility regulators must implement these requirements using regulation or rate proceedings (Sec. 3001 [new sec. 782 of CAA], pg. 680; Sec. 3101 [new sec. 783 of CAA], pg. 728).
  - Home heating oil and propane consumer assistance: Emission allowances are distributed to states exclusively for the benefit of consumers of oil heat fuel, propane or kerosene for residential or commercial purposes by using the proceeds for cost-effective energy efficiency programs, rebates or other direct financial assistance programs (Sec. 3102 [new sec. 784 of CAA], pg. 742).
- **Consumer and Low-income Family Payments, Tax Credits and Protection:**
  - Establishes a Universal Trust Fund by 2026 funded with auction proceeds, 25 percent of which will go towards deficit reduction and 75 percent for a universal refund program distributed to all taxpayers in the form of a tax credit. Refund amounts will be equal to the total revenue from allowance auctions for this purpose divided by the number of eligible Americans adjusted for family size (Sec. 3207, pg. 772).
  - 2.5 percent of allowances reserved for annual tax credit for low-income tax payers beginning in 2013, adjusted to reflect family size and incomes, with reduced credits for income that is above 250 percent of the poverty line (Sec. 3201, pg. 746).
  - Energy Refund Program provides monthly payments to low income families earning up to 150 percent of the poverty line or that are participating in supplemental nutrition programs, funded by 12.5 percent of allowances (Sec. 3204, pg.753).
  - Establishes an Office of Consumer Advocacy to investigate consumer complaints and represent consumer interests at Federal Energy Regulatory Commission and other regulatory hearings (Sec. 3301, pg. 778).
- **Worker Training, Clean Energy Career Development**
  - Clean energy curriculum development. Department of Education (DOEd), with the Department of Labor (DOL) and DOE, to review and award competitive grants to eligible educational partnerships to develop programs of study focused on emerging careers and jobs in the fields of clean and renewable energy, energy efficiency, and climate change mitigation and adaptation (Sec. 4101, pg. 829).

- Clearinghouse for information and resource on vocational education and job training in the renewable energy sector. Directs the DOL, with the DOE and DOEd, to develop an internet-based clearing house to aid career and technical education and job training programs for the renewable energy sector, especially high-demand, middle-skill trades and careers (Sec. 4102, pg. 833).
- Clean energy construction careers demonstration project. Directs the DOL, with the DOE, to establish demonstration project(s) to promote middle class careers and quality employment practices in the green construction sector among targeted (generally lower-income, disadvantaged) workers (Sec. 4103, pg. 839).

DOMESTIC ADAPTATION

- **Funding:** Establishes a Natural Resources Climate Change Adaptation Account that allocates assistance to state and federal agencies to fund adaptation activities (Sec. 6008, pg. 966).
- **State Programs:** Requires state-level Natural Resource Adaptation Plans detailing each state's current and projected efforts to address the ongoing and expected impacts of climate change on natural resources and coastal areas. To be eligible for Federal funding under the title, the plans must be consistent with the Natural Resources Climate Change Adaptation Strategy and are subject to approval by the DOI (Sec. 6007, pg. 955).
- **Federal Programs:**
  - Establishes a Natural Resources Climate Change Adaptation Panel including heads of 12 specified federal agencies with possible additional members with jurisdiction over natural resources (Sec. 6003, pg. 937). The panel shall develop a Natural Resources Climate Change Adaptation Strategy that assesses vulnerability and includes specific protocols on natural resource management and conservation for federal agencies (Sec. 6004, pg. 939). Directs each agency on the panel to complete individual adaption plans that implement the strategy (Sec. 6006, pg. 948).
  - Establishes a National Climate Change and Wildlife Science Center to monitor the impacts of climate change. Requires the National Oceanic and Atmospheric Administration (NOAA) and the Director of the U.S. Geological Survey to establish procedures to address the impacts of climate change on natural resources, and to provide technical assistance to other federal agencies, state and local governments, Indian tribes and interested private landowners (Sec. 6005, pg. 942).
  - Establishes a National Fish and Wildlife Habitat and Corridors Information Program in cooperation with states and Indian tribes to support the development of geographical information system databases of fish and wildlife habitats and corridors (Sec. 6009, pg. 979).
- **Additional Climate Change Adaptation Programs:** Permits NOAA to establish additional adaptation programs that address water systems, flood control and prevention, wildland fire awareness and training, and coastal state economic protection (Sec. 6011, pg. 986).

INTERNATIONAL ISSUES

- **Competitiveness/Leakage:**
  - Allowance rebates: Allowances are allocated on the basis of production output, providing rebates to energy-intensive trade-exposed (EITE) manufacturers to offset their costs of compliance. Sectors are presumed eligible if they meet a five percent energy or greenhouse gas -intensity threshold and 15 percent trade intensity or a 20 percent energy- or greenhouse gas -intensity threshold. Each eligible sector is rebated at 100 percent of sector average direct and indirect compliance costs. Up to 15 percent of total allowances are available for rebates during the years 2016 – 2025. For any year in which the available allowance pool exceeds the number of rebates, excess allowances will be credited, carried over, and made available in later years (See "allowance values distribution" section of this summary). Allowances are phased out between the years 2026 and 2029 but the president may continue providing rebates, if necessary to prevent carbon leakage (Sec. 4001 [new sections 771-774 of CAA], pg. 782).
  - U.S. policy for international negotiations and reports:

Recognizes that carbon leakage can be best addressed through internationally negotiated agreements; states U.S. policy to work proactively toward such agreements. Starting in 2019, the president must submit regular reports to Congress on the effectiveness of the allowance rebates and to notify other countries if imports to the United States from their country may be subject to the international reserve allowance program (Sec. 4001 [new sections 775-776 of CAA], pg. 812).

  - International reserve allowance program: If, by 2020, the president determines that a multilateral agreement consistent with U.S. policy (see above) has not entered into force, an international reserve allowance program must be established for certain sectors, requiring a border adjustment (i.e., the purchase of international reserve allowances) for imports from certain countries. Products subject to the border measure include those that are eligible for rebates (see above) as well as manufactured goods that are primarily composed of the products from those sectors. Exemptions to this provision would apply to countries and sectors if the president determines that certain criteria have been met. The level of the border adjustment must account for free allowance rebates and will not take effect as long as such rebates fully offset domestic EITE industry's costs (Sec. 4001 [new sec. 777 of CAA], pg. 819).

- **Advisement:** Establishes a "Strategic Interagency Board on International Climate Investment," including the Department of State, UDAID, DOE, Treasury, the Commerce Department, USDA and EPA, to monitor and review U.S. government support for international climate change activities. The board must monitor and evaluate the progress and contributions of relevant departments and agencies in supporting financing for international climate change activities (Sec. 5003, pg. 902).
- **Supplemental emissions reductions from reduced deforestation:** Creates a new program to achieve supplemental forestry projects emissions reductions of at least 720 million tons in 2020 (cumulative amount of 6 billion tons by 2025). Participating developing nations must have entered into a bilateral and multilateral agreement supported by the United States. Also builds capacity for international forest credits and preservation of existing forest carbon stocks at risk of international leakage. Requires EPA to establish a publicly accessible registry of emissions reductions achieved through support provided under this title with appropriate discounts (Sec. 5004, pg. 903).
- **International Climate Change Adaptation and Global Security Program**: Establishes a State Department bilateral and multilateral program to financially assist developing countries with adaptation and a range of ecosystem protection, sustainable infrastructure development, and disaster risk management activities. This program will be funded by half of the allowances allocated for adaptation between 2013 and 2034 (Sec. 5005, pg. 917, Sec. 2101 [new sec. 781 of the CAA], pg. 504).
- **Major Economies Climate Actions:** Requires Secretary of State, with the Strategic Interagency Board, to prepare a biannual report on climate change and energy policy evaluating the climate change actions of the five highest greenhouse gas emitting countries that are not members of the Organization for Economic Cooperation and Development. (Sec. 5007, pg. 930).
- **Black Carbon and Methane:**
  - EPA must report on actual and potential foreign aid and assistance – plus opportunities for cooperation – to reduce black carbon emissions in other countries (Sec. 2211, pg. 600).
  - Sense of the Senate on Methane: Methane is a potent greenhouse gas; cost effective opportunities for methane destruction and capture for energy use exist; the US should maximize cost effective efforts to prevent and recover anthropogenic methane emissions (Sec. 2221, pg. 613). Supports expanding international involvement in EPA's Methane to Markets program (Sec. 2221, pg. 615).

Appendix A

Table 1. Summary of Distribution of Allowance Value Under the American Power Act (APA), 2013-2025 (percentage of total annual allowance pool)

Recipient (regulated / non-regulated)[1]	Distribution Method[2]	Allowance Distribution Section Reference[3]	Allowance Use Section Reference[3]	Program(s)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cost Containment																	
N/A	fixed price sale	Sec. 2001 [new sec. 726(a)(2) of the CAA]	Sec. 2001 [new sec 726(b) of the CAA]	Cost containment reserve	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.5	2.5	2.5	2.5
Deficit																	
N/A	auction	Sec. 2101 [new sec. 781(h) and 781(a)(5) of the CAA]	Sec. 2101 [new sec. 787 of the CAA], Sec. 3206(b)	Deficit reduction (minimum amounts)[4]	5.7	5.8	5.8	5.0	4.6	4.6	5.2	2.3	2.5	1.8	1.9	1.8	1.9
Consumers																	
regulated	allocation	Sec. 2101 [new sec. 781(a)(1) of the CAA]	Sec. 3001 [new sec. 782(b) of the CAA]	Electric Local Distribution Companies (LDCs)[5]	43.7	43.7	43.7	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
N/A	auction	Sec. 2101 [new sec. 781(a)(4) of the CAA], Sec. 3203	Sec. 3204	Energy refunds[6]	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
N/A	auction	Sec. 2101 [new sec. 781(a)(4) of the CAA], Sec. 3201	Sec. 3202(a)	Working Family Refundable Tax Credits[6]	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
non-regulated	allocation	Sec. 2101 [new sec. 781(a)(3) of the CAA]	Sec. 3102 [new sec. 784 of the CAA]	Home heating oil and propane consumers	1.9	1.9	1.9	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
regulated	allocation	Sec. 2101 [new sec. 781(a)(2) of the CAA]	Sec. 3101 [new sec. 783(b) of the CAA]	Natural gas LDCs (maximum rebates)	0.0	0.0	0.0	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
regulated	allocation	Sec. 2101 [new sec. 781(a)(2) of the CAA]	Sec. 3101 [new sec. 783(c)(4) of the CAA]	Natural gas LDCs (minimum for EE)	0.0	0.0	0.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
N/A	auction	Sec. 2101 [new sec. 781(a)(5) of the CAA]	Sec. 3206	Universal Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International																	
non-regulated	allocation	Sec. 2101 [new sec. 781(d)(1)(b) of the CAA]	Sec. 5005	International adaptation[7]	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.8	1.1	1.6	1.6	1.6	1.6
Investment																	
N/A	auction	Sec. 2101 [new sec. 781(f)(1) of the CAA]	Sec. 1721 [new sec. 785 of the CAA]	Highway Trust Fund (up to $2.5 billion per year)[8]	4.0	4.0	4.0	3.1	2.7	2.7	2.5	2.0	2.0	1.9	1.9	1.9	1.9
non-regulated	allocation	Sec. 2101 [new sec. 781(f)(2) of the CAA]	Title XII Div. A of the American Recovery and Reinvestment Act	Supplemental Surface Transportation Grants (up to $1.875 billion per year)[8]	3.3	3.3	3.2	2.6	2.6	2.5	2.5	2.0	2.0	1.9	1.9	1.9	1.9
non-regulated	allocation	Sec. 2101 [new sec. 781(f)(3) of the CAA]	Sec. 1712	State and local transportation planning (up to $1.875 billion per year)[8]	3.3	3.3	3.2	2.6	2.6	2.5	2.5	2.0	2.0	1.9	1.9	1.9	1.9
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(4) of the CAA]	Sec. 1801	Clean energy R&D	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(5)(c) of the CAA]	Sec. 1603(b)	State renewable energy and energy efficiency programs	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	0.5	0.0	0.0	0.0	0.0
N/A	auction	Sec. 2101 [new sec. 781(c)(2) of the CAA]	Sec. 4111	Clean vehicle technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(3) of the CAA]	Sec. 4143	Industrial innovation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(e) of the CAA]	Sec. 2101 [new sec. 788 of the CAA]	Early action	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(5)(b) of the CAA]	Sec. 1602	Rural energy savings (up to $1 billion cumulative)[9]	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(c)(1) of the CAA]	Sec. 1431 [new sec. 794 of the CAA]	Carbon capture and sequestration[10]	0.0	0.0	0.0	0.0	0.8	0.8	0.0	4.5	5.0	7.4	7.4	7.4	7.4
non-regulated	allocation	Sec. 2101 [new sec. 781(d)(1)(a) of the CAA]	Title VI	U.S. adaptation[7]	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.8	1.1	1.6	1.6	1.6	1.6
Business																	
regulated	allocation	Sec. 2101 [new sec. 781(a)(1) of the CAA]	Sec. 782(c) of the CAA]	Merchant coal (up to)[11]	5.1	5.1	5.1	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
regulated	allocation	Sec. 2101 [new sec. 781(b)(3) of the CAA]	Sec. 4002 [new sec. 796 of the CAA]	Refineries	4.3	4.3	4.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
regulated	allocation	Sec. 2101 [new sec. 781(a)(1) of the CAA]	Sec. 3001 [new sec. 782(d) of the CAA]	Long-term contract generators (up to)[11]	2.2	2.2	2.2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
regulated	allocation	Sec. 2101 [new sec. 781(b)(1) of the CAA]	Sec. 4001 [new sec. 774 of the CAA]	Energy intensive trade exposed industries (up to)[10]	2.0	2.0	2.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
regulated	allocation	Sec. 2101 [new sec. 781(b)(2) of the CAA]	Sec. 451(a), 452, 453 of the Energy Independence and Security Act and Sec. 25 of the National Institute of Standards and Technology Act	Industrial energy efficiency (up to $1.55 billion cumulative)[4]	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
				Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 2. Summary of Distribution of Allowance Value Under the American Power Act (APA), 2026-2035 & Beyond (percentage of total annual allowance pool)

Recipient (regulated / non-regulated)[1]	Distribution Method[2]	Allowance Distribution Section Reference[3]	Allowance Use Section Reference[3]	Program(s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035 & Beyond
Cost Containment														
N/A	fixed price sale	Sec. 2001 [new sec. 726(a)(2) of the CAA]	Sec. 2001 [new sec 726(b) of the CAA]	Cost containment reserve	2.5	2.5	2.5	2.5	5.0	5.0	5.0	5.0	5.0	5.0
Deficit														
N/A	auction	Sec. 2101 [new sec. 781(h) and 781(a)(5) of the CAA]	Sec. 2101 [new sec. 787 of the CAA], Sec. 3206(b)	Deficit reduction (minimum amounts)[4]	3.7	7.0	10.2	13.5	18.9	18.9	18.9	18.9	18.9	24.2
Consumers														
regulated	allocation	Sec. 2101 [new sec. 781(a)(1) of the CAA]	Sec. 3001 [new sec. 782(b) of the CAA]	Electric Local Distribution Companies (LDCs)[5]	27.4	20.6	14.1	7.3	0.0	0.0	0.0	0.0	0.0	0.0
N/A	auction	Sec. 2101 [new sec. 781(a)(4) of the CAA], Sec. 3203	Sec. 3204	Energy refunds[6]	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
N/A	auction	Sec. 2101 [new sec. 781(a)(4) of the CAA], Sec. 3201	Sec. 3202(a)	Working Family Refundable Tax Credits[6]	2.5	2.5	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(a)(3) of the CAA]	Sec. 3102 [new sec. 784 of the CAA]	Home heating oil and propane consumers	1.2	0.9	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(a)(2) of the CAA]	Sec. 3101 [new sec. 783(b) of the CAA]	Natural gas LDCs (maximum rebates)	5.8	4.3	2.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(a)(2) of the CAA]	Sec. 3101 [new sec. 783(c)(4) of the CAA]	Natural gas LDCs (minimum for EE)	1.4	1.1	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0
N/A	auction	Sec. 2101 [new sec. 781(a)(5) of the CAA]	Sec. 3206	Universal Trust Fund	6.1	16.1	25.3	35.3	40.9	40.9	40.9	40.9	40.9	58.4
International														
non-regulated	allocation	Sec. 2101 [new sec. 781(d)(1)(b) of the CAA]	Sec. 5005	International adaptation[7]	1.8	2.0	2.5	2.8	3.0	3.0	3.0	3.0	3.0	0.0
Investment														
N/A	auction	Sec. 2101 [new sec. 781(f)(1) of the CAA]	Sec. 1721 [new sec. 785 of the CAA]	Highway Trust Fund (up to $2.5 billion per year)[8]	1.9	1.9	1.9	1.9	2.2	2.2	2.2	2.2	2.2	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(f)(2) of the CAA]	Title XII Div. A of the American Recovery and Reinvestment Act	Supplemental Surface Transportation Grants (up to $1.875 billion per year)[8]	1.9	1.9	1.9	1.9	2.2	2.2	2.2	2.2	2.2	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(f)(3) of the CAA]	Sec. 1712	State and local transportation planning (up to $1.875 billion per year)[8]	1.9	1.9	1.9	1.9	2.2	2.2	2.2	2.2	2.2	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(4) of the CAA]	Sec. 1801	Clean energy R&D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(5)(c) of the CAA]	Sec. 1603(b)	State renewable energy and energy efficiency programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
N/A	auction	Sec. 2101 [new sec. 781(c)(2) of the CAA]	Sec. 4111	Clean vehicle technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(3) of the CAA]	Sec. 4143	Industrial innovation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(e) of the CAA]	Sec. 2101 [new sec. 788 of the CAA]	Early action	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(c)(5)(b) of the CAA]	Sec. 1602	Rural energy savings (up to $1 billion cumulative)[9]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(c)(1) of the CAA]	Sec. 1431 [new sec. 794 of the CAA]	Carbon capture and sequestration[10]	8.0	8.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0	0.0
non-regulated	allocation	Sec. 2101 [new sec. 781(d)(1)(a) of the CAA]	Title VI	U.S. adaptation[7]	1.8	2.0	2.5	2.8	3.0	3.0	3.0	3.0	3.0	0.0
Business														
regulated	allocation	Sec. 2101 [new sec. 781(a)(1) of the CAA]	Sec. 782(c) of the CAA]	Merchant coal (up to)[11]	3.2	2.4	1.7	0.9	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(b)(3) of the CAA]	Sec. 4002 [new sec. 796 of the CAA]	Refineries	3.0	2.3	1.5	0.8	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(a)(1) of the CAA]	Sec. 3001 [new sec. 782(d) of the CAA]	Long-term contract generators (up to)[11]	1.4	1.0	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(b)(1) of the CAA]	Sec. 4001 [new sec. 774 of the CAA]	Energy intensive trade exposed industries (up to)[10]	12.0	9.0	6.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
regulated	allocation	Sec. 2101 [new sec. 781(b)(2) of the CAA]	Sec. 451(a), 452, 453 of the Energy Independence and Security Act and Sec. 25 of the National Institute of Standards and Technology Act	Industrial energy efficiency (up to $1.55 billion cumulative)[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
				Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Footnotes to Tables 1 & 2

1. The terms "regulated" and "non-regulated" differentiate between entities that have a compliance obligation under the pollution reduction program established by the APA and those that do not (such as government programs).
2. "Allocation" means free distribution of allowances to the specified recipient, "auction" means allowances sold to the highest bidder or sold to refined product producers at a set price derived from the auction price based on rules established under the APA, "fixed price sale" means allowances sold under certain circumstances at the cost containment reserve price established by the APA. Auction amounts in this table represent minimums due to the ability for any holder of an allowance to request that EPA auction that allowance on consignment.
3. References are to sections of the American Power Act (APA) and new sections of the Clean Air Act (CAA) where appropriate. Other statutes are referenced as needed.
4. In general, any allowances not allocated for other purposes or allocated but not distributed (with a few exceptions) are to be auctioned with the proceeds directed to deficit reduction. With this in mind, amounts in this table represent the minimum percentage of total allowances that could be auctioned with the proceeds directed to deficit reduction. The APA contains several provisions independent of the GHG reduction program that could contribute to the federal deficit (such as subsidies for nuclear technology or revenue sharing for offshore drilling), allowance value directed to deficit reduction could be used to offset these costs.
5. Any allowances not distributed to LDCs in a calendar year are withheld and distributed the following calendar year.
6. Sec. 2101 [new sec. 781(a)(4) of the CAA] initially directs 12.3 percent of total allowances to both energy refunds and tax credits; however, sections 3201 and 3203 direct different amounts to these same purposes. Discussions with bill authors have clarified that sections 3201 and 3203 should be followed in this instance.
7. These amounts could be adjusted to change the relative share of allowance value directed towards domestic and international adaptation if the president determines that its in the national interest to do so.
8. These programs are subject to an annual or cumulative dollar limit on the total allowance value they may receive (indicated in parentheses). If these limits are met based on the market value of allowances, any additional value is directed to deficit reduction. These percentages reflect the maximum amount of the allowance pool each program would receive given that the floor price for allowances established under the APA would generate allowance value that would exceed some of these limits.
9. This program is subject to a cumulative dollar limit on the total allowance value it may receive (indicated in parentheses). If the limit is met based on the market value of allowances, the remaining allowances would be directed to state renewable energy and energy efficiency programs. These percentages represent the maximum amount of the allowance pool this program would receive subject to these limits.
10. The values shown here reflect the maximum annual amount that may be allocated to these entities in a given year. The value of allowances not allocated to this purpose is carried over to the next year.
11. The values shown here reflect the maximum annual amount that may be allocated to these entities in a given year. Any allowances not allocated to these entities are directed towards electric LDCs to benefit consumers.