



SMI Clients-

This morning, the Senate failed to invoke cloture on the climate change bill, therefore bringing to an end this week's acrimonious debate on the legislation. The vote to end debate on the bill was defeated 48 to 36. Sixty votes were needed to bring the measure to a final vote. Senate Republicans used a series of procedural moves to block action on the climate change bill. However, a multitude of Senators used this week's debate to stake out their positions on the high profile legislation.

Most Democratic Senators, led by Environment and Public Works Chairman Barbara Boxer (D-CA) and Majority Leader Harry Reid (D-NV), along with the sponsors of the legislation, expressed the urgency of action, citing the immediate threats of climate change and energy security, and made the case that the bill will also spur innovation and invigorate the economy. Republicans criticized the proposed measure, arguing that it would hurt the economy and raise energy prices. They also noted that the bill did not cover the full range of technologies available to solve the energy crisis, referring specifically to nuclear power.

Republicans used a series of delaying tactics to block consideration of the measure, including a demand that the entire 492-page bill be read into the record, a process that took over nine hours and ended late in the evening on Wednesday. When the bill reading was complete, Leader Reid moved to block all amendments to the bill by using a procedural motion called "filling-the-tree." It is highly unusual for a Majority Leader to block all amendments to a major bill before the first is considered, and signaled that this year's Senate debate on climate change would be a short one. While a majority of Senators did not support bringing the bill to a final vote, Senators Obama, McCain, and Clinton signaled that they would have supported the bill. With the failure of this morning's cloture vote, the Senate will move on to other pressing matters, such as renewal of renewable energy tax credits, which we are also closely monitoring.

With the Senate debate effectively over for the year, attention will shift to the House. Republicans are now clamoring for a floor debate, having determined that action in the Senate did more to hurt the momentum toward passage of climate change legislation than advance it. It is unclear how House Democrats will proceed. House Democratic leadership is more fractured on climate change legislation, and proponents may be more wary of having a repeat of the Senate debate in a general election year. If they choose to proceed, we are more likely to see a fuller and more open debate of the potential modifications than was expressed in the Senate.

The Bottom Line

While the House may move toward a debate on climate change legislation at some point this session, the inability of the Senate to move forward on the climate change measure strongly suggests the bill will not be signed into law this year. While disappointing to the proponents of legislation to address climate change, most likely the Senate measure will be the starting point when the 111th Congress takes up this issue next year. Both the Republican and Democratic presumptive presidential nominees have indicated that they would be more supportive of efforts to enact such legislation than the current Administration. Since no amendments were debated in the Senate, there is no way to gauge the viability of modifications to the this year's legislation. This preserves the climate change bill as the framework for next session, but it leaves the

discussions around additional modifications more wide open than was anticipated before this debate began.

Stakeholders will now redirect their energies toward possible consideration of legislation in the House of Representatives, and begin to lay the groundwork for next year's debate after a new Congress and a new President takes office. Several major organizations are already preparing plans for the first 100 days of the new Administration and we expect action on climate change will begin almost immediately after the start of the year. If your company or organization has any questions or concerns regarding how this legislation could impact your bottom line, or if you already know that you require some modifications to this year's Senate measure, please do not hesitate to contact your Helios Strategies team in Washington.