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Senate Gets a Climate and Energy Bill, Modified by a Gulf Spill That Still Grows

By JOHN M. BRODER

WASHINGTON — The long delayed and much amended Senate plan to deal with global warming and energy was unveiled on Wednesday to considerable fanfare but uncertain prospects.

After nearly eight months of negotiations with lawmakers and interest groups, Senators John Kerry, Democrat of Massachusetts, and Joseph I. Lieberman, independent of Connecticut, produced a 987-page bill that tries to limit climate-altering emissions, reduce oil imports and create millions of new energy-related jobs.

The sponsors rewrote the section on offshore oil drilling in recent days to reflect mounting concern over the oil spill in the Gulf of Mexico, raising new hurdles for any future drilling off the Atlantic and Pacific coasts while allowing it to proceed off Louisiana, Texas and Alaska.

Mr. Kerry said the United States was crippled by a broken energy policy and falling behind in the global race for leadership in clean-energy technology.

“We’re threatened by the impacts of a changing climate,” he said in a packed Senate hearing room. “And right now, as one of the worst oil spills in our nation’s history washes onto our shores, no one can doubt how urgently we need a new energy policy in this country. Now is the time to take action.”

It may be difficult, however, for him to persuade the Senate to act. The country is nervously watching efforts to halt the gulf spill, the Senate is torn by deep partisan hostility and the public is uncertain whether the benefits of combating global warming are worth the costs. There is also no assurance that the bill will break through the crowded Senate calendar to reach the floor this year.

No Republicans have stepped forward to support the two senators’ efforts.

President Obama endorsed the proposal.

“Americans know what’s at stake by continuing our dependence on fossil fuels,” Mr. Obama said Wednesday. “But the challenges we face — underscored by the immense tragedy in the Gulf of Mexico — are reason to redouble our efforts to reform our nation’s energy policies. For too long, Washington has kicked this challenge to the next generation. This time, the status quo is no longer acceptable to Americans.”

He called on the Senate to move ahead so that a final bill could be enacted this year.

One of the central elements of the Senate bill — incentives to increase domestic offshore oil production — was changed in the aftermath of the explosion and fire on the Deepwater Horizon drilling rig in the gulf on April 20, which left an undersea well leaking oil. Instead of providing for a broad expansion of offshore drilling, the measure would have the effect of sharply limiting oil operations off the Atlantic and Pacific coasts by giving states the right to veto any drilling plan that could cause environmental or economic harm.

The original oil drilling provision was drafted in part by Senator Lindsey Graham, Republican of South Carolina, a supporter of expanded drilling and an important envoy to other Republicans. Mr. Graham had been a partner in drawing up the climate legislation, but he dropped out of the effort last week over the problems raised by the gulf spill and an unrelated dispute with the Senate leadership over immigration.

Mr. Graham said Wednesday that while he agreed with many of the goals of his former partners, he did not think that the Senate was likely to act this year.

“The problems created by the historic oil spill in the gulf, along with the uncertainty of immigration politics, have made it extremely difficult for transformational legislation in the area of energy and climate to garner bipartisan support at this time,” he said.

The Kerry-Lieberman proposal would treat each major sector of the economy differently, while providing something for every major energy interest: loan guarantees for nuclear plant operators, incentives for use of natural gas in transportation, exemptions from emissions caps for heavy industry, generous pollution permits for utilities for years, modest carbon dioxide limits for oil refiners and substantial refunds for consumers.

The bill’s overall goal is to reduce greenhouse-gas emissions by 17 percent (compared with 2005 levels) by 2020, and by 83 percent by 2050. The targets match those in a House bill passed last year and in the Obama administration’s announced policy goal.

There is no economywide cap-and-trade system like that in the House measure, but electric utilities will face limits on their greenhouse-gas emissions and a market will be established to allow them to trade pollution permits. The leader of the main utility industry trade group, Thomas R. Kuhn of the Edison Electric Institute, stood with Mr. Kerry and Mr. Lieberman on Wednesday and endorsed their bill.

The oil industry will have to buy emissions permits, based loosely on the price set in the utility-trading markets. It is expected they will pass along added costs to consumers in the form of higher fuel prices. The American Petroleum Institute said it was withholding judgment until the measure's effects on the oil and gas industry could be analyzed. Some oil companies, however, including BP and ConocoPhillips, have indicated their support.

It cannot yet be known whether the concessions and compromises embodied in the bill will let it attract the 60 votes needed to thwart a filibuster.

Some environmental advocates were involved in drafting the bill and were highly supportive. But other environmentalists said the bill did not go far enough and offered too many concessions to win industry support.

The United States Chamber of Commerce, whose support was avidly courted, refused to endorse the measure, calling it a "work in progress" that may prove too costly to business.