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Five ETFs for Climate Change Legislation

Through the first six months of the Obama administration, campaign promises were largely moved to the back burner while all available resources were devoted to an economy spiraling further and further into recession. Now that the country has [lifted itself out of the recession](#) and a recovery, albeit a fragile one, is underway, Washington has resumed battling over proposed social overhauls. While health care reform has been the primary focus (and the source of the most heated conflicts), [climate change initiatives](#) have been making steady progress as well.

That's not to say that Congress is anywhere near a unanimous resolution on the matter. While most legislators are politically savvy enough to come out in favor of legislation protecting the environment, their ideas of the best way to do so [vary wildly](#).

In June, the House passed HR 2454, better known as the [Waxman-Markey bill](#), legislation including a "[cap-and-trade](#)" program whereby carbon emissions would be limited and corporations would need to purchase credits for any emissions exceeding predetermined levels.

In September, a bill championed by Senators John Kerry and Barbara Boxer was introduced with more aggressive targets for reducing 2020 emissions (see an excellent comparison of the two proposed pieces of legislation [here](#)). Kerry-Boxer also goes much further in promoting the development of nuclear power plants as a preferred clean energy option in the future.

ETF Plays On Climate Change Legislation

The end result from Washington still remains to be seen, with any number of scenarios currently in the running as viable options. And uncertainties over the impact on the economy and the environment will remain long after a resolution is approved and passed into law. But one thing is certain: the ultimate outcome from the climate change debate in Washington will have a major impact on the U.S. and global economies, touching a number of sectors. For investors with a hunch on how this saga may unfold, there are a number of

ETF options that could see some big movements, both up and down, in coming months.

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PowerShares Global Clean Energy Portfolio (PBD): This ETF invests in companies focusing on green and renewable sources of energy around the globe, including wind and solar power. Although PBD has only about a quarter of its holdings in U.S. companies, climate change discussions have also taken place at a global level (such as at the G-20 summit), and it is likely that many developed nations will follow the lead of the U.S. on further regulations.

