

# HOUSE CLIMATE BILL FALLS SHORT OF AMBITIOUS, WORTHY GOALS

The first piece of climate change legislation to gain significant momentum in Congress, the American Clean Energy and Security Act (ACES), has passed the House of Representatives. The Senate has also begun the process of drafting its version of the bill.

WORC recognizes the historic efforts behind the passage of the House bill, and appreciates the robust and urgent debate on transitioning to a clean energy economy. Unfortunately, the efforts in ACES fall significantly short on the dual goals of promoting a clean energy economy and avoiding the catastrophic impacts of climate change. Here is why WORC cannot support the bill in its current form and urges the Senate to strengthen the bill.

## PICKING THE WRONG WINNERS

One of the most fundamental problems with ACES is it would give away hundreds of billions of dollars in free allowances to special interests in the oil and coal industries. One of the benefits of regulating GHG emissions is polluters are required to pay for their pollution. As these companies are no longer able to shift the costs of their pollution onto the rest of society, fossil fuels and clean, renewable energy sources are put on a more level playing field. By giving free allowances to the oil and coal industries, ACES returns to business as usual, continuing the bias in favor of GHG polluters, with insufficient incentive to move to a more clean and alternative energy economy.

## DO WE REALLY NEED ANOTHER POORLY REGULATED MARKET?

By creating a large and potentially volatile carbon market, this bill places its faith in the same hands that brought us our current financial crisis. The trading system in ACES is highly complex and fails to protect against the speculative inflationary bubbles that have destabilized our economy in recent years.

### CONTACT WORC

#### Billings Office

220 S. 27th Street, Suite B  
Billings, MT 59101  
(406)252-9672  
billings@worc.org  
www.worc.org

#### Washington, D.C. Office

110 Maryland Ave., NE, #306  
Washington, DC 20002  
(202)547-7040  
dc@worc.org

#### Montrose, Colorado Office

60584 Horizon Drive  
Montrose, CO 81401  
(970)323-6849  
montrose@worc.org

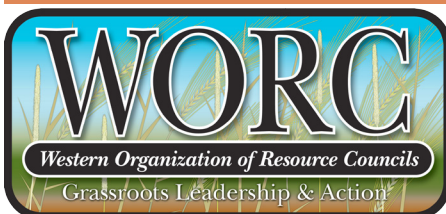
#### Lemmon, South Dakota Office

2307 5th Ave NE  
Lemmon, SD 57638  
(701) 376-7077  
jerilynn@worc.org

## OVERLY DEPENDENT ON UNPROVEN TECHNOLOGY

ACES favors an unproven and very expensive technology to reduce carbon emissions from coal fired power plants, carbon capture and sequestration (CCS). Enormous federal subsidies for carbon capture and sequestration for coal power are problematic for a number of reasons:

- It has proven to be very expensive to even get a CCS demonstration plant running. (For example, one highly publicized effort was the FutureGen plant, estimated to be a \$1 billion project in 2003 and by 2008 estimates had risen to \$1.8 billion.)
- CCS is largely an unproven technology. While it has been used in enhanced oil recovery, questions still remain as to how it would affect groundwater and if it will stay sequestered.
- If technologically possible, CCS will require 30-50% more coal to produce the same amount of power. This means more coal mining, which is already having disastrous consequences for water and communities around the country.
- There are questions as to who owns the pore space that carbon dioxide will be stored in, and who will be responsible if that carbon dioxide leaks or leaches into groundwater or escapes, like what happened in Cameroon in the 1986.
- CCS diverts scarce public resources to dead-end fossil fuel technology at the expense establishing a clean renewable energy economy based on proven technologies.



## KEEPING THE DOORS OPEN ON THE OLDEST DIRTIEST PLANTS

ACES rewrites the Clean Air Act, removing the EPA's authority to regulate GHG based on their effects on climate change. This means the oldest and dirtiest plants could continue to pollute as long as they are financially viable (which could be a long time since many of them have been paid off for decades).

ACES does create GHG performance standards for new coal-fired power plants. However, they do not apply to existing coal plants and it is possible they will not take effect until 2026.

## UNDER-UTILIZES RENEWABLE ENERGY AND ENERGY EFFICIENCY

One issue of great concern is the "low ball" target for the RES. While the establishment of a federal RES represents forward motion for Congress, some energy experts have asserted you could start dismantling windmills today and still meet the bill's renewable energy goal.

The EERS and RES require individual utilities to produce 20% of their power from renewables and efficiency by 2020. Utilities may meet as much as 8% of the 20% goal with energy efficiency savings, meaning the actual amount of renewable energy on-line could conceivably be as low as 12% by 2020. Additionally, the threshold for applicability for EERS and RES exempts smaller utilities, such as rural electric cooperatives.

According to a recent statement by the American Wind Energy Association, the RES should be 12% by 2012 in order to continue on the current growth trajectory, meaning the RES provision in ACES (between 3 and 6 %) is essentially equal to or below the status quo.

The Utility Wind Integration Group in coordination with the trade associations of investor-owned, public and cooperative utilities found the U.S. could integrate up to 20% wind energy in the grid with minimal costs and impacts on the system and other generators. Wind accounts for just one of a handful of renewable electricity technologies that could meet a federal goal. Other substantial sources would include renewable biomass combined heat and power, solar and small-scale hydro-electric generators.

## OPPORTUNITIES FOR AGRICULTURE

ACES authorizes "term offset credits" that only require agricultural carbon storage practices to be kept in place for five years. Presumably, farmers and ranchers will be compensated during those five years to keep their practices in place, but there is nothing to guarantee farmers and ranchers do not abandon those practices after the payments stop, nor are there incentives for those already engaged in practices that help to sequester carbon.

## LET YOUR SENATORS KNOW THEY NEED TO BE LEADERS

We need an effective and credible comprehensive climate change bill, and in its current form, ACES does not meet these conditions. The ACES legislation has only passed the U.S. House. The Senate still has the opportunity to make changes that would drastically improve the bill. Urge your Senator to:

- ✓ Restore the EPA's authority under the Clean Air Act;
- ✓ Ask for an auction of the allowances to limit giveaways to the fossil fuel industry;
- ✓ Support an RES of 25% by 2025, as sponsored by Sen. Tom Udall; and
- ✓ Remove or improve the trading provisions.

## TERMS DEFINED

**Allowances** - a permission to emit a certain amount of carbon. All allowances can be either sold at auction or given away (and then traded or used).

**Cap and Trade** - a system that sets up a "cap" on the total amount of emissions allowed throughout the economy. Companies are then required to buy the right to emit and can "trade" these emissions allowances.

**Carbon Dioxide Equivalent** - in the ACES legislation greenhouse gases (GHGs) are measured in carbon dioxide equivalents. For example, methane is a GHG more potent than carbon dioxide and would be counted at a certain level of Carbon Dioxide Equivalents relative to its potency. In the discussion of climate change legislation, 'carbon' is used as shorthand for 'carbon dioxide' or 'carbon dioxide equivalent.'

**EERS (Energy Efficiency Resource Standard)** - legislation to require that a certain percentage of increased electric demand be met through increased use of energy efficiency.

**GHG (Greenhouse Gas)** - gases in an atmosphere that absorb and emit radiation. Common GHGs include water vapor, carbon dioxide, methane nitrous oxide and ozone. Note: carbon dioxide is the most abundant of such gases hence the confusing use of the terms carbon and carbon dioxide equivalent (see definition, above).

**Offset** - a practice or method that naturally sequesters carbon and may be used to compensate for GHG emissions in place of allowances. For example: planting trees, beneficial agricultural practices or other land uses.

**RES (Renewable Electricity Standard)** - legislation to require that a certain percentage of electric supply be generated from renewable sources.