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# New EIA report confirms earlier estimates of climate bill costs

**By Jon H. Harsch**



A report issued Tuesday by the U.S. Energy Information Administration (EIA) on the American Clean Energy and Security Act (H.R. 2454) as passed by the House in June "confirms the earlier findings of both the Environmental Protection Agency (EPA) and the Congressional Budget Office (CBO) that the United States can transform our energy economy for less than 50 cents a day" – or, to be precise, $0.23 per day for the average family according to EIA's analysis.

House Speaker Nancy Pelosi (D-CA) welcomed the EIA report, saying it "has confirmed that clean energy is a good investment for our economy and for our energy security."

The report from the EIA, an independent statistical and analytical agency within the Department of Energy, explains that "The overall impact on the average household, including the benefit of many of the energy efficiency provisions in the legislation, would be 23 cents per day ($83 per year). This is consistent with analyses by the Congressional Budget Office which projects a cost of 48 cents per day ($175 per year) and the Environmental Protection Agency which projects a cost of 22 to 30 cents per day ($80 to $111 per year)." It adds that "Even under 'High Cost' assumptions for new power plants, EIA only projects a household cost of 34 cents per day ($124 per year)." The report points out that "None of these analyses take into account the benefits of reducing global warming."

Separately, after a Senate Finance Committee hearing Tuesday on climate change legislation, Senator John Kerry (D-MA) pointed out that past studies on potential costs from climate change legislation fail to account for savings from "energy efficiencies and new technologies." He added that every family will have the opportunity to generate more savings from switching to a hybrid car or weatherizing their home.

The EIA report's findings include these:

- Advanced carbon capture and storage (CCS) technology would come online before 2020 and lead to 69 gigawatts of new CCS coal-fired generation by 2030.
- Renewable generation would be "dramatically higher" under the legislation, increasing renewable generation 28% by 2030.
- Nuclear power would expand dramatically without added financial assistance.

- Roughly 83% of new generating capacity would be low or zero carbon
- The legislation would increase energy efficiency, reducing the growth rate of electricity demand by 29%.
- The effect on gasoline prices would be modest, with a cost increase of 20 cents in 2020. This estimate does not account for the effects of new investments in clean vehicle technology, which could lower gasoline costs.
- Demand for natural gas in the power sector would be reduced, freeing up natural gas for use in industry, agriculture and transportation.
- A market for domestic offsets would be created that would be worth $32 billion annually by 2030.

Note that the figures listed above are from the EIA's "Basic" case which reflects intermediate assumptions. Other cases with highly pessimistic assumptions showed higher costs, while cases with more optimistic assumptions showed lower costs.

To read the 81-page "Energy Market and Economic Impacts of H.R. 2454, the American Clean Energy and Security Act of 2009" report, go to:
http://www.eia.doe.gov/oiaf/servicerpt/hr2454/index.html

For a two-page fact sheet on the EIA report, go to:
http://energycommerce.house.gov/Press_111/20090804/eia.aces.factsheet.pdf

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