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## Senate hearing seeks to improve Waxman/Markey climate bill

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Facing an overflow crowd in a Senate Environment & Public Works Committee hearing Thursday on "Climate Change & Ensuring that America Leads the Clean Energy Transformation," Committee Chair Barbara Boxer (D-CA) said "Clean energy and climate legislation provides the certainty companies need and the signal businesses are looking for to mobilize capital and harness the greatest source of power we have in this country, American ingenuity." As an example, she said that because her state decided to incentivize clean energy development, during "a horrible recession" California attracted "\$6.5 billion in venture capital in California in last three years alone" to develop renewable energy and energy efficiency.

Boxer's point was quickly reinforced by testimony from U.S. Department of Energy Assistant Secretary for Policy and International Affairs David Sandalow. Noting that he's been to China twice in the past two months, he said that "During those trips I have seen the impressive investments that country is making in clean energy. Chinese companies are investing in advanced clean coal technologies. They are deploying huge wind farms. They are building ultra-high-voltage long-distance transmission lines with low line loss. They are launching programs to deploy electric vehicles in 13 major cities."

Sandalow warned that "The world is on the cusp of a clean energy revolution. Whether the United States is a leader or laggard in that revolution depends on decisions we as a nation make in the months and years ahead. . . Renewable energy presents an enormous, once-in-a-generation business opportunity, and we must recognize that if we don't seize it, others will." He said that enacting the House-passed American Clean Energy and Security (ACES) Act "would help position the United States as a global leader."

The committee's Ranking Member James Inhofe (R-OK) wasn't impressed. In one rare moment of agreement with Boxer, Inhofe predicted that "We will mark up legislation in this committee, pass it, and then it will be combined with other bills from other committees. And we will have a debate on the Senate floor." But he predicted that after the debate is over on cap-and-trade climate legislation, "the American people will reject it and we will defeat it."

Inhofe confronted Sandalow directly on the question of whether China and India would follow the U.S. lead in curbing emissions, asking “Do you think, if we were to pass the Markey bill as it is today, if it would have the effect of reducing world temperatures?” Without hesitation, Sandalow predicted that unilateral U.S. action would have a positive world-wide effect in curbing global warming because “I see people around the world eager to follow an American lead.”

Federal Energy Regulatory Commission (FERC) Chair Jon Wellinghoff testified that FERC is already aggressively implementing regulatory changes designed to remove barriers to the development of renewable energy. He explained that “A major reason why ‘low carbon’ renewable resources and energy efficiency are not used more extensively is that the cost of greenhouse gas emissions is, in economic terms, an ‘externality.’ In other words, the effect of these emissions is not reflected in the energy marketplace. The market-based cost of producing electricity from coal as compared to, for example, producing electricity from wind turbines or reducing energy use through efficiency, takes little or no account of the fact that certain types of coal production currently cause significant emissions of greenhouse gases and wind turbines and efficiency do not.” In addition to rule changes, he said new legislation is needed as well to take full advantage of the country’s “extensive amounts of untapped renewable resources and large potential to use energy more efficiently.”

Thomas L. Strickland, the Department of the Interior Assistant Secretary for Fish, Wildlife and Parks, said his department is working hard to open its 500 million acres of land and 1.7 billion acres of the Outer Continental Shelf to renewable energy development. He said “This land base includes areas which boast some of the highest quality renewable energy resources available for development today: solar in the Southwest; wind in the Atlantic, on the Great Plains and in the West; and geothermal in the West.”

William Fehrman, President of MidAmerican Energy Company which has over 720,000 electric customers in Iowa, Illinois, and South Dakota, said his company generates electricity from a mix of 50% coal; 20% renewables including wind, hydro, and biomass; 20% natural gas; and 10% nuclear. He argued persuasively against “the trade part of cap-and-trade” saying it could lead to market manipulation. He added that the Waxman/Markey bill’s approach to carbon allowances would impose “costs disproportionately on customers of utilities with coal-fired generation.” He urged Boxer to schedule more hearings whenever she has a draft bill ready because “the more you hear reactions to an actual bill the better your final product will be.”

To watch a webcast of the August 6<sup>th</sup> Senate hearing on climate change legislation or read written testimony from the hearing, go to: <http://epw.senate.gov>