



Energy Sec. Chu stresses the economic need for cap-&-trade climate legislation

By Jon H. Harsch

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Washington, Jan. 21 – Addressing a Senate Energy Committee hearing Thursday and in comments afterwards, Energy Secretary Steven Chu made a strong pitch for putting a price on carbon emissions. That “cap” is included in the climate bill the House passed narrowly last year. It’s also included in the similar bill that faces solid Republican opposition in the Senate, making the bill a non-starter now that the Democrats have lost the 60 vote Senate majority needed to prevent a Republican filibuster.

Calling an answer to climate change and energy concerns “important to America’s prosperity,” Chu concluded his testimony in the hearing by insisting that “we will be looking at a carbon-constrained environment world-wide and there is an opportunity to lead in this transition.” Repeatedly, he said that taking the lead will require putting a price on carbon so that new renewable energy technologies are developed. He also called for increasing U.S. demand for renewable energy installations like wind farms and solar arrays so that high-tech manufacturing and jobs are created in the U.S. rather than overseas.

“We need a cap on carbon, that cap has to slowly ratchet down. The fact that you have a cap that slowly ratchets down tells industry ‘You’ve got to move and you’ve got to start to develop technologies and invest in those technologies that decrease the carbon in your business’.” To illustrate his point, he noted that U.S. diesel manufacturer Cummins initially criticized new clean-diesel requirements but now benefits from those requirements since it has become a world leader in clean diesel.

Chu said “We need a long-term signal to industry that there will be a limitation on carbon.” Because there’s no clear signal yet, he said, “There is a lot of money sitting on the sidelines . . . That’s money not invested, which means jobs not created.” He said that with a carbon cap, “If we do this right, and we are very determined to do this right, this will be a key to American prosperity.”

Sen. Bob Corker (R-TN) urged Sec. Chu to reconsider the administration’s energy priorities. Calling for more money for nuclear and less for new renewable alternatives, Corker said “It does sort of feel to us that you are slow-walking the things that many of

the folks in the White House may think are bad policies . . . candidly you are slow-walking things that are proven and wanting to spend lots of money on things that are unproven.”

A number of senators including Sen. Byron Dorgan (D-ND) have said they feel climate concerns can be addressed adequately with existing energy legislation alone, making adding separate climate bill provisions unnecessary. Energy Committee Chair Jeff Bingaman (D-NM) said Thursday that the energy bill his committee passed last year does partially meet the need for a price on carbon by creating a Renewable Electricity Standard (RES) to require that electric utilities purchase an increasing amount of electricity from renewable sources each year. But he pointed out the RES only applies to the utilities sector and that “it is not as strong a price signal as a price on carbon would be if you had a good cap-and-trade system in place.”

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