

HOUSTON CHRONICLE

Why Texas holds the key to carbon taxes

Former oil and gas engineers bring a message tailor made for the right.

Lydia DePillis and Andrew Kragie

September 22, 2016

Peter Bryn is the conservative outreach director for the Citizens' Climate Lobby, which is leading the charge poses for a photo Tuesday, Sept. 13, 2016, in Houston. A grassroots push to get conservatives to support a carbon tax.

The first general meeting of the Conroe chapter of the Citizens' Climate Lobby, although well-signed at the city's busy public library and well-stocked with mixed nuts and juice, did not start auspiciously.

On this Monday evening, with two of the group's six members off to college, the 7 p.m. starting time came and went, without anyone arriving besides two chapter leaders, a liaison to the local Congressional leadership, and her husband. The laptop stayed closed, the handouts neatly stacked. The group was undeterred: Just existing in the deeply red suburbs of the nation's capital of fossil fuels, was a small victory.

"This is becoming a little more mainstream," says Bob Jones, who retired recently from the energy division of the German conglomerate Siemens. "Sustainability is being accepted as a nonpartisan issue."

The Citizens Climate Lobby, a national advocacy group founded in 2007, isn't in the Houston area because it's a liberal hotbed of environmentalism. It's here because GOP support will be essential to pass legislation addressing global warming, and its preferred solution is crafted to appeal to conservatives.

Rather than top-down regulatory schemes to limit emissions, they would simply impose new fees on fossil fuels based on the amount of carbon dioxide they emit, providing incentives for businesses and consumers to choose energy that produces the fewest emissions. This so-called carbon tax already has been embraced by some the world's largest oil companies, including Exxon Mobil, as a way to slow global warming with as little business disruption as possible.

That's why the group's biggest hopes for slowing the pace of climate change lie here, in the heart of oil country. Despite the Conroe chapter's slow start, the Citizens' Climate Lobby now has a solid foothold in the Houston area, with eight affiliates across the region and 140 members in the Woodlands chapter alone.

Hard sells

Despite the free-market cast of the group's proposed solution, convincing Republican politicians to go along with new taxes of any kind is an uphill battle.

In a [recent interview](#), for example, Rep. Kevin Brady, The Woodlands Republican who chairs the tax-writing House Ways and Means Committee, categorically ruled out carbon pricing as part of GOP plan to overhaul the tax code.

Undaunted, the Woodlands and Conroe chapters are still targeting Brady, and they're doing it by recruiting people from unusual quarters. All but one of the Houston-area chapters leaders work or have worked for oil and gas companies.

"Many people in the energy industry know that climate change is real. The energy companies themselves know that we need to change," says Bill Bray, the Woodlands chapter leader, who recently retired after 33 years at ExxonMobil as an offshore engineer. "We don't want to wreck the economy. We don't want a huge amount of regulation. We want a market solution."

Leading Citizens' Climate Lobby's national conservative outreach campaign is Peter Bryn, a slight 32-year-old, who put in eight years as an engineer at ExxonMobil for before quitting to devote himself to building support for a carbon tax, working full time from Houston. Even though his former employer has publicly favored a carbon tax since 2007, workers weren't exactly encouraged to campaign for it.

"It was just something that nobody talked about, because nobody had the authority to talk about it," Bryn said.

Now, however, he talks a lot about why ExxonMobil prefers a carbon price: It's simple and predictable, and the company has been shifting towards natural gas, a cleaner-burning fuel that would fare much better under the scheme. In fact, ExxonMobil has been operating with a "shadow price" on carbon for years now, factoring the cost of a potential future carbon tax into their new projects.

Carbon taxes have long been under discussion, but as concerns about climate change have gained urgency, they are getting a closer look. The proposals vary. Some would use the proceeds from the tax to finance the development of wind, solar and other kinds of renewable power, others would fund improvements to transportation systems.

The Citizens Climate Lobby plan would impose taxes on energy production companies for each pound of carbon emitted by the oil or gas they extract, the cost of which would be passed on to consumers in the form of higher prices. The proceeds of the tax would go into a trust fund, which would be paid out in monthly dividends to American citizens to offset higher fuel costs.

Bryn emphasizes that carbon taxes are not about raising more money for government. Any proposal that does not return the proceeds of the tax to citizens through rebates won't receive the Citizens Climate Lobby's support.

Another talking point for conservatives: The alternative is worse. The Supreme Court has already upheld the Environmental Protection Agency's authority to regulate greenhouse gases, so the Clean Power Plan that limits emissions from power plants probably isn't going away, and more rules might be in the works.

"Something is coming, whether we like it or not," Bryn said he tells conservative activists. "Do you want it to be Obamacare for Climate?"

Electrical Power Capacity (national level)⁴⁶

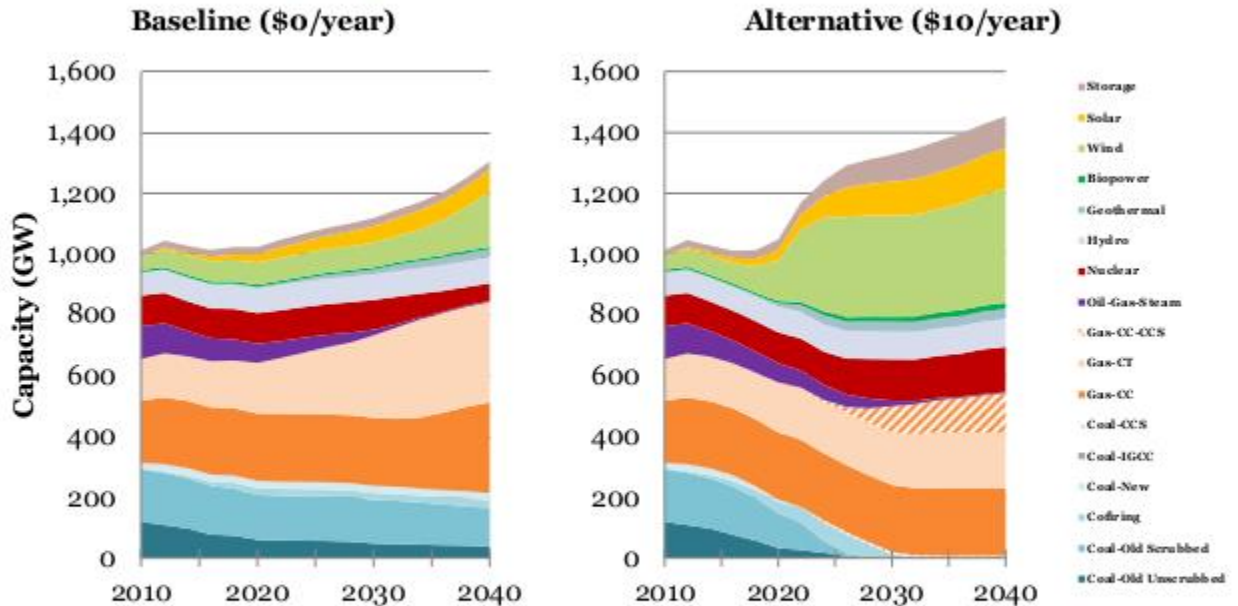


Figure 3.29 – This shows the total installed capacity by technology type at the national level from ReEDS. Power capacity and generation results for the nine regions are in the appendix.

Not alone

The Citizens' Climate Lobby isn't alone in its message to the right. Four years ago, former Republican South Carolina congressman Bob Inglis started a new organization, called RepublicEn, aimed at winning conservatives over on climate change. Inglis toured Texas a few weeks ago, visiting Citizens' Climate Lobby chapters and speaking to local GOP organizations. Then there are libertarian think tanks like the R Street Group and the Niskanen Center, which split off from the Cato Institute a few years ago in large part over Cato's opposition to any government intervention around climate.

Jerry Taylor, the Niskanen Center's director, sees the Republican wall of opposition crumbling for several reasons. Popular and corporate opinion has moved on from denial of global warming, the Obama administration's Clean Power Plan is nearly settled law, and the ideological groups that oppose climate action have lost some influence.

"Republicans were put on this earth to make arguments about harnessing market forces," Taylor said. "Tectonic plates are shifting beneath the party, and that is going to open up avenues for action."

Still, Taylor notes that it's very difficult for Republicans who have long shaped their identities around dismissing climate change as a liberal hoax to suddenly change their minds. And

companies like Exxon aren't willing to jeopardize other priorities, such as trade policy, for which they need Republican support by beating them up over a carbon tax.

The Woodlands and Conroe chapter leaders learned just how deeply red a group they were dealing with upon their first attempt to get a meeting with Rep. Kevin Brady. During a town hall meeting at Lone Star College where Brady was laying out the GOP's new tax proposal, most of the crowd was angry about hyper-conservative hot buttons like federal funding for Planned Parenthood.

Conroe's Carolyn Newman, a former consulting engineer for BP, finally stood up to ask Brady if he would meet with them about a carbon tax. He said he would, but that he wasn't in favor of it. In response to follow-up questions, Brady spokeswoman Tracee Edwards said the congressman "doesn't support a new tax on energy that would be detrimental to the economy," despite evidence that redistributing the revenue back to taxpayers actually serves as a modest economic stimulus.

That's also true of Texas Senators Ted Cruz and John Cornyn, who were among 25 Republican senators to sign a "sense of the Senate" resolution in opposition to a carbon tax. Houston-area GOP representatives John Culberson and Pete Olson have reiterated their opposition as well.

"While funds might be returned to the public, it is unclear whether this could be done in a way that fully covers the added costs for those unable to shift energy use," said a spokeswoman for Olson, of Sugarland. "For example, lower income families might not be able to shorten their commute or buy a more fuel efficient vehicle in the same way an elderly couple can't necessarily reduce their electricity usage or spend the money to make a home more energy efficient."

Here's the problem: Even if companies can shift their energy mix in response to a carbon tax, it's harder for employees who work in those industries — the voters on whom Members of Congress actually depend — to get new jobs in renewable energy. In Texas, where hundreds of thousands of peoples' livelihoods depend on fossil fuels, any policy aimed at phasing them out could be a hard sell. For many traditional Republican leaders, climate change just isn't a priority.

"I don't think it's like they're talking about, where the oceans are going to wash us away and that kind of stuff," says Wally Wilkerson, who's been the chairman of the Montgomery County GOP since 1964. "I don't think that movement is going to get very far in Montgomery County."

That's why CCL's best hope may be in a new generation of Republicans, like Chris Busby, the president of the Houston Young Republicans and the founder of the Harris County Log Cabin Republicans. He heard Inglis and Bryn's carbon tax pitch at a recent conservative gathering, and was convinced.

"It seems like a better solution than giving the EPA discretionary power to regulate it on its own," Busby says. "I think especially my generation, the overwhelming response is they do believe it's a problem. There is a real desire to address this."