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Battle lines drawn for energy fight next week

House committee begins debate on huge bill Monday

By Robert Schroeder, MarketWatch
Last Update: 3:45 PM ET May 15, 2009

WASHINGTON (MarketWatch) -- Congressional Democrats and Republicans are girding for battle next week over how to shape the nation's future energy and environmental policies, as both parties put the final touches on their sharply differing proposals on climate-change and energy production.

The Democrats' massive energy bill - after being crafted in negotiations for months - is scheduled to begin to be debated by the House Energy Committee on Monday, with the Republicans offering counter proposals.

Democrats, led by Chairman Henry Waxman of California, are seeking to dramatically slash greenhouse gas emissions through a complex and controversial "cap and trade" program and require utilities to boost their use of renewable energy sources. Read about the Democrats' bill.

Republicans want no such regulation of greenhouse gases and are seeking to encourage development of coal-fired electricity and nuclear power. Read the Republicans' bill.

Waxman wants to wrap up work on the Democrats' bill by the end of next week, when Congress adjourns for its Memorial Day recess. But even if the bill gets through the energy committee, its fate beyond is uncertain, thanks to the contentious cap-and-trade program.

"I think it's unlikely a meaningful [cap-and-trade] program is going to get through the Senate," says Jerry Taylor of the Cato Institute, a libertarian think-tank in Washington.

The cap-and-trade system would cap limits on carbon emissions for individual companies. It would then permit companies to buy - or trade -- more emissions rights from other companies. More energy efficient companies would be able to sell their permits to less-efficient ones, which would in effect enable some industries to pollute more by paying more.

Democrats far outnumber Republicans in the House but the Senate is much more narrowly divided, and even some Democrats have deep reservations about the bill -- particularly those from industrial and coal states.

Critics charge that the proposed cap-and-trade system would mean the demise of many energy-intensive industries in America, result in lost jobs, and ultimately increase energy costs for Americans.

But environmentalists are pulling hard for the Democratic bill, which calls for a 17% reduction in greenhouse gas emissions from 2005 levels by 2020. Over the long term, the bill seeks to cut carbon and other emissions by more than 80% below 2005 levels by 2050. Waxman said Thursday he recognizes it's a big amount. But advocates are heartened.

"The Waxman-Markey bill will create clean energy jobs, reduce oil use and cut global warming pollution," says Daniel Weiss, director of climate strategy at the Center for American Progress. Rep. Edward Markey, D-Mass., is the bill's co-sponsor.

Among other things the bill also includes a plan to give away emissions allowances to electric power distributors and automakers, which supporters of the plan say would reduce the cost burden of the program for these industries.

GOP alternative

The Republicans' alternate bill, meanwhile, would overturn the government's ability to regulate greenhouse gases and exempt several types of emissions from the definition of "air pollutant." Joe Barton of Texas, the panel's top Republican, says the Democrats' bill is just too expensive and comes at the wrong time.

"Under the Waxman-Markey draft we are capping our economy and trading away our jobs," Barton said in a statement earlier this week. "We are instituting a regressive energy tax on Americans already enduring high unemployment, lost 401(k)s, and rampant home foreclosures."

With 36 Democrats and 23 Republicans on the committee, the Republicans' bill is likely to go nowhere. But the GOP can use it to stall motion on the majority-party's bill.

There's also likely to be a tough fight over mandating the use of renewable fuels by electric utilities.

Earlier this week, Democrats reached agreement to require that 15% of electricity come from renewable sources by 2020. Waxman and Markey initially wanted to mandate 25% use by 2025.

Softening requirements like those won Waxman and Markey the support of coal-state Democrats like Rep. Rick Boucher of Virginia this week.

With the Democrats' bill running more than 600 pages, debate is expected to take up most if not all of the week.

Meanwhile, Republicans may try to slow the passage of the bill by offering amendments or demanding a reading of the Democrats' huge measure. Still, backers say passage by the committee would be a major step forward.

"If it goes through the House Energy Committee it will dramatically invigorate efforts to pass this bill in the House and Senate," said Weiss.

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