



Monday, February 22, 2010

## Should Congress Embrace A 'Clean Energy' Standard?

By [Amy Harder](#)

NationalJournal.com

A [draft bill](#) crafted by Sen. **Lindsey Graham**, R-S.C., and circulated around the Hill last week proposes a national "clean energy" production mandate that would include not only renewables but also nuclear energy and "clean" coal. Graham's plan is more robust than similar provisions included in legislation last year (the [Senate Energy and Natural Resources energy-only bill](#) and the [Waxman-Markey climate bill](#)). For example, the Graham draft includes traditional energy sources and would require that electric power companies shift more rapidly to clean energy.

Should Congress embrace a "clean energy" standard that includes cleaner forms of traditional energies, like nuclear and coal-fired plants that employ carbon, capture and storage technology? Or should such a standard be reserved for renewables, such as wind and solar? If his proposal were incorporated into a larger package, could it attract other Republicans? Would it lose Democrats?



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### Standard Still A Production Quota

By [Marlo Lewis](#)

Senior Fellow, Competitive Enterprise Institute

Sen. Lindsey Graham's Clean Energy Act is, like cap-and-trade, calculated to raise energy prices and expand

government control over the economy for the benefit of special interests.

The public – and therefore the Senate – isn't buying cap-and-trade, and no informed adult really believes we can “repower” America with wind turbines and solar panels. So Sen. Graham has come up with a slick alternative to both cap-and-trade and a national renewable electricity standard (RES) – a national “clean energy” standard (CES).

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Nonetheless, Graham's proposal does not deserve even one cheer from free marketers. A CES is still a Soviet-style production quota – an attempt to decree what percentage of America's energy comes from what kinds of sources. And Graham proposes to fix these percentages not for the duration of a mere five-year plan, but for the next 40 years! For sheer hubris, that clobbers the ethanol mandate, which establishes production quota for [15-years](#).

Graham professes to believe that we cannot [“clean the air” until we “price carbon.”](#) but because cap-and-trade has hit a wall in the Senate, he is proposing a CES as a “bipartisan” alternative. However, the notion that we cannot clean the air without pricing carbon is bunk.

History is clear on this point. U.S. air quality has improved, decade by decade, for almost as long as we've been measuring it. Particulate matter, for example, has been dropping since at least [the late 1950s](#). Between 1980 and 2008, nationwide [air pollution levels decreased](#) 79% for carbon monoxide, 25% for ozone, 92% for lead, 46% for nitrogen dioxide, and 71% for sulfur dioxide. Between 1990 and 2008, air pollution levels decreased 31% for coarse particulates (PM10) and 20% for PM2.5. This progress will [continue under regulations already on the books or planned](#), as motor vehicle fleets turn over to cleaner vehicles and new capital stock replaces old.

Graham [claims](#) his main concern is not saving polar bears but saving American jobs. “Every day we wait in this nation [to price carbon], China is going to eat our lunch,” he explained at a February 3 conference (Business Advocacy Day for Jobs, Climate, & New Energy Leadership) in Washington, D.C.

The Senator is mistaken on two counts. First, “clean tech” industries that cannot compete without policy privileges are now and very likely will remain less competitive than the industries Graham would have them replace. That is a recipe for reducing wealth- and job-creation. In Spain, subsidies for “green energy” [destroy about 2.2 jobs](#) for every single job created. Similarly, Germany's feeder tariff system promoting wind and solar power has produced [net job losses](#).

Like many conservatives, Graham is a fan of nuclear power, but corporate welfare, whether right wing or left wing, benefits special interests at the expense of the overall economy. Federal nuclear subsidies have totaled [\\$178 billion during 1947-1999](#), according to economist Doug Koplow. Yet as Cato Institute energy analyst Jerry Taylor points out, despite this largesse, no new nuclear plants have been built in 30 years. Why? Because the economic risks are too great:

"In short, even during the go-go days prior to the September 2008 crash – a time when Wall Street was allegedly throwing around money left and right to all sorts of dubious borrowers – the banks that stand accused of recklessly endangering their shareholders on other fronts were telling utility companies that they would not loan them anything for new nuclear power plant construction unless the feds unconditionally guaranteed every last penny of those loans. That's how risky market actors think it is to build nuclear power plants."

Piling mandate on top of subsidy would feed corporate welfare dependency, not 'incentivize and reward the future,' as Graham supposes.

Second, the notion that China will "eat our lunch" unless we handicap the most competitive sources of U.S. electric generation is deeply confused. China, after all, *does not put a price on carbon!* Indeed, one reason China has become a leading manufacturer of solar voltaic panels is that Chinese energy prices are low. Putting a price on carbon would jeopardize Chinese manufacturers' access to abundant, affordable coal-based power (China's consumption of coal for electric generation is projected to [more than double](#) from 2006 to 2030).

Nor is it the case that a nation must produce lots of zero-carbon energy for domestic consumption in order to compete in global "green tech" markets. China has become the world's largest producer of solar panels, producing about 820 megawatts of PVs in 2007. But, due to their relatively high cost, China in 2007 deployed [only about 20 megawatts of PVs domestically](#), mostly for "remote off-grid applications."

A final point – enactment of Graham's bill would not preclude subsequent enactment of a cap-and-trade bill or a more stringent CES. Recall how quickly the ethanol mandate grew between 2005 and 2007 – from 7.5 billion gallons per year by 2012 to 30 billion gallons per year by 2022. Recall also that Al Gore says we need it all – cap-and-trade, renewable energy mandates, tougher energy efficiency standards, and a carbon tax. Enactment of the Graham bill will surely embolden rather than mollify the global warming movement. As we should all know from Captain Hook, feeding the crocodile your hand does not make it less aggressive.

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## Natural Gas Essential To RES

By [Skip Horvath](#)

President, Natural Gas Supply Association

Leaving natural gas out of any clean energy standard is like holding the Winter Olympics without snow. Natural gas is that vital fuel that policy makers need in order to achieve clean energy.

In a perfect world, natural gas producers prefer a market-based approach to meeting clean energy standards, allowing natural gas to compete fairly and fulfill its potential as part of the clean energy mix. If instead a clean energy standard is adopted, it ought to be crafted so that utilities have the option to use natural gas in order to reduce their emissions. It's here, reliable, clean, and as a bonus, it is a jobs-creating machine.

To get an idea of just how significantly natural gas could contribute to meeting clean energy goals, look no further than a study released by the Congressional Research Service in January. CRS calculated the potential reduction in CO2 emissions simply by making the most possible use of natural gas plants that are currently under-used. Maximizing the use of existing natural gas plants could immediately cut carbon emissions up to

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As an added benefit, allowing utilities to use clean natural gas for power generation would necessitate more natural gas to be produced, leading to significant jobs creation. We've seen the natural gas jobs effect already in states like New York and Pennsylvania, which have created tens of thousands of new jobs in the two years since production from shale gas in those states has taken off.

If reducing emissions is the goal, natural gas passes the emissions inspection test. Jobs creation? Check. Reliable and here today? Check. We are confident that as Sen. Graham's draft gets vetted, it will expand to recognize natural gas's ability to help meet a clean energy standard.

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## Can't Re-Invent 'Clean' Definition

By [Bill Snape](#)

Senior Counsel, Center For Biological Diversity

A clean energy standard is not "clean" merely because a Senator dubs it so. Yes, we need a clean energy standard. Yes, we need a renewable energy standard. Yes, we might even need transition energy sources to get us away from our current suicidal greenhouse polluting practices. But to call any form of coal burning "clean" is not only a joke, but also a dangerous turn toward Orwellian politics. The same holds true for carbon sequestration, biomass and nuclear options proposed by Senator Graham. We should debate those issues on their own terms, rather than slapping a false label on them for lowest common denominator political consumption. Indeed, the destruction of trees around the country in the name of "biomass" is a rapidly growing threat to our nation's forests that is anything but clean for the air, water and landscape in many instances. Further, nuclear proponents still cannot assure us, inter alia, of significant waste and safety issues; Three Mile Island and Chernobyl are not "clean" whatever other attributes they might or might not possess. And carbon...

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