



Australia passes controversial carbon pollution tax



Nov 7 10:35 PM US/Eastern

Australia's upper house passed a controversial pollution tax on Tuesday in what the government called an "historic day" after years of bitter debate which felled a sitting prime minister.

Cheers and applause broke out as the Senate approved the Clean Energy Act by 36 votes to 32, requiring Australia's coal-fired power stations and other major emitters to "pay to pollute" from July 1 next year.

The laws -- 18 in total -- will now return for a final vote in the lower house, where they are expected to again be approved after winning approval last month 74 votes to 72.

Deputy Prime Minister and Treasurer Wayne Swan said the passage through the Senate was a "victory for the optimists and... a defeat for the deniers."

"Today is an historic day for economic reform," he said ahead of the vote.

"No longer will the big polluters be able to pump carbon pollution into the atmosphere for free."

The law's approval caps a tumultuous period in Australian politics, largely centred on what the vast nation -- one of the world's worst per capita polluters -- should do about carbon emissions linked to global warming.

Former prime minister Kevin Rudd harnessed an unprecedented wave of popular support for climate change action, winning the 2007 election in a landslide after campaigning to ratify the Kyoto Protocol and take other green measures.

But Rudd's plans were frustrated by entrenched conservative opposition which saw a proposed emissions trading scheme ultimately shelved, and his credibility was so badly damaged that he was ousted by Gillard in a Labor party room coup.

Gillard went on to scrape back into office last year by forming a coalition with independent lawmakers and the left-leaning, eco-minded Greens, who won a record vote share in the first deadlocked national poll in some 70 years.

Greens leader Bob Brown said that "even the heavens are clapping" after what he described as a landmark act of responsibility by Australia's parliament.

"It's a green-letter day but it's one that will echo down the ages," Senator Brown told reporters.

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EPA bill passes House committee, amid climate science debate

By Olga Belogolova | *National Journal* | March 16, 2011

After a full day of debate on amendments and impassioned political statements, the House Energy and Commerce Committee voted on Tuesday to slash the Environmental Protection Agency's authority to regulate greenhouse-gas emissions under the Clean Air Act.

While the Republican majority voted unanimously in favor of the measure, which passed 34-19, three Democrats, Reps. Jim Matheson, D-Utah, John Barrow, D-Ga., and Mike Ross, D-Ark., sided with the majority.

Earlier in the day, moderate Democrats, sure to note that they believe climate change is happening, offered up an amendment to ensure that Congress steps into the role the committee voted to strip from EPA.

The amendment, offered by Matheson and amended by Rep. Charlie Bass, R-N.H., to ensure sure that any policy would not adversely affect the economy, energy supplies, and job creation, passed by voice vote.

But Democrats said that was not enough.

"If we don't legislate and we don't regulate, we will do nothing about the problem," Energy and Commerce ranking member Rep. Henry Waxman, D-Calif., said, arguing that saying Congress should be in charge is not the same as actually addressing greenhouse-gas pollution.

Certain that the legislation would pass the full committee, committee Democrats spent the majority of the markup making political statements about Republican climate-science denial.

Democrats, such as Waxman and Reps. Jay Inslee, D-Wash., Diana DeGette, D-Colo., and Doris Matsui, D-Calif., offered a series of amendments related to climate science, the EPA endangerment finding, and the public health effects of greenhouse-gas emissions and climate change -- all of which were rejected by the Republican majority.

"You can disagree with how EPA acts ... but this is science denial. It's not worthy of this committee," Waxman said.

Setting it up so that Republicans would vote against the amendments, Democrats were essentially trying to shine



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a spotlight on their rejection of the science.

"Now in the permanent record will illustrate what it means to be on the wrong side of history and the wrong side of science," Rep. Jan Schakowsky, D-III., warned Republicans who voted in lockstep against all climate-change related amendments.

But Republicans have walked a fine line on climate science. Though Energy and Commerce Chairman Fred Upton, R-Mich., and Energy and Power Subcommittee Chairman Ed Whitfield, R-Ky., have repeatedly noted that "this bill is not about the science," Democrats have made sure to point out that its effects are an "affront on science."

Not allowing themselves to be boxed in as anti-science zealots, many Republicans, excluding Rep. Joe Barton, R-Texas, shied away from denying climate change during the markup.

"We should not put the U.S. economy in a straitjacket because of a theory that has not been proven," Barton said, maintaining that climate change is a tenuous issue.

Instead of going that far, other GOP committee members walked on the safe side of the Republican aisle, arguing that the bill is a criticism of EPA regulation as a solution to any such problems, as opposed to an attack on science.

Rep. Brian Bilbray, R-Calif., said that while he is frustrated with those that deny that a climate change problem exists, the EPA rules are not a real solution, he argued.

"We are literally being passed a placebo by the EPA," Bilbray said. "If you say it's a problem, let's talk about solutions."

In addition to rejecting amendments from Democrats related to climate science, Republicans also shot down amendments addressing public health risks, such as asthma, and health care costs associated with greenhouse-gas emissions and climate change.

As they had before, the committee debated whether the bill preserves fuel efficiency standards when Rep. Edward Markey, D-Mass., offered an amendment that would allow the EPA to have authority over greenhouse-gas emissions, so long as their actions reduce U.S. demand for oil.

"In voting no, you are providing the funding for our enemies in the Middle East," Markey urged his colleagues.

But committee members on both sides of the aisle rejected Markey's amendment, questioning whether to entrust energy security to the EPA.

The bill is expected to clear the House and will get a full vote before the Easter recess, House Majority Leader Rep. Eric Cantor, R-Va., told *National Journal Daily* on Monday.

"The sooner, the better," Whitfield said of a floor vote. "I knew that they wanted to move it along quickly."

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E.P.A. Delays Plants' Pollution Permits

By JOHN M. BRODER
Published: March 29, 2010

WASHINGTON - The [Environmental Protection Agency](#) said Monday that it would not require power plants or other industrial sites to obtain federal pollution permits for emitting greenhouse gases before next January.

The statement formally affirms an agency announcement last month that it would phase in the regulation of climate-altering gases over several years, starting with the largest sources.

E.P.A. regulation of carbon dioxide and other gases that contribute to [global warming](#) is a hugely controversial matter arising from the agency's finding late last year that such gases are a threat to human health and welfare. Numerous state officials, industry groups and members of Congress have protested the agency's intent to regulate those gases, and the E.P.A. is facing what could be years of litigation.

President Obama and members of his cabinet have repeatedly said that they would prefer that Congress act to address climate change through comprehensive energy legislation. But the administration is moving forward with a regulatory plan in case Congress continues to be deadlocked on the issue.


[Lisa P. Jackson](#), the E.P.A. administrator, said the timetable announced Monday was a calibrated plan to begin to apply the Clean Air Act to major stationary sources of heat-trapping gases.

"It gives large facilities the time they need to innovate, governments the time to prepare to cut greenhouse gases, and it ensures that we don't push this problem off to our children and grandchildren," Ms. Jackson said in a statement.

The action clarifies and largely overturns a memorandum issued by the environmental agency in December 2008, a month before President George W. Bush left office. The Bush administration found that permits for emissions of greenhouse gases were not required unless the government issued a so-called endangerment finding that carbon dioxide and other such gases posed a danger to health and the environment. The Bush administration never made such a finding.

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On thin ice

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A version of this article appeared in print on March 30, 2010, on page A16 of the New York edition.

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EU's 'carbon fat cats' get rich off trading scheme: study



Mar 5 01:05 PM US/Eastern

Europe's system for industrial carbon quotas has enriched the continent's biggest polluters, with ten firms together reaping permits for 2008 alone worth 500 million euros, a new report revealed.

Dominated by steel and cement makers, the same "carbon fat cats" stand to collect surplus CO2 permits that -- at current market rates -- could be worth 3.2 billion euros (4.3 billion dollars) by 2012, it said.

This is roughly equivalent to the entire EU investment in renewable energy and clean technology under its economic recovery plan, according to Sandbag, a non-profit group in Britain that analyses carbon market policy.

"Emissions trading is meant to be the central policy for cutting CO2 levels," said Anna Pearson, Sandbag's top policy analyst.

"The fact that companies are able to make large sums of money for doing nothing highlights that the trading scheme must be reformed and EU climate change target strengthened."

Under the Emissions Trading Scheme (ETS), the European Union allocates carbon polluting allowances to member states to meet obligations laid out in the UN's Kyoto Protocol, for which the first commitment period runs through 2012.

The states then assign quotas to the industries that belch the most CO2 into the atmosphere.

Companies that emit less than their allowance can sell the difference on the market to companies that exceed their limits, thus providing -- in theory -- a financial carrot to everyone to become greener.

But the energy, steel and cement sectors that dominate the system, hit by the global crunch, are emitting less CO2 than forecast, which means surplus carbon permits are flooding the market.

Among the top ten beneficiaries, steelmaker ArcelorMittal collected more than 40 percent of the 2008 excess permits, reported Sandbag.

French cement giant Lafarge got about 12 percent, with Tata steel group subsidiary Corus and Swedish steel maker SSAB-Svenskt Stal each claiming about 10 percent.

Even if the permits are not directly resold for profit, the value will still remain on the companies' books, rising or falling with the market.

Most of the permits were generated simply because the companies were allocated more free permits than they wound up using, according to the report.

"Little or no actual 'effort' toward emissions reductions need have taken place, yet these companies will be able to literally bank the profits," it said.

The price of a tonne of carbon dioxide (CO₂) or its equivalent has fallen sharply over the last 18 months.

After peaking at nearly 30 euros (38 dollars) in mid-2008, CO₂ is currently trading at about 13 euros, according to BlueNext, one of several European carbon exchanges.

Viewed narrowly, the recession-driven drop in CO₂ emissions helps the environment.

But low carbon prices give businesses little incentive to develop and install new technologies to slash future emissions.

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DOT EARTH

Nine Billion People. One Planet.

March 2, 2010, 6:35 PM

Fuel Taxes Must Rise, Harvard Researchers Say

By SINDYA N. BHANOO

To meet the Obama administration's targets for cutting greenhouse gas emissions, some researchers say, Americans may have to experience a sobering reality: gas at \$7 a gallon.

To reduce carbon dioxide emissions in the transportation sector 14 percent from 2005 levels by 2020, the cost of driving must simply increase, according to a forthcoming report by researchers at Harvard's [Belfer Center for Science and International Affairs](#).

The 14 percent target was set in the Environmental Protection Agency's [budget for fiscal 2010](#).

In their study, the researchers devised several combinations of steps that United States policymakers might take in trying to address the heat-trapping emissions by the nation's transportation sector, which consumes 70 percent of the oil used in the United States.

Most of their models assumed an economy-wide carbon dioxide tax starting at \$30 a ton in 2010 and escalating to \$60 a ton in 2030. In some cases researchers also factored in tax credits for electric and hybrid vehicles, taxes on fuel or both.

In the modeling, it turned out that issuing tax credits could backfire, while taxes on fuel proved beneficial.

"Tax credits don't address how much people use their cars," said [Ross Morrow](#), one of the report's authors. "In reverse, they can make people drive more."

Dr. Morrow, formerly a fellow at the Belfer Center, is a professor of mechanical engineering and economics at Iowa State University

Researchers said that vehicle miles traveled will increase by more than 30

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Conceived in part with support from a John Simon Guggenheim Fellowship, Dot Earth tracks relevant news from suburbia to Siberia. The blog is an interactive exploration of trends and ideas with readers and experts. You can follow Mr. Revkin on [Twitter](#) and [Facebook](#).

percent between 2010 and 2030 unless policymakers increase fuel taxes.

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2. coddington.mort New Hampshire March 3rd, 2010 7:57 am It is so cold, so very very heartless to pretend to raise taxes this way. First, it impacts the poor disproportionately. What does a high earner care if a gallon is \$7 or \$3? For a single mother of two on welfare, on the other hand, this may be the difference between buying clothes for the kids at Christmas, or not.

Second, the poor rely on the used car markets. Older cars consume more gasoline than newer cars such as Teslas/Volts for the well off. Again the brunt of the gasoline tax is borne by the poor.

Third, such a tax hits rural people hard. People out there must drive to go anywhere and there is no "alternative" transportation.

Back in undergrad school, we used to call such a tax a "regressive" tax. Can people seriously be proposing such a thing on this day and age?

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3. Wang Suya Japan March 3rd, 2010 7:57 am From Wang Suya I have never been America, but I heard almost everyone can drive in America. In America you have to drive because

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THE WALL STREET JOURNAL.

WSJ.com

DECEMBER 7, 2009

Business Fumes Over Carbon Dioxide Rule

By JEFFREY BALL and CHARLES FORELLE

Officials gather in Copenhagen this week for an international climate summit, but business leaders are focusing even more on Washington, where the Obama administration is expected as early as Monday to formally declare carbon dioxide a dangerous pollutant.

An "endangerment" finding by the Environmental Protection Agency could pave the way for the government to require businesses that emit carbon dioxide and five other greenhouse gases to make costly changes in machinery to reduce emissions -- even if Congress doesn't pass pending climate-change legislation. EPA action to regulate emissions could affect the U.S. economy more directly, and more quickly, than any global deal inked in the Danish capital, where no binding agreement is expected.

Many business groups are opposed to EPA efforts to curb a gas as ubiquitous as carbon dioxide.

An EPA endangerment finding "could result in a top-down command-and-control regime that will choke off growth by adding new mandates to virtually every major construction and renovation project," U.S. Chamber of Commerce President Thomas Donohue said in a statement. "The devil will be in the details, and we look forward to working with the government to ensure we don't stifle our economic recovery," he said, noting that the group supports federal

legislation.

EPA action won't do much to combat climate change, and "is certain to come at a huge cost to the economy," said the National Association of Manufacturers, a trade group that stands as a proxy for U.S. industry.

Dan Riedinger, spokesman for the Edison Electric Institute, a power-industry trade group, said the EPA would be less likely than Congress to come up with an "economywide approach" to regulating emissions. The power industry prefers such an approach because it would spread the burden of emission cuts to other industries as well.

Electricity generation, transportation and industry represent the three largest sources of U.S. greenhouse-gas emissions.

An EPA spokeswoman declined to comment Sunday on when the agency might finalize its proposed endangerment finding. Congressional Republicans have called on the EPA to withdraw it, saying recently disclosed emails written by scientists at the Climatic Research Unit of the U.K.'s University of East Anglia and their peers call into question the scientific rationale for regulation.

The spokeswoman said that the EPA is confident the basis for its decision will be "very strong,"

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and that when it is published, "we invite the public to review the extensive scientific analysis informing" the decision.

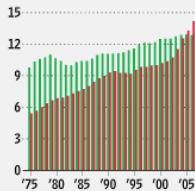
EPA action would give President Barack Obama something to show leaders from other nations when he attends the Copenhagen conference on Dec. 18 and tries to persuade them that the U.S. is serious about cutting its contribution to global greenhouse-gas emissions.

Going to the Source

World-wide emissions

Carbon-dioxide emissions, in billions of metric tons

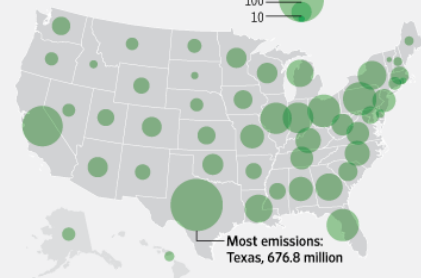
■ OECD (Industrialized)
■ Non-OECD



Sources: International Energy Agency; Environmental Protection Agency

The U.S. up close

Carbon-dioxide emissions in 2007, in millions of metric tons



The vast majority of increased greenhouse-gas emissions is expected to come from developing countries such as China and India, not from rich countries like the U.S. But developing countries have made it clear that their willingness to reduce growth in emissions will depend on what rich countries do first. That puts a geopolitical spotlight on the U.S.

At the heart of the fight over whether U.S. emission constraints should come from the EPA or Congress is a high-stakes issue: which industries will have to foot the bill for a climate cleanup. A similar theme will play out in Copenhagen as rich countries wrangle over how much they should have to pay to help the developing world shift to cleaner technologies.

"There is no agreement without money," says Rosário Bento Pais, a top climate negotiator for the European Commission, the European Union's executive arm. "That is clear."

An endangerment finding would allow the EPA to use the federal Clean Air Act to regulate carbon-

dioxide emissions, which are produced whenever fossil fuel is burned. Under that law, the EPA could require emitters of as little as 250 tons of carbon dioxide per year to install new technology to curb their emissions starting as soon as 2012.

The EPA has said it will only require permits from big emitters -- facilities that put out 25,000 tons of carbon dioxide a year. But that effort to tailor the regulations to avoid slamming small businesses with new costs is expected to be challenged in court.

Legislators are aware that polls show the public appetite for action that would raise energy prices to protect the environment has fallen precipitously amid the recession.

Congressional legislation also faces plenty of U.S. industry opposition. Under the legislation, which has been passed by the House but is now stuck in the Senate, the federal government would set a cap on the amount of greenhouse gas the economy could emit every year. The government would distribute a set number of emission permits to various industries. Companies that wanted to be able to emit more than their quota could buy extra permits from those that had figured out how to emit less.

Proponents of the cap-and-trade approach say emission-permit trading will encourage industries to find the least-expensive ways to curb greenhouse-gas output. But opponents say it will saddle key industries with high costs not borne by rivals in China or India, and potentially cost the U.S. jobs.



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AFP/Getty Images

An official prepares the Danish flag in the large Copenhagen meeting hall that will host the United Nation's summit on climate change beginning Monday. The conference ends Dec. 18.

The oil industry has warned that climate legislation could force some U.S. refineries to shut down, because importing gasoline from countries without emission caps could be cheaper than making the gasoline on domestic soil.

Legislators "have decided that coal and electric users don't bear the burden" of emissions constraints for many years, said John Felmy, chief economist for the American Petroleum Institute, an industry group. "Early in the program, oil users are the ones who are hammered."

The Iron and Steel Institute, which represents more than 75% of steel made in the U.S., said that successful climate policy -- whether through the EPA or Congress -- must "reduce emissions without altering the competitiveness of American steelmakers."

The issue of how curbing emissions would affect jobs in developed countries is likely to erupt in Copenhagen in the battle over how much rich countries should pony up for cleaner technologies in developing nations.

Estimates of the cost for reducing emissions in developing countries vary widely, but the European Commission said in September that the bill could reach \$150 billion annually by 2020. Leaders of the EU's 27 nations have said only that the EU would pay its "fair share" of the total, without committing to an amount.

Yet EU industry lobbies are weighing in against that proposal. It is "not realistic," said Axel Eggert, spokesman for Eurofer, the trade group for European steelmakers. Steelmakers want to "make sure that the financing is not a subsidy for our competitors," he said.

-- Ian Talley and Stephen Power contributed to this article.

Write to Jeffrey Ball at jeffrey.ball@wsj.com and Charles Forelle at charles.forelle@wsj.com Printed in The Wall Street Journal, page A1

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EPA: Greenhouse gases a public health threat

From **Suzanne Malveaux**, CNN White House Correspondent

STORY HIGHLIGHTS

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Global Warming: Trick or Truth? Tune in to "[Campbell Brown](#)" tonight for a look into the science, skepticism, and secrets surrounding global climate change. CNN, tonight 8 ET.

Washington (CNN) -- Greenhouse gas emissions pose a threat to public health and welfare, EPA Administrator Lisa Jackson said Monday.

"The overwhelming amount of scientific studies show that the threat is real," she said.

The announcement stems from a Supreme Court ruling which ordered the agency to determine the impact of carbon emissions not only on the environment, but on public health.

"These long-overdue findings cement 2009's place in history as the year when the United States government began addressing the challenge of greenhouse-gas pollution and seizing the opportunity of clean energy reform," Jackson said.

Immediately after the announcement, Jackson will head to Copenhagen, Denmark, to participate in the Copenhagen Climate Conference ahead of President Obama's appearance on Friday.

Her statement could provide proof to the conference that the agency and the Obama administration are taking global warming seriously. However, White House aides caution the finding does not mean the [EPA](#) will immediately begin regulating industries that pollute the air.

The [Obama](#) administration is pushing for comprehensive energy legislation from Congress that puts a price on carbon emissions, a so-called "cap and trade" policy that uses market forces as an incentive for businesses to reduce carbon emissions.

The agency is making this announcement because it is required to issue an "endangerment finding" -- evidence that carbon emissions are dangerous to the public health -- before it can regulate carbon dioxide and five other greenhouse gases under the federal Clean Air Act.

The EPA said in April 2009 that it would likely make such a ruling regarding carbon emissions and public health. The agency completed a public-comment process before making the announcement.

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Climate change proposal would revolutionize value of forests

- Story Highlights
- World leaders gather at the United Nations for special climate change summit
- Treaty based on finding that destroying tropical forests adds to global warming
- With proposed provision, stored carbon dioxide in forests could be bought and sold
- Reduced Emissions from Deforestation and Degradation provision has critics

By Tom Cohen
CNN

WASHINGTON (CNN) -- The world's tropical forests are disappearing, and one reason is simple economics: People, companies and governments earn more by logging, mining or farming places such as the Amazon jungle than by conserving them.

Efforts to halt rain forest destruction date back decades, but they so far have failed to tackle the issue on a scale commensurate with the challenge.

Now there may be a remedy, and the reason is climate change. Increased awareness of the threat from global warming has prompted unprecedented international focus on how to combat it, as well as new appreciation for the vital role of tropical forests in the climate change equation.

On Tuesday, world leaders gather at the United Nations for a special climate change summit, intended to build momentum for a new [global climate change](#) treaty being negotiated by almost 200 countries. The new treaty is scheduled to be completed in December in Copenhagen, Denmark.

If eventually enacted, the treaty will include a revolutionary but little-known provision intended to protect remaining tropical forests.

Known as Reduced Emissions from Deforestation and Degradation in developing countries, or REDD, the provision is based on the knowledge that destroying tropical forests contributes to global warming.

Rain forests absorb and store huge amounts of carbon dioxide, the most prevalent of the greenhouse gases that cause climate change. Burning or clearing the forests returns that stored CO₂ to the atmosphere, where it can trap heat and gradually increase temperatures.

Every year, tropical forests equal to an area the size of England are destroyed, contributing about 20 percent of total annual greenhouse gas emissions -- more than all the world's cars, trucks and airplanes combined.

The idea of the proposed provision is to make the stored carbon dioxide in the forests a commodity that can be bought and sold on the global market.

Polluters in the developing world would be able to offset their emissions by buying credits for stored forest carbon dioxide. The money from those purchases would go to developing world governments, international organizations, local communities and others involved in forest protection programs.

For the first time, tropical forests would be worth money for simply existing. That could create an economic incentive to protect tropical

forests, which also have biological value as the planet's richest storehouses of land species and spiritual worth as pristine natural landscapes.

To longtime defenders of tropical forests, the proposal represents the final stage of a long and halting journey from the fringes of the environmental movement toward the mainstream of international policy.

"Done properly, this is our No. 1 hope," said Randall Hayes, who founded the Rainforest Action Network in 1985 with the goal of halting tropical deforestation. "Other strategies have been heroic but insufficient."

The system would let nations and industries that are the biggest greenhouse-gas emitters buy carbon credits in tropical forests in South and Central America, Africa, Southeast Asia and other equatorial regions. At the same time, investors could speculate on the price of carbon dioxide through credit trading. Private and public funds could invest in projects that protect forests to generate credits.

Final details of the plan remain uncertain, such as how forest carbon credits would be verified and how the money paid for them would be handled and distributed.

For developing countries, the idea represents a potential new revenue source. President Bharrat Jagdeo of Guyana, a leading proponent of the plan, has made trading carbon credits a central element of his Low-Carbon Development Strategy.

The strategy "is more about development than about the environment and it will help us to accelerate infrastructural development and fill the budget gap," Jagdeo said in an August 29 speech.

The World Bank and partners have set up funds to help developing countries prepare for REDD and finance forest-protection initiatives. However, both funds are not fully capitalized, pending the successful conclusion of negotiations on the new global climate change treaty.

"Right now everybody is in a wait-and-see mode," said Benoit Bosquet, the World Bank's lead carbon finance specialist. "Everybody seems interested, but the level of activity is still humble."

Conservationists cite the environmental benefits of saving tropical forests, which provide essential resources and services -- such as fresh water, food, flood control and many others -- on which more than a billion people depend. Now, they say, conserving forests also can contribute to sustainable development, benefiting both nature and people.

Yet several steps remain before the tropical-forest provision becomes reality on a large scale.

First, the U.N.-led negotiations must agree on a treaty to succeed the [Kyoto Protocol](#) -- the world's first global climate change agreement, which expires in 2012.

The Kyoto treaty created a global carbon market -- but only the carbon storage of newly planted or replanted forests is eligible for credits. REDD also would protect standing forests, to prevent the absorbed carbon dioxide stocks from being released back into the atmosphere.

Whether a new treaty will be completed in December is unclear. Negotiators have yet to set consensus targets for reducing greenhouse gas emissions, and major disputes remain between industrialized powers such as the United States and emerging and developing economies including China and Brazil.

The draft under negotiation includes REDD, but negotiations continue on how broad the policy would be.

Advocates of a limited scope for REDD say areas with no history of deforestation should be excluded because protecting them won't reduce carbon dioxide emissions.

In response, conservationists and developing nations warn against leaving out nations and regions -- including Jagdeo's Guyana, parts of Indonesia and Brazil, Democratic Republic of Congo and others -- that still have much of their tropical forest intact.

They argue that halting deforestation in only some countries would cause the loggers, palm oil developers and other drivers of forest destruction to move to previously untargeted areas.

"If REDD mechanisms exclude any significant group of countries, REDD will fail," Jagdeo told U.N. negotiators in December.

Critics, including some environmental groups, question how such a vast and complex system can be successfully implemented.

A Greenpeace report issued in March said including REDD credits in carbon markets would create a glut and drastically cut the price of carbon, resulting in industrial polluters buying cheap credits for offsets instead of reducing their emissions.

The report also warned of reduced investments in renewable energy technologies due to the lack of an incentive from the cheaper carbon credits.

Others question whether REDD will be another scheme generated by industrialized nations to exploit resources of the developing

world, and in particular, the indigenous forest peoples.

Jagdeo, the president of Guyana, has said such critics should recognize the opportunity that a new climate change treaty could present. If it includes sufficiently robust commitments for reducing greenhouse gas emissions, he argues, that would create a strong demand for carbon credits.

The deforestation provision of a climate change treaty could help stem deforestation while providing "badly needed capital flows to some of the poorest countries in the world," he said.

Yet even the idea's most ardent supporters recognize that it could take years for a global-scale program to become effective.

While local projects exist in rain forest countries such as Madagascar, it would take time and money to expand them.

"If there is a deal in Copenhagen and if there is a signaling by industrialized nations that, yes, they will make money available, then you will see developing countries scaling up their readiness," said the World Bank's Bosquet. "They will see that this is now real and it's the time to react."

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July 24, 2009

Senate Dems Wrestle Over Carbon Market Regs, Oversight in Climate Bill

By KATHERINE LING AND BEN GEMAN of [ClimateWire](#)

Diverging views about how to regulate trillion-dollar carbon trading markets that would grow under a cap-and-trade law have emerged as a major hurdle for Democrats trying to pass a climate bill this year.

Some prominent senators on energy issues say the House-passed climate bill would not prevent a repeat of alleged speculation or manipulation in oil markets in recent years.

At the same time, some banks and energy companies are warning against excessive market controls that could crimp companies' ability to hedge risks and control costs under a carbon regime.

The discussions about how to regulate carbon allowance and derivative markets are unfolding at a time when lawmakers want to show they are not enabling Wall Street banks to launch another complex financial trading system that could spin out of control.

"The last kind of headline that members of Congress will want is billions in bonuses for Wall Street because of the way they have manipulated the cap-and-trade market," said Norm Ornstein, a congressional expert with the American Enterprise Institute. "That is not something they can tolerate."

Ornstein predicts that lawmakers will ultimately put "fairly stiff regulatory requirements in place" rather than leaving the parameters of the market to Wall Street.

But just how tough the controls should be is a measure of intense debate, especially in an arena as complex as financial regulation. Another complicating factor: decisions about carbon market oversight are bound up in larger efforts involving multiple committees to overhaul regulation of oil, natural gas and other commodity markets.

The House-passed climate bill, [H.R. 2454](#) (pdf), would place the Federal Energy Regulatory Commission in charge of emissions allowance markets while the Commodity Futures Trading Commission would oversee carbon allowance futures and other derivatives.

The bill includes a suite of new controls over derivatives trading in both carbon and other energy commodity markets, including a ban on loosely regulated over-the-counter trading.

What do senators want?

The odds are low that the House bill will be the last word. Indeed, the House provisions that toughen CFTC controls over various derivative markets are "placeholders" that would be nixed upon passage of subsequent derivatives legislation.

Sen. Byron Dorgan (D-N.D.) drew considerable attention last week with a floor speech that went far beyond a call for tight market controls. Dorgan -- a senior member of the Energy and Natural Resources Committee and a member of the Senate Democratic leadership -- said there should not be a trading market at all.

"I have very little interest in consigning our low-carbon future to a trading system of carbon securities that will be controlled by the biggest trading companies in the world," Dorgan said. "And it would not be very long before these entities will have created derivatives, swaps, synthetic CDOs [collateralized debt obligations], and more. It will be a field day for speculation, which I think is not in the interest of this country."

But Dorgan's view collides with many other Democrats who are crafting the climate bill.

Environment and Public Works Chairwoman Barbara Boxer (D-Calif.) has promised the bill will ensure transparent markets but have markets nonetheless. Boxer said this week the Senate measure would draw substantially from a carbon markets oversight bill ([S. 1399](#) (pdf)) recently introduced by Sens. Dianne Feinstein (D-Calif.) and Olympia Snowe (R-Maine).

That bill puts CFTC at the helm of all carbon markets and create a new controls and oversight, such as establishment of a new carbon oversight office at CFTC, and requiring that many derivatives be traded through "carbon allowance derivative trading facilities" registered with CFTC, among other provisions.

Feinstein said the bill has been "vetted" and is a "good strong bill."

"Now is it perfect? Probably not, so I would welcome any comments Senator Dorgan might care to make. I don't think he's actually seen our legislation," Feinstein said.

It remains unclear how broadly Dorgan's view is shared in the Senate. Dorgan said he hosted a recent meeting in his office with other senators -- who he did not name -- about carbon trading issues.

Dorgan told E&E only that "there are a number of senators who have similar interests and

concerns" about carbon markets. But cap and trade remains the only vehicle under major consideration.

There have been several other senators crying foul over "excessive speculation" in commodity markets for several years.

These lawmakers, and some other market experts, blame excessive speculation for last year's high of nearly \$150 per barrel of oil, but the degree to which speculation drove up prices is hotly debated. Lawmakers wary of a freewheeling new carbon market also point to California's power crisis caused by Enron's manipulation in the electricity market.

Sen. Maria Cantwell (D-Wash.) is another Democrat who has actively pursued greater oversight and enforcement authority in energy markets. Cantwell has not explicitly said she opposes the market set up under the House cap-and-trade bill but is nonetheless skeptical of the measure.

"I am more of a fan of an auction," Cantwell said. "We're in the midst of making reforms to our oversight of these derivatives anyway, right? Like we are still in the middle of that anyway so there is ... lots to work on to get a handle on trading these days," she said.

Cantwell said she understands Boxer and Feinstein are working on reforms to make the trading fair, but the financial crisis has left her less than confident this can be achieved.

"I think right now we have had the worst economic crisis we've seen since the depression caused by a lack of regulation and trading and we still haven't fixed that yet, so it is a little hard to imagine that we could get there," she said. "It's not impossible but it's hard to imagine."

One former CFTC official said lawmakers are right to be concerned about creation of new carbon markets. "Those skeptical of carbon markets probably have a very strong ground to stand on," said Michael Greenberger, who headed CFTC's Division of Trading and Markets under President Clinton and is now a professor at the University of Maryland School of Law.

"My suspicion is that Dorgan and Cantwell see right now we are in the status quo situation with extreme volatility in crude oil, heating oil" and others, Greenberger said. "The carbon market is a market that will be sensitive to volatility, the physical commodity will be shrinking while I expect, and others expect, the [underlying derivatives] market will be expanding. In a market of that sort I think the betting would be it would be an exceedingly volatile market."

While it is not an issue that may be on the front burner for a lot of senators, Greenberger said the group has enough knowledge and clout that carbon market regulations will need to be ironed out among the Senate Democrats along with the free emission allocations, trade protections for energy-intensive industries and overall emission reduction targets.

"I wouldn't count out their influence," Greenberger said. "I am not saying they would prevail, but I wouldn't say it is an open-and-shut case. The question is whether ... those that are worried about volatility and excessive speculation coalesce around something that could be meaningful."

Aside from Dorgan, Cantwell, Feinstein and Snowe, other Senate Democrats that would like to see much greater regulation of energy commodity and derivative markets in general include Sens. Carl Levin (D-Mich.), Tom Harkin (D-Iowa), Joe Lieberman (I-Conn.), Susan Collins (R-Maine.) and Jeff Bingaman (D-N.M.).

Neutered market?

But in the senators' attempts to make sure the carbon market would not run amok, there is a significant risk the market could be overregulated, making it extremely inefficient and dampening innovation that could help the overall objective of reducing carbon emissions, according to Kevin Book, managing director at ClearView Energy Partners LLC.

Like Greenberger, Book said a "properly structured" carbon market will be volatile but it is the only way to create an efficient, liquid atmosphere that inspires innovation that will in the long run keep prices low as companies can properly hedge their emissions.

"It's not clear that [Dorgan] or Senator Cantwell or for that matter any of them is aware of what happens if a market is under-capitalized," Book said. "The biggest risk in the carbon market isn't manipulation or risk of manipulation or commodity price inflation, I think the problem is there needs to be a great need for innovation."

Similarly, the International Emissions Trading Association said last month that the House bill "appropriately" calls for regulatory oversight of carbon markets but also goes too far.

The group -- which includes a host of energy, financial and other companies -- said a ban on over-the-counter trading would "impair the ability of the market to deliver the risk management tools that reduce costs for companies and consumers."

The group's nearly 170 members include BP, Morgan Stanley, American Electric Power Co. Inc., E.ON AG, Goldman Sachs and other energy, financial companies and carbon market companies.

David Hunter, the group's director of U.S. policy, said it is "entirely possible that Congress will unnecessarily clamp down on the markets."

"I think carbon markets can deliver a lot of benefits, and they are the most effective way and the most efficient way of reducing emissions," Hunter said. "If you impose unnecessary restrictions on those markets, you are going to be losing some of the benefits, some of the advantages to having those markets in the first place."

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Carbon trading's inconvenient truth

Patrick McCully

Tuesday, May 26, 2009

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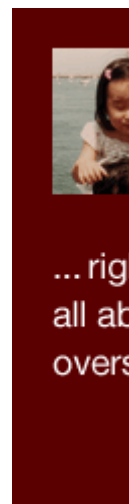
In the face of unwavering Republican opposition, Californian Rep. Henry Waxman last week successfully guided a mammoth energy and climate bill through the House Energy and Commerce Committee that he chairs. This should be a thrilling moment for environmentalists. Nineteen years after the U.N.'s panel of scientists first reached consensus on the threat posed by global warming, the United States, for long the world's biggest polluter, is finally

poised to take action. But unfortunately, the feeling among many climate-change campaigners is more of dashed hopes than delight. The good news, however, also comes from California in the form of AB1404. If Washington would follow the lead of this bill, it could close a gaping loophole in the proposed federal legislation.

Mainly to get the votes of coal-state Democrats, the federal bill, co-authored by Waxman and Ed Markey, D-Mass., includes hundreds of billions of dollars in giveaways to the coal industry and sets targets for renewable energy that are weaker than one could expect without the bill. The most serious is a medium-term cut in pollution that is only 4 percent below 1990 levels by 2020 - is weak compared with the 25 to 40 percent that scientists say we must achieve to have a decent chance of avoiding climate chaos.

Even this scarily inadequate target is illusory because the supposed pollution "cap" in the bill would be blown to pieces by allowing polluters to buy cheap "carbon offsets" or "carbon credits" instead of reducing their emissions.

The bill's offsets component (and similar "cap-and-trade" schemes being designed for



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California, and the Western United States) is modeled after the world's largest carbon credit system, the Kyoto Protocol's Clean Development Mechanism. The Kyoto mechanism has allowed polluters in Europe and Japan to avoid cutting their own emissions by buying offsets from project developers elsewhere, mainly in China and India. Many of the Waxman-Markey credits are likely to come from the this or whatever global offsetting scheme replaces it after Kyoto expires in 2012. After a decade of closely monitoring the mechanism, I have found it to be at best expensive and ineffective in combatting climate change, and at worst, to have aided increased carbon emissions.

Projects that earn credits must document that they would not be feasible without the income from selling the credits. Further, to quantify how many credits a project is allowed to sell, evaluators must determine how much greenhouse gas would have been emitted if the project were not built. One English journalist described offset credits as "an imaginary commodity created by deducting what you hope happens from what you guess would have happened."

This dependence on guesswork makes it easy for developers and consultants to scam the CDM. As a result, all sorts of projects with dubious claims to climate-friendly attributes have been approved. David Victor, director of Stanford's Energy and Sustainable Development Program, believes that up to two-thirds of these offsets do not represent genuine emission cuts.


The Waxman-Markey bill would allow the use of up to 2 billion offsets each year, up to three-quarters of them from international sources. The use of these offsets would allow U.S. polluters to boost emissions by nearly two-fifths by 2012 and would not force cutbacks below today's levels until 2027.

Assembly members Kevin de León, D-Los Angeles, and Manuel Pérez, D-Coachella, have introduced bill AB1404 in the state Assembly, which would limit the use of offsets within California's climate action plan 10 percent of reductions from market mechanisms, would prioritize offsets that provide environmental and health benefits within the state, and would prohibit use of offsets from the Kyoto mechanism.

AB1404 can help speed the urgently needed transformation to a prosperous, clean and climate-friendly economy - and send a message to Washington that dealing with climate change requires emissions cuts, not accounting tricks.

Patrick McCully is the executive director of International Rivers, a Berkeley-based human rights and environmental advocacy group.

This article appeared on page A - 13 of the San Francisco Chronicle

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Principal Voices.

updated 6:37 a.m. EDT, Thu August 21, 2008

Climate chief warns against 'tragic' inaction

STORY HIGHLIGHTS

- IPCC chief warns there's a lin
- Comments come as talks res
- The weeklong Ghana talks ar

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By Jessica Daly
For CNN

TEXT SIZE

London (CNN) -- The head of the Intergovernmental Panel on Climate Change has described as "tragic" the lack of action on climate change by developed countries.



GETTY IMAGES

Rajendra Pachauri has warned that more action is needed to combat climate change

Rajendra Pachauri told CNN's Principal Voices program that there is a limited window of opportunity to stabilize the earth's climate and avert the worst impacts of climate change, such as rising temperatures, melting polar icecaps and extreme weather events.

"If we allow things to continue unchanged and we don't take action today, it would destabilize human society," he warned.

The Nobel Peace laureate's comments come as more than a thousand representatives of governments, environmental organizations and research institutes gather today in Accra, Ghana to resume talks aimed at negotiating a new international accord to combat **climate change**.

The new agreement -- to be finalized in Copenhagen, Denmark by December 2009 -- will succeed the 1997 **Kyoto Protocol** which is due to expire in 2012.

Under the Kyoto Protocol, 37 developed countries committed to cut emissions by an average of 5 percent to 10 percent by 2012. The U.S. has not ratified the agreement.

unfairly burdened developed countries.

While developing countries -- including new economic powerhouses like China and India -- were exempt from obligations under the Kyoto Protocol, there is some hope that a new agreement might draw them in to the climate change process with incentives aimed at curbing emissions from deforestation and forest degradation.

But Dr Pachauri says a more enlightened view of the developing-versus-developed country situation is needed. [Do you agree with Dr Pachauri?](#)

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"Developing countries will do what they can, but it was clearly understood and laid down in the Framework Convention on Climate Change in 1992 that the developed countries will take the first steps; frankly they've done nothing at all. And that's really tragic.

"We came up with the Kyoto Protocol in 1997, but it got ratified only in 2005. It took so long to give substance to something which had been agreed on in 1992."

While hard decisions aren't expected from the weeklong Accra talks, they will discuss treaty language which will likely be approved at the final climate change meeting for 2008 in Poznań, Poland.

It's at this Poznań meeting that countries will start discussing specific targets for reducing carbon emissions in line with the ambitious goal of cutting greenhouse gas emissions in half by 2050.

Dr Pachauri told CNN that halving greenhouse gas emissions will require great resolve by the international community.

"I hope that in the next year and a half -- and particularly in December 2009, when we hopefully will come up with an agreement on what to do beyond 2012 globally -- that we show a certain resolve and aspiration to do things that are required for the benefit of the human race." [E-mail to a friend](#) | [Mixx it](#) | [Share](#)

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Principal Voices. Climate Change.

updated 10:43 a.m. EDT, Thu August 7, 2008

Carbon capture and storage: how does it work?

STORY HIGHLIGHTS

- CCS technology being tested in small-scale projects around the world
- Carbon dioxide removed from fossil fuels and piped back underground
- Depleted oil and gas fields seen as best place to store captured CO₂
- Change could be partially funded by emissions trading schemes (ETS)

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By Hilary Whiteman and Ilana Hart

TEXT SIZE

LONDON, England (CNN) -- If there was a most wanted list for climate change culprits, coal-fired power stations would be number one.



Protesters camping near the site of a proposed coal-fired power station in Kingsnorth, England.

Burning coal contributes half of the excess carbon dioxide (CO₂) polluting the earth's atmosphere, a statistic not lost on the hundreds of climate change protesters camping in a grassy field near Kingsnorth power station in Kent, England this week.

Power company E.ON is planning to build a new coal-fired power plant on the site, subject to approval by the British government later this year.

It's one of four power stations on a UK government shortlist to trial the country's first commercial-scale carbon capture and storage (CCS) technology.

The International Energy Agency estimates CCS could reduce carbon dioxide emissions from power plants by more than 85 percent.

Protesters at the Climate Camp concede that if CCS technology was available now and could be fitted to the proposed power station then "maybe we'd look at it."

So what is CCS?

Carbon Capture and Storage refers to the process of stripping carbon dioxide from fossil fuels before or after they're burnt to produce energy.

The carbon dioxide is then piped back into the earth to a depth of at least 800 meters -- deep enough for the pressure of the earth to keep it in a liquidized form where it stays for thousands, if not millions, of years.

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Where is it stored?

Depleted oil and gas reservoirs are currently the most practical place to store large volumes of carbon emissions. More research would have to be done on other alternatives including deep saline aquifers and deep coal seams.

Stuart Haszeldine, Professor of Geology at the University of Edinburgh says there's no shortage of potential storage sites.

"You need the pairing of a porous reservoir overlaid and sealed by a lid of impermeable mudstone or salt rock, which is even better. That's actually very common worldwide."

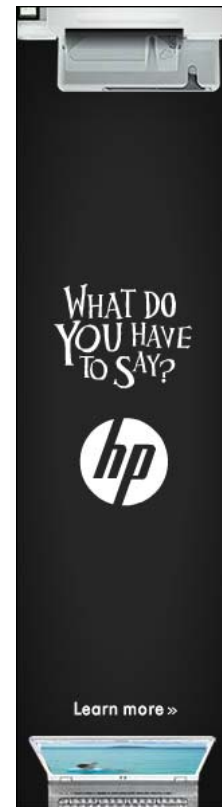
Why isn't it being done?

Well, it is being done, but only a small scale. Trials are underway in a number of countries including Norway, Algeria and Australia. Last week, Australia's national science agency, the CSIRO, announced plans to test China's first post-combustion capture (PCC) technology at a pilot plant in Beijing.

The problem is that while the different processes needed to capture and store carbon dioxide have been around for years, no one has brought them together on a large enough scale to cope with the volume of emissions from a typical power plant.

And then there's the cost...

Professor Haszeldine estimates that if a new power plant costs \$1.5 billion to build, it'll cost an extra \$700,000 to fit the capture equipment on the first experimental plants.



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many customers would be willing to pay an environmental premium for their electricity and gas? **Would you pay more for 'greener' power? Sound off below**

"It's a very immature economic market," says Ian Phillips, director of infrastructure at CO2DeepStore, a UK-based company dedicated to the commercialization of carbon storage.

"The people who might do the industrial scale-up -- the power stations -- have no economic incentive," he says.

Show me the money

Aside from government subsidies and investment by companies and private parties, an obvious way to fund the change is through cap and trading schemes. Europe's Emissions Trading Scheme is the world's largest for greenhouse gas.

It works like this: Energy companies are given strict limits as to how much carbon dioxide they can emit each year. If they exceed the limit or cap, they have to buy more.

In 2014, the system is set to change. Energy companies will have to buy all their emissions permits, so from then on any company that stores some or all of its CO₂ won't have to pay.

If only it was that simple...

"The problem is that the price of maybe €35 (\$54) or €40 (\$62) per ton of carbon dioxide will not be enough to fund the gap in the extra estimated cost of these new power plants," explains Professor Haszeldine.

"There has to be a role of member state governments to bridge that gap. In principle that's possible because the government will receive the income from dirty power plants who will have to buy their emissions. What they need to do is take some of that income and give a grant or subsidy to those first experimental power plants."

The theory is that as CCS techniques become more efficient, the cost of capturing carbon will come down so that from around 2020 it will become cheaper for companies to store carbon than to emit it.

Is it really the way to go?

Environmentalists are wary. Friends of the Earth says it's happy for CCS technology to be tested as long as it doesn't divert attention and funds away from developing renewable energy.

"We are all accepting that a demonstration of CCS is reasonable -- you keep your options open in a situation of urgent global need," says Neil Crumpton, adding, "CCS in our view would be mainly a stop gap or a transition technology while we build solar technologies."

So it is dangerous?


In a word, no. Geologists are confident the CO₂ won't escape from sites approved for storage. Most of the underground vaults would be out at sea anyway.

In some instances, the CO₂ could be stored under residential areas, but strict licensing procedures and the need for constant, rigorous testing should allay fears.

"One could argue that in an emergency situation even if you keep most of the CO₂ down for one to two hundred years, you've got yourself out of the danger zone, even if it does begin to leak," says Neil Crumpton.

Professor Haszeldine says the environmental cost of not doing it could be catastrophic.

"The risk of not doing it is that the world continues to put carbon dioxide into the atmosphere from burning fossil fuels whether it's coal or gas or oil. The consequences of not doing it are absolutely catastrophic to ocean ecosystems and to the climate system of the world as we know it."

Have your say. Is CCS the way to go? Send us your comments by clicking the "Sound Off" button below. [E-mail to a friend](#)  [Mixx it](#) | [Share](#)

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▶ **Sound Off:** Your opinions and comments

updated 7:47 p.m. EDT, Sat July 12, 2008

Administration won't regulate greenhouse gases

STORY HIGHLIGHTS

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- "Wrong way" is to increase g
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WASHINGTON (AP) -- The Bush administration, dismissing the recommendations of its top experts, rejected regulating the greenhouse gases blamed for global warming Friday, saying it would cripple the U.S. economy.



AP PHOTO

Members of the G-8 meet this week to discuss a number of issues, including climate change.

In a 588-page federal notice, the Environmental Protection Agency made no finding on whether global warming poses a threat to people's health or welfare, reversing an earlier conclusion at the insistence of the White House and officially kicking any decision on a solution to the next president and Congress.

The White House on Thursday rejected the EPA's suggestion three weeks earlier that the 1970 Clean Air Act can be both workable and effective for addressing global climate change. The EPA said Friday that law is "ill-suited" for dealing with [global warming](#).

"If our nation is truly serious about regulating greenhouse gases, the Clean Air Act is the wrong tool for the job," EPA Administrator Stephen Johnson told reporters. "It is really at the feet of

Congress."

White House press secretary Dana Perino said President Bush is committed to further reductions but that there is a "right way and a wrong way to deal with climate change."

The wrong way is "to sharply increase gasoline prices, home heating bills and the cost of energy for American businesses," she said. "The right way, as the president has proposed, is to invest in new technologies."

At the just concluded [G-8](#) summit at Toyoko, Japan, Bush and other world leaders called for a voluntary 50 percent reduction in greenhouse gases worldwide by 2050 but offered no specifics on how to do it.

 [Learn how the greenhouse effect works »](#)

In a setback for Bush, the Supreme Court ruled last year that the government had the authority under the Clean Air Act to regulate greenhouse gases as a pollutant. Bush has consistently opposed doing that.

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Congress hasn't found the will to do much about the problem either

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Supporters of regulating greenhouse gases could get only 48 votes in the 100-member Senate last month. The House has held several hearings on the problem but no votes on any bill addressing it. Both major presidential candidates, Republican Sen. John McCain and Democratic Sen. Barack Obama, have endorsed variations of the approach rejected by the Senate.

In its voluminous document, the EPA laid out a buffet of options on how to reduce greenhouse gases from cars, ships, trains, power plants, factories and refineries. On Friday, Johnson said the proposals drafted by his staff put "a square peg into a round hole" and he said moving forward would be irresponsible.

"One point is clear: The potential regulation of greenhouse gases under any portion of the Clean Air Act could result in unprecedented expansion of EPA authority that would have a profound effect on virtually every sector of the economy and touch every household in the land," Johnson wrote in the document's preface.

Attorneys general from several states called the administration's findings inadequate.

"While we appreciate the effort that **EPA** staff made in putting together today's documents, the time has long passed for open-ended pondering -- what we need now is action," said Attorney General Martha Coakley of Massachusetts, which initiated the Supreme Court case.

The EPA said it had encountered resistance from the Agriculture, Commerce, Energy and Transportation departments, as well as the White House, that made it "impossible" to respond in a timely fashion to the Supreme Court decision.

"Our agencies have serious concerns with this suggestion because it does not fairly recognize the enormous - and, we believe, insurmountable -- burdens, difficulties, and costs, and likely limited benefits, of using the Clean Air Act" to regulate greenhouse gas emissions, the secretaries of the four agencies wrote to the White House on Wednesday.

Discussing the benefits from reducing greenhouse gases, the EPA said doing nothing more than increasing fuel efficiency standards under last year's energy bill will reduce the harmful effects of global warming by \$340 billion to \$830 billion over the next three decades.

In a May draft of Friday's notice, the EPA had put the benefits to society of further reducing greenhouse gases at \$2 trillion.

Friday's action caps months of often tense negotiations between EPA scientists and the White House over how to address global warming under the major federal air pollution law. It ended with the White House and other agencies citing "extraordinary circumstances" and refusing to review the draft forwarded in June by EPA scientists.

The document released Friday is much more cautious than a determination made in December by the agency that found greenhouse gases endangered welfare, and it also appears to counteract findings of drafts released in May and June that found the Clean Air Act could be an effective tool for reducing greenhouse gases.

"EPA's approach to this has been completely thrown out by the White House, which is only attempting to stall any kind of cleanup," said Frank O'Donnell, president of Clean Air Watch, an environmental advocacy group. "It sounds like the Bush administration is trying to ignore the Supreme Court and to pretend it doesn't exist."

Rep. Edward Markey, chairman of the House Select Committee on Global Warming, called the administration's findings "the bureaucratic equivalent of saying that the dog ate your homework."

"The White House has taken an earnest attempt by their own climate experts to respond to the Supreme Court's mandate to address global warming pollution and turned it into a Frankenstein's monster," said Markey, D-Massachusetts.

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Industry groups still expressed concern Friday over some of the suggestions included in the document, which will be the basis for a future action rule under a new president more inclined to take tougher action to address global warming.

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"Our point on this is that EPA has set forth a road map which literally throws the entire way which we manage the environment and economy in complete turmoil," said Bill Kovacs, vice president of the Environment, Technology and Regulatory Affairs Division at the U.S. Chamber of Commerce. [E-mail to a friend](#) | [Mixx it](#) | [Share](#)

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Bush administration offers new fuel economy rules

- Story Highlights
- New vehicles will have to meet fleet average of 31.6 miles per gallon by 2015
- Rules were designed to push companies to increase fuel efficiency
- Plan expected to save 55 billion gallons of oil; cut carbon dioxide emissions
- It will add average cost of \$650 per passenger car and \$979 per truck by 2015

WASHINGTON (AP) -- The next generation of new cars and trucks will need to meet a fleet average of 31.6 miles per gallon by 2015, the Bush administration proposed Tuesday, seeking more fuel-efficient vehicles in the face of high gasoline prices and concerns over global warming.

Transportation Secretary Mary Peters outlined the plan on Earth Day, setting a schedule that was more aggressive than expected by the auto industry.

It responds to a new energy law that requires new cars and trucks, taken as a collective average, to meet 35 mpg by 2020.

"This proposal is going to help us all breathe a little easier by reducing carbon dioxide emissions from tailpipes, cutting fuel consumption and making driving a little more affordable," Peters said.

New cars and trucks will have to meet a fleet-wide average of 31.6 mpg by 2015, or about a 4.5 percent annual increase from 2011 to 2015. In 2015, passenger cars will need to achieve 35.7 mpg, and trucks will need to reach 28.6 mpg.

The rules were designed to push companies to boost fuel efficiency across entire lineups. Manufacturers will have different requirements for cars and trucks of different sizes based on vehicle sales. Collectively, the fleet of new vehicles will need to meet the rules.

Among individual manufacturers, passenger cars built in 2015 by [General Motors](#) will need to average 34.7 mpg, Ford's cars will need to reach 35.5 mpg, and Toyota's cars will have to achieve 34.6 mpg.

For light trucks, GM will need to reach 27.4 mpg by 2015, Ford will have to average 28.8 mpg, and Toyota will need to hit 28 mpg.

The plan is expected to save nearly 55 billion gallons of oil and reduce carbon dioxide emissions by 521 million metric tons over the life of the new vehicles built between 2011-15. It will add an average cost of \$650 per passenger car and \$979 per truck by 2015.

Environmental groups and their allies in Congress, who have criticized the Bush administration's handling of the requirements, said they were mostly encouraged by the proposal.

"After years of fighting a fuel economy increase, the Bush administration is showing faith in the American auto industry's

ability to reform," said Rep. Edward Markey, D-Massachusetts, who sought the higher standards.

Automakers opposed increases to the regulations in previous years but supported a compromise version of the legislation in Congress. The changes would require the industry to implement more than half of the fuel-efficiency requirements by 2015 and push them to build more gas-electric hybrid cars and diesel-powered trucks and SUVs.

"Congress has set an aggressive, single nationwide standard, and automakers are prepared to meet that challenge," said Dave McCurdy, president of the Alliance of Automobile Manufacturers, which represents General Motors Corp., Toyota Motor Corp., Ford Motor Co. and others.

In keeping with the new law, however, automakers will continue to receive a 1.2 mpg credit for producing flexible fuel vehicles that run on ethanol blends, but the credit will begin phasing out in 2014. Environmental groups have called it a loophole, noting that few vehicles actually use E85 ethanol.

Jim Kliesch, a senior engineer with the Union of Concerned Scientists, gave mixed reviews to the plan, arguing that the first three years would push the industry but the following two years would seek only modest increases. "The proposal starts off at full speed but then puts on the brakes," he said.

Congress sought the tougher standards last year, arguing that an increase in fuel efficiency would help reduce greenhouse gas emissions and the nation's dependence upon imported oil. The law, the first major changes in three decades, requires the nation's fleet of new vehicles to increase its efficiency by 10 mpg from its current average of 25 mpg, a 40 percent increase.

The fleet of new passenger cars is currently required to meet a 27.5 mpg average, while sport utility vehicles, pickups and vans must hit a target of 22.5 mpg. Among the current fleet, passenger cars average about 31.3 mpg, while light trucks get about 23.1 mpg.

The Bush administration has opposed attempts by California and other states to implement a strict program to reduce vehicle tailpipe emissions. Peters said the federal plan would reduce fuel consumption "in a way that is consistent nationwide and also doesn't compromise vehicle safety."

Buried inside the 417-page proposal is a section that would prevent states, such as California, from regulating tailpipe fuel economy standards.

California Attorney General Jerry Brown said the provisions were a "covert assault" on his state's efforts to reduce greenhouse gas emissions. He vowed to "fight it every step of the way and we will sue them if necessary."

Brown said the "pre-emption" language in the plan ignored rulings by the Supreme Court and two federal district courts that said the federal gas mileage standards were separate from state greenhouse gas regulations.

The plan is expected to be finalized by the end of President Bush's term in office.

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Study finds trees fail to keep lid on carbon

Too dependent on weather, feeding

By Margaret Lillard

Associated Press

RALEIGH | A decade-long experiment led by Duke University scientists indicates that trees provide little help in offsetting increased levels of the greenhouse gas carbon dioxide.

That's because the trees did grow more, but only those that got the most water and nutrients were able to store enough significant levels of carbon, the scientists discovered.

"The responses are very variable according to how available other resources are - nutrients and water - that are necessary for tree growth," said Heather McCarthy, a former graduate student at the private university in Durham who spent 6½ years on the project. "It's really not anywhere near the magnitude that we would really need to offset emissions."

McCarthy, now a postdoctoral fellow at the University of California at Irvine, presented the findings this week at a national meeting of the Ecological Society of America in San Jose, Calif. Researchers from the U.S. Forest Service, Boston University and the University of Charleston also contributed to the report.

All helped in the Free Air Carbon Enrichment experiment, in which a stand of pine trees in Duke Forest was exposed to higher-than-normal levels of carbon dioxide.

The scientists also gathered data on whether the forest could grow fast enough to help control predicted increases in the level

of carbon dioxide.

The loblolly pines grew more tissue, but only those that got the most water and nutrients were able to store enough carbon to have any impact on global warming, the scientists discovered.

"These trees are storing carbon," McCarthy said Wednesday. "It's just not such a dramatic quantity more."

That means proposals to use trees to bank increasing amounts of carbon dioxide emitted by humans might depend too heavily on the weather and large-scale fertilization to be feasible.

"It would be an attractive solution, for sure," McCarthy said. "I don't know how realistic people thought it was, but I think there were certainly high hopes."

Scientists blame the worldwide buildup of carbon dioxide - largely because of the burning of fossil fuel - for global warming.

Ram Oren, the project director and a professor of ecology at Duke's Nicholas School of the Environment and Earth Sciences, said in a written statement that replicating the experiment's tree growth in the real world would be virtually impossible.

"In order to actually have an effect on the atmospheric concentration of CO₂, the results suggest a future need to fertilize vast areas," Oren said. "And the impact on water quality of fertilizing large areas will be intolerable to society. Water is already a scarce resource."

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Effort to 'green' U.S. Capitol complicated by coal

POSTED: 12:00 a.m. EDT, May 11, 2007



A Capitol Power Plant smokestack rises a few blocks away from the U.S. Capitol building.

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- House Speaker Nancy Pelosi has proposed a plan to "green" the Capitol
- Emissions from the Capitol Power Plant are a big source of greenhouse g
- Switching from coal to natural gas at the plant could cut these emissions
- Lawmakers from coal-producing states opposed previous efforts to switch

By Jim Spellman and Andrea Koppel
CNN

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WASHINGTON (CNN) -- U.S. House Speaker Nancy Pelosi's plan to make Capitol complex more environmentally friendly is being hampered by the reluctance of lawmakers from coal-producing states to implement changes at the complex burning power plant.

In April, Pelosi, D-California, launched a plan to "green" the Capitol complex which includes the U.S. Capitol building, the Supreme Court, Library of Congress and other buildings on Capitol Hill.

Her goal is to make the complex 'carbon neutral' within two years by changing light bulbs from incandescent bulbs to compact fluorescent bulbs and using eco-friendly vendors for furniture and other items.

"Under this greening of the Capitol initiative ... we will become carbon neutral," Pelosi said this week. A carbon-neutral building produces no net contribution to global warming, also known as greenhouse gases, which some scientists consider the main contributor to global warming.

But several blocks away from the U.S. Capitol sits the Capitol Power Plant, which burns coal as well as natural gas and some heating oil to heat and cool the complex. Coal accounts for 49 percent of the plant's output, according to a draft report prepared by a House committee.

When asked about removing coal from the power plant, Pelosi was noncommittal. She said the recommendations that the people who know about this will put forth is what we have to live with, and there are issues involved with the power plant that we have to learn

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about."

According to a recent House of Representatives report, it is likely impossible for the Capitol complex to become carbon neutral as the power plant uses coal, a major source of greenhouse gases.

"Why, when you're obviously trying to cut back then on carbon emissions and you're changing all the light bulbs and you're looking at all different ways to cut carbon emissions, do you still burn coal?" asked Dan Beard, chief administrative officer of the House of Representatives and the official in charge of the carbon reduction program.

The answer is a "seven-letter word starting with 'p' -- 'politics.' A lot of coal state senators and congressman love to have it burning coal," Beard said.

Sen. Robert Byrd, D-West Virginia, and Sen. Mitch McConnell, R-Kentucky, are major defenders of coal and have stood in the way of efforts to eliminate it from the Capitol Power Plant. A plan in 2000 to stop using coal was blocked by the powerful lawmakers, whose states are major coal producers.

Big money is at stake for businesses that provide coal. CNN has obtained a copy of the Capitol's contract to purchase coal over the next year for the plant. Two West Virginia companies will benefit greatly.

International Resources Inc. and the Kanawha Eagle mine will provide 40,000 tons of coal to the Capitol Power Plant for \$4.6 million dollars. Campaign records show that the companies and executives from the companies gave a combined \$26,300 to the campaigns of Byrd and McConnell in the 2006 election cycle alone. The companies have not returned CNN's calls.

Senator McConnell told CNN: "It's certainly not surprising that two senators from the greatest coal-producing states in America would be interested in seeing the Capitol not burn coal, and I think the architect ought to take account in making his final decision, and I'm sure he will."

Environmental activists see it differently. "Coal companies are supplying coal to the Capitol plant, meanwhile making campaign contributions to powerful senators. It's a bit like a Soprano had a seat in the Senate. They're saying this plant must stay alive, burning coal even though it's causing pollution and global warming," said Frank O'Donnell, president of the Clean Air Watch, an environmental watchdog group.

To offset the coal emissions and accomplish the goal of becoming carbon neutral, the Capitol will have to spend \$850,000 to buy credits for the 340,000 tons of greenhouse gas emissions, according to a forthcoming report. CNN has obtained portions of a House of Representatives report to be released in June that says the Capitol Power Plant will reduce its carbon footprint by 30 percent if natural gas were substituted for coal.

Switching to natural gas would cost \$5 million to \$8 million more a year. But that could be offset by a reduction in the cost of disposing of fly ash, a coal byproduct, a draft report says.

O'Donnell of Clean Air Watch remains skeptical: "This plant is such an egregious polluter that there aren't enough corkscrew light bulbs in town to off-set the pollution from it."

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Thousands rally against U.S. stand on climate change

MONTREAL, Quebec (Reuters) -- Thousands of environmentalists, some banging drums or dressed as polar bears, marched in Montreal on Saturday to urge the United States and other nations at a U.N. climate conference to do more to curb global warming.

"Time is running out," banners proclaimed in a carnival-like rally in freezing temperatures through central Montreal, where many protesters accused the White House of blocking progress on climate change and threatening the world's future.

"We will move the world ahead. We will not wait for George W. Bush," Elizabeth May of the Sierra Club environmental group told the crowd, estimated at about 6,000 people.

"Together we can save the climate. Together we will stop fossil fuels from destroying our future," she said outside the Montreal conference center, where 189 nations are meeting to find ways to halt climate change.

Delegates are discussing the shape of the next phase of the U.N.'s Kyoto Protocol climate pact, but discussions are being hampered between those who back emission reduction targets and outsiders, such as Washington, which are opposed to caps.

Organizers said similar marches were held in 30 cities from Sydney to London to urge governments to lower emissions of heat-trapping gases from burning fossil fuels in factories, power plants and cars.

In Montreal, one man walked on stilts disguised as the grim reaper, while others wore panda or polar bear costumes. "The ice is melting, we're suffering the most, we can't get food," said Gordon Shepherd, a Scottish activist dressed as a polar bear.

Canadian Foreign Minister Pierre Pettigrew and Environment Minister Stephane Dion took part in the march. Some protesters booed the ministers, accusing them of doing too little, but the harshest criticisms were for Bush.

"Wake up USA!," one banner read. "George, you're not alone on this planet!" another said.

In 2001, Bush pulled out of the U.N.'s Kyoto Protocol, which binds about 40 industrial nations to cut emissions of greenhouse gases by 5 percent below 1990 levels by 2008-2012.

Bush says Kyoto would stifle economic growth and wrongly excludes poor countries from a first round of targets to 2012. Washington doubts that greenhouse gases will mean catastrophic floods, droughts and rising sea levels.

The Montreal talks are seeking ways to enlist both the United States and poor nations such as China and India in discussing ways to combat climate change beyond 2012.

Washington has said it is not interested in joining new talks, but Canadian negotiators say they have not given up hope.

"We want these talks to end with an agreement to start discussions about the future," a senior Canadian official said.

In London, thousands of protesters, some blowing whistles and carrying banners, accused British Prime Minister Tony Blair of wavering on pledges to make deep carbon reduction targets beyond 2012. "No Blair betrayal on climate" one banner read.

"We're seeing greenhouse gas emissions rise under this government. We're seeing this government now not talking about targets, talking about technology instead," said Caroline Lucas, a leading member of Britain's Green party.

Bush favors big investments in technology, such as nonpolluting hydrogen or new methods that bury carbon dioxide beneath the ground, to ease the problem of global warming.

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