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Southern Alliance for  
**Clean Energy**



# Climate Policy: Options and Opportunities

**Southeast Coastal Climate Network  
Global Warming Webinar Series**

**May 27, 2009**

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# Growing Momentum to Address Climate Change

**“I ask this Congress to send me legislation that places a market-based cap on carbon pollution and drives the production of more renewable energy in America.”**

*President Obama, Address to Joint Session of Congress,  
Feb. 24, 2009*

**“Warming of the climate system is now unequivocal....it is the Administrator’s judgment that current and projected levels of... greenhouse gases endanger the public health and welfare of current and future generations.”**

*EPA Proposed Endangerment Finding, April 24, 2009*

# Three Pillars in Effective Climate Policy

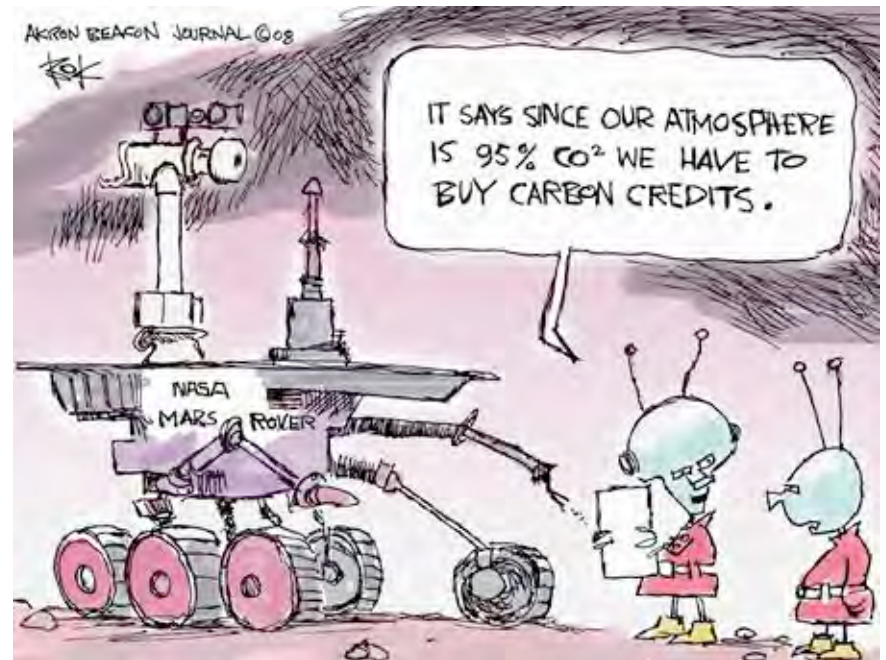
- **Cap on Emissions in line with science**
  - Fundamental price and limit on global warming pollution
- **Renewable Electricity Standard: 25% by 2025**
  - Saves consumers \$64.3 billion on electricity and natural gas by 2025
  - Nearly 300,000 new green jobs
- **Energy Efficiency Resources Standard: 25% by 2020**
  - Saves consumers \$169 billion (\$38 billion in the Southeast) on electricity and natural gas
  - More than 220,000 new green jobs

# How to Structure Climate Policy?

- **Cap and trade** – restricts carbon pollution by limiting how much can be emitted and charging for excess
- **Carbon tax** – levies a tax on coal/oil at the point of production

# Cap and Trade Mechanics

- **Previous experience**
  - 1990's sulfur trading system
  - EU trading program
  - Regional Greenhouse Gas Initiative (U.S.)
- **Emission Certainty**
- **Market-based price**



# Cap and Trade: Auction or Allocation?

- **A cap and trade program requires companies to have pollution credits.**
- **Do we give permits away for free or sell them for profit?**



# Cap and Trade: Auction → Revenue



- **Clean energy investments, R&D**
- **Adaptation for wildlife, sensitive geographic locations**
- **Reduce taxes, provide dividends, etc.**

# Cap and Dividend

- **Also sets a cap on pollution**
- **Auctions 100% of the pollution permits**
- **Gives 100% of the revenue back to the public**





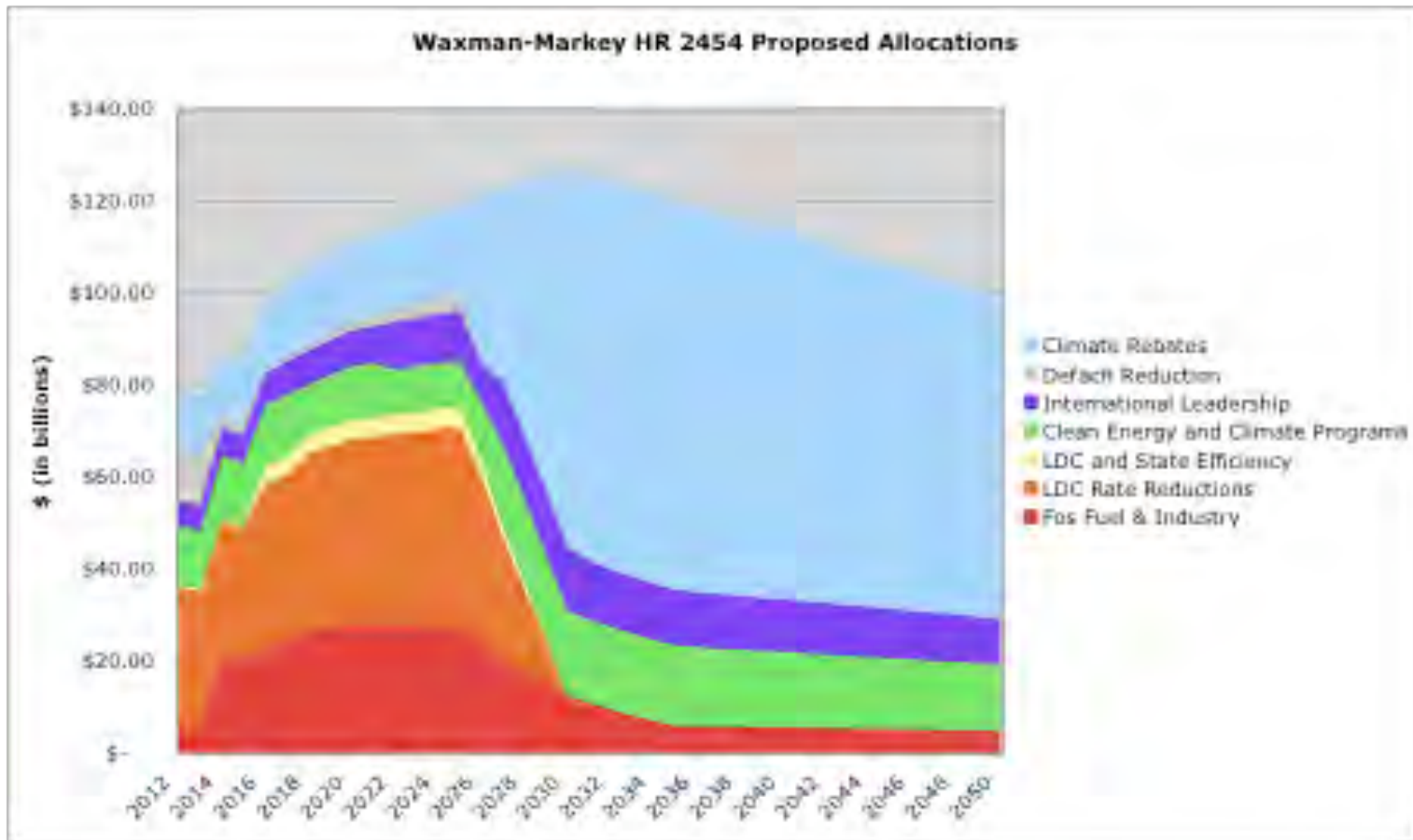
# Carbon Tax

- **A carbon tax is the prominent alternative to cap and trade.**
- **“Straightforward” method of putting a price on carbon emissions.**
- **Can be “revenue neutral” and balance higher prices by reducing other taxes.**

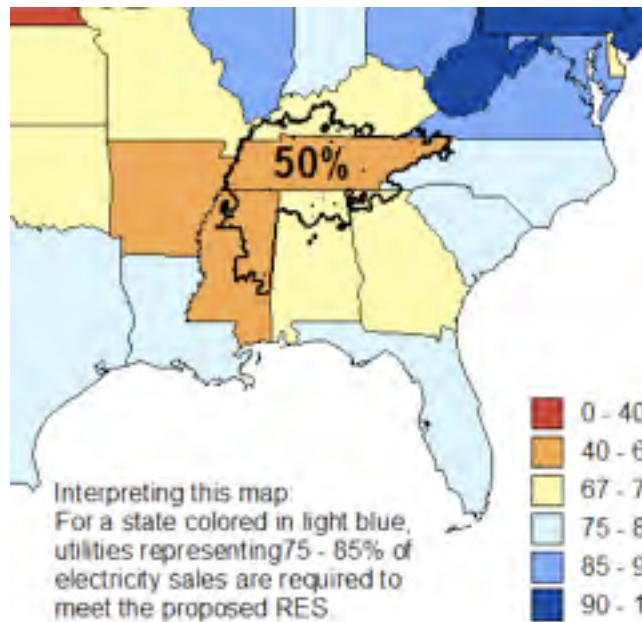
# American Clean Energy and Security Act of 2009 (ACES)

- **Targets:**
  - 28% below 2005 levels by 2020**
  - 76% below 2005 levels by 2050**
- **Nearly 60% of pollution permits ('allocations') given away for free**
- **Includes 20% RES, with energy efficiency meeting 5-8% of the goal**

# Allocations in ACES



# How the RES in ACES Would Impact the SE



## Exemption from proposed RES varies widely

State	2007 Electric Sales (GWh)	Utilities > 4 million MWh (GWh)	Percent of Load Exempt
<b>TVA</b>	<b>170,686</b>	<b>85,313</b>	<b>50%</b>
Tennessee	106,001	56,477	47%
Mississippi	48,153	26,480	45%
Georgia	137,453	95,320	31%
<b>Southeast</b>	<b>939,918</b>	<b>698,608</b>	<b>26%</b>
Alabama	91,828	68,395	26%
North Carolina	131,881	99,010	25%
South Carolina	81,948	62,482	24%
<b>USA</b>	<b>3,739,785</b>	<b>2,981,265</b>	<b>20%</b>
Florida	231,085	193,977	16%
Virginia	111,568	96,467	14%

Taken from SACE's blog: <http://blog.cleanenergy.org/2009/05/26/tva-res-exemption/>

# Looking Ahead

- **Eight other committees can debate before bill goes to full vote in the House**
- **Opportunities to strengthen & weaken ACES**
- **Unclear timeline for Senate action with at least 2 committees with energy/climate oversight**
  - Energy & Natural Resources
  - Environment and Public Works



**Thank You!**

**Questions & Comments**

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