Earlybird

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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?

5 Responses

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Small band-aid on a planet-sized problem

By Richard Revesz
Dean, New York University School of Law

Clean energy standards will not go far enough to rein in our carbon emissions and will cost more—pound for pound—than putting a price on carbon. Granted, it is better to take some action than it is to take none, but this is a small, expensive band-aid on a planet-sized problem.

The issue stems from the fact that the true price of energy is hidden—what we pay on our monthly bills is only a portion of the real costs of using fuels that pollute. Our nation subsidizes these fuels in many ways, most importantly by failing to internalize the social costs of pollution. Many side effects of fossil fuel consumption—from increased mortality caused by air pollution, to insurance rate increases from rising sea levels, to national security threats based on reliance on foreign oil—are not taken into account. These costs will only grow as the effects of climate change are felt more and more.
This is an economy-wide problem that can only be fixed by an economy-wide solution. Clean energy standards will send an economic signal, but not one that is strong enough to drive the kind of investment and innovation needed to drastically reduce our greenhouse gas emissions. Only a market-based policy can create enough economic incentives to conserve energy and switch to clean energy sources.

Top-down regulations and mandates that specify how companies are to comply cannot complete with market incentives in terms of efficiency. A command-and-control style approach puts the government in the awkward position of picking and choosing one-size-fits-all standards. Demanding a certain percentage of clean energy sources will almost certainly ask too much of some companies who cannot afford the required measures and not enough of others who can bring clean energy online at low cost.

Economists largely agree that it is more efficient to allow companies to decide how best to comply with a new rule. That way, each firm can find the cheapest ways to reach its goal without wasting time or money.

But if putting a price on carbon is not politically possible now, clean energy standards can serve as a bridge towards that future. At the least, this approach will help start to chip away at the hidden subsidies of dirty fuels. It is a short term mechanism that won't answer our long term problems, but if our choices are a small measure or no measure, progress is preferable.

But it is important to emphasize that this tactic is not free. It will, like any command-and-control regulation, impose costs on businesses, which will quickly pass them along to consumers. Unit for unit, we will be paying more per ton of carbon restricted than under a carbon cap or tax. It's a penny-wise, pound foolish policy.

A Mandate by Any Other Name...

By Thomas J. Pyle
President, Institute for Energy Research (IER)

The answer to the question is neither. Whether the government forces utilities to buy politically preferred sources of energy from wind farms, carbon-captured coal, or hamsters running in cages, a renewable energy standard is still a mandate that utilities purchase and sell energy that is more expensive and less reliable than the energy they are selling today. All that is really being debated is the number of different interest groups that can benefit from having the federal government force American families to pay even more for less reliable electricity.

In the same way that cap-and-trade's proponents hope to use it make the price of proven energy sources “necessarily skyrocket,” the renewable electricity mandate will force prices to take the same upward trajectory. No matter what it is called, how many special interests are pleased, or which energy sources make the final cut, a mandate is still a mandate. And this one will be expensive.

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Standard Still A Production Quota

By Mario 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 – is not 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).

RES advocates claim they want to reduce greenhouse gas emissions and dependence on Middle East oil, yet won’t allow nuclear power and coal with carbon capture and storage (CCS) to contribute to those goals. Graham’s CES avoids this rank inconsistency. (Or it does ...

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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 20 percent, ...

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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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