

Chairman Rick Boucher Announces New Legislation at Franklin Center Climate Change and Energy Policy Session

CAPITOL HILL, JUNE 12, 2008 – Congressman Rick Boucher (D-VA) announced new legislation on carbon capture and sequestration and discussed the broader implications for climate change legislation just days after the U.S. Senate voted to postpone consideration of a bill designed to curb greenhouse gas emissions. The Congressman, who chairs the Energy and Air Quality Subcommittee on the House Energy and Natural Resources Committee, is a highly influential and pivotal player in how the US government will address this important issue.

New Legislation Announced

First, Mr. Boucher made some major news at the morning session, announcing that later that day he would introduce bipartisan federal legislation to advance the development and deployment of carbon capture and storage (CCS) technologies. CCS is a method of reducing greenhouse gas emissions by capturing and injecting underground the carbon dioxide emitted from electricity generation plants that use fossil fuels. The legislation would establish a \$1 billion annual fund, derived from fees on the generation of electricity from coal, oil and natural gas. Grants from the fund will be awarded to large-scale projects advancing the commercial availability of CCS technology.

"Coal is America's most abundant domestic fuel, and today, coal accounts for more than one-half of the fuel used for electricity generation. Given our large coal reserves, its lower cost in comparison with other fuels, and the inadequate availability of fuel alternatives, preservation of the ability of electric utilities to continue coal use is essential. The legislation introduced today addresses this clear need by enabling electric utilities that use coal to have the continued ability to do so when a mandatory program is implemented to control greenhouse gas emissions," Boucher said in a news release.

Climate Change Legislation

Turning to prospects for climate change legislation, Rep. Boucher reminded the group that "mandatory (emissions) controls are coming," noting that there is now clear consensus among US policymakers about the human contribution to global warming, and that the Supreme Court's April ruling that greenhouse gases are a pollutant has essentially paved the way for federal government action.

Because of these developments, he argued that it was best that Congress take the lead in fashioning a response for two primary reasons: a) states are acting in lieu of federal regulations, leading to an impossible-to-enforce patchwork of rules which would do more damage to the economy than a national system, and b) the US Environmental Protection Agency (EPA) would act on its own unless Congress writes legislation

The Senate bill, like its potential House counterpart, would have sought to reduce greenhouse gas emissions largely by imposing a new emissions trading system modeled

after the regime credited for helping to reduce acid rain – the so-called “cap and trade” approach. So why did it fail? Rep. Boucher was quick to say the Senate vote should not be misinterpreted as a wholesale rejection of the idea.

“As it relates to cap and trade, don’t take the wrong message from the demise of the bill in the Senate,” he said. He noted that the bill received more favorable votes than the previous time it was considered, and that he believed that there were fundamental flaws in the Senate approach which may have contributed to its postponement.

The primary flaw, in his view, was that the bill was far more aggressive than similar legislation being considered in the House, and that it was important to have a more realistic timetable for emissions reductions. “It expected too much too soon,” said the Congressman. Despite this flaw, Rep. Boucher believes that cap and trade is far preferable to other options to address climate change, and the version of the legislation that he and Energy and Commerce Chairman John Dingell (D-MI) are crafting is built on this approach.

The second problem with the Senate legislation was that it relied too heavily on auctioning emissions credits, instead of giving away the allocations for free; the model used in the successful acid rain reduction program. “Free is what we know,” said the Congressman. If polluters have to buy both the initial emissions credits in addition to the technology necessary to reduce emissions, it increases the costs dramatically and gives opponents an easy way to block the legislation.

So what are the prospects for the legislation in the House? Congressman Boucher was not terribly optimistic, given that the requirement that he and Chairman Dingell established that the bill be bipartisan had become difficult since Republicans have decided not to participate in the process. Without the input of the minority on the bill, Rep. Boucher believed he felt it would be near impossible to have action by the House of Representatives in this session of Congress, putting chances for passage at only 10%.

In the face of this deadlock, one option gaining momentum among Rep. Boucher and his allies is to develop and present a “discussion draft” of legislation in the fall to keep the debate moving forward. The idea would be to keep discussion going and spark a dialogue with affected industries and other stakeholders in the debate. This feedback would be very useful for lawmakers as they continued to refine ideas for what everyone expects will be legislative action in the new Congress starting in 2009.