



## **The Current State of Climate Legislation**

While legislative efforts at the federal level to address climate change appeared to be on the fast track earlier this year, changes in priorities have taken place in the Capital and the momentum to move a bill forward has significantly slowed. Health care reform is the number one concern for Congress currently. Climate change is a very complex issue that will take a global effort to address.

### **Carbon Basics**

Power generated by fossil fuel sources, such as coal, contributes to approximately 40 percent of all man-made emissions. Transportation accounts for a third of human-related emissions. Globally, China, the United States, the European Union, Russia and India are the largest developed countries that contribute human created emissions.

### **Green Already, but Additional Energy is Needed to Meet Demand**

The picture here in the Northwest – in Oregon particularly - looks much different. A long history of non-carbon emitting generation from hydroelectric and nuclear power, combined with energy efficiency and conservation programs has resulted in Oregon being ranked very low nationally as a carbon emitter.

However, the existing hydroelectric generation from the Bonneville Power Administration (BPA) is at capacity and will not be adequate to meet the need for more electricity in the future. Utilities will require the option of carbon emitting generation such as natural gas to meet their customers' electricity needs.

### **Cap and Trade 101**

The centerpiece initiative to reduce greenhouse gas emission is a cap and trade program, under which companies could comply with the steadily tightening new carbon dioxide caps by cutting their emissions or buying allowances to release greenhouse gases. An economic incentive is created for those that reduce their emissions without using all of their credits as they are able to sell those credits on the open market to other entities that need them. The complexity of the system, along with challenges

monitoring and enforcing it, leave the door open to Wall Street-type abuses to gain from the potential profit that could be realized from selling credits.

### **Back on Capitol Hill...**

Before the August recess, the House narrowly passed a climate change bill, referred to as the “Waxman-Markey” bill. The measure establishes a cap and trade program that would cut carbon dioxide emissions 17 percent from 2005 levels by the year 2020.

A key Senate Committee has passed a bill sponsored by Senators Barbara Boxer (D-Calif.) and John Kerry (D-Mass.). Their bill also includes a cap-and-trade program with a more aggressive emissions reduction (20 percent by 2020). This bill is viewed as too stringent to pass the Senate. Senator Maria Cantwell (D-Wash.) with Sen. Susan Collins (R-Maine) recently introduced an alternative bill that would form a cap-and-refund program to tackle concerns with the trade component of other programs.

### **EPA Regulation**

If Congress doesn’t pass legislation to cap carbon emissions, some new limits on greenhouse gases could come in the form of regulation by the Environmental Protection Agency (EPA). There is a concern that EPA action will be a “one-size fits all approach” that does not account for regional differences.

### **Our Mission**

Member-owned utilities in Oregon will continue to work with its Congressional delegation throughout 2010 and beyond to make sure the needs of their members are well represented, that the clean hydropower system that is unique to the region is given consideration, and that power remains affordable and reliable as climate change legislation is discussed.