

GREEN GOVERNMENT

Lights Out

Office buildings in Chicago compete to power their own green goals.

Chicago's central business district, the Loop, is the city's economic engine. At the same time, it is also a climate change engine too. Commercial buildings are a source for 30 percent of the U.S. total greenhouse gas emissions.

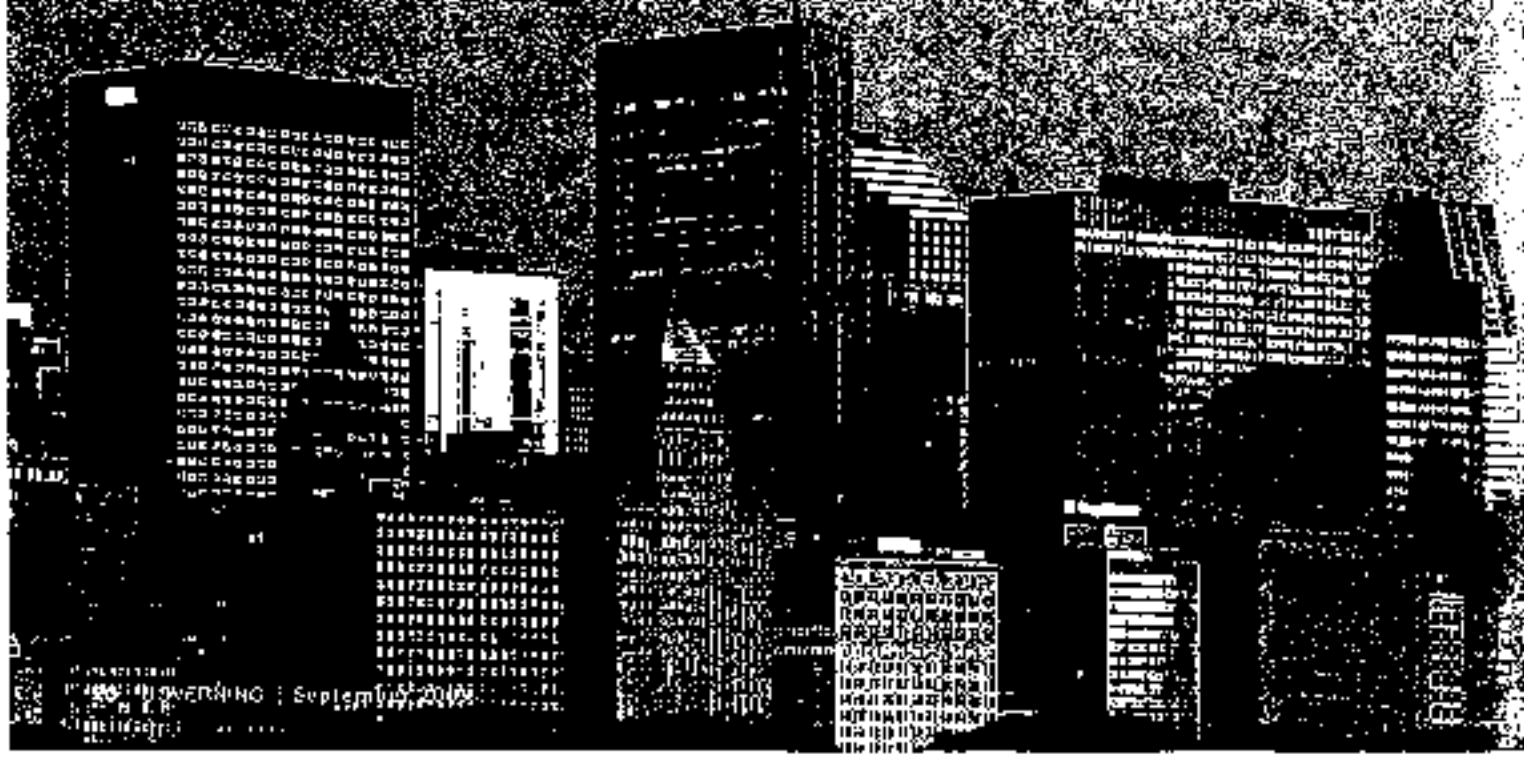
That's why Chicago joined the Greenzilla Challenge, a friendly competition among buildings to see which one that aims to most reduce their carbon footprint. They are battling to be the most green building in the local area. For Chicago, it's a green race where high achievers will receive official recognition from the city, which business owners could then use to market themselves to conscious customers and clients. Six buildings entered the competition in February, more than 100 tenants and companies have enrolled in the program.

For big companies, reducing climate change risks in buildings represent a tricky situation. That's because most of the day-to-day choices about whether to turn off lights, computers, or air conditioning lie with tenants. But tenants don't typically pay, or even see, the utility bills, building owners do. Technologists call this the "principal-agent" problem and it's a real barrier to conservation. "Office tenants feel it's the manager's responsibility to tackle those issues," says Amy Mallick, CEO

of Greenzilla. However, it's not always clear how to get tenants to do the right thing. "It's not always clear how to get tenants to do the right thing," says Mallick. "It's not always clear how to get tenants to do the right thing." Mallick says that the challenge is to get tenants to do the right thing. "It's not always clear how to get tenants to do the right thing," she says. "It's not always clear how to get tenants to do the right thing."

On the other hand, some companies are taking the lead. The company, which is a small business, has a goal of reducing its carbon footprint by 20 percent. The company has a goal of reducing its carbon footprint by 20 percent. The company has a goal of reducing its carbon footprint by 20 percent. The company has a goal of reducing its carbon footprint by 20 percent.

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THE WALL STREET JOURNAL

WSJ.com

September 1, 2009 12:17 PM ET

Fallout Shelter: Team Obama Seeks to Limit Reach of CO2 Ruling

The Obama administration is studying ways to limit the reach of any greenhouse-gas regulations it might eventually set to large industrial sources, such as power plants and factories, rather than small businesses.



Taking cover (AP)

The move could help the administration limit the political and legal fallout of the Environmental Protection Agency's decision in April to declare greenhouse gases a threat to public health. Business groups, led by the U.S. Chamber of Commerce, have warned for months that such a declaration will lead the government to eventually slap costly new regulations on an array of small emitters, including warehouses, offices, schools and churches. EPA boss Lisa Jackson had to stress earlier this year that the agency wasn't planning on regulating "Dunkin' Donuts."

The White House Office of Information and Regulatory Affairs announced it was reviewing the EPA's "greenhouse gas tailoring rule" on its web site Wednesday.

Although the announcement didn't disclose details about the rule, people familiar with the EPA's work on the issue said they expected the agency's proposal to call for regulating only facilities that emit 25,000 tons or more a year of carbon dioxide. That threshold would effectively limit the reach of new regulations to power plants, steel mills, and cement factories, people familiar with the matter said.

"We welcome this proposal and encourage the Obama administration to move ahead," said Frank O'Donnell, president of Clean Air Watch, a Washington-based group that advocates regulation of greenhouse gases.

Mr. O'Donnell said in an e-mail alert to reporters Tuesday that the agency's work on the rule suggests the agency is "gutting its ducks in a row" to regulate carbon dioxide on its own. The EPA is expected in a matter of weeks to formally propose regulations covering CO2 emissions from automobiles but has not indicated when it might turn to other sources, such as power plants.

The Obama administration has said it would prefer to address emissions climate change through new legislation, but efforts to pass a bill through the U.S. Senate are taking a backseat to the debate over health care. Earlier this week, the chairman of a key Senate panel with jurisdiction over climate legislation, Sen. Barbara Boxer, postponed the introduction of her bill, the second time she has done so in two months.

Ms. Boxer said her new goal is to introduce the measure "later in September" rather than next week as planned. She attributed the delay partly to Sen. Edward Kennedy's death last week, and to the "intensive" focus on health-care legislation by the Senate Finance Committee, which shares jurisdiction over the proposal.

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The New
REPUBLIC

Published on *The New Republic* (<http://www.tnr.com>)

So What Happens If There's No Climate Bill This Year?

Kate Sheppard September 1, 2009 7:35 pm

Kate Sheppard covers energy and environmental politics in Washington, D.C.

The chances of global-warming legislation passing through the Senate before the end of the year are looking increasingly bleak. Onlookers had been expecting Barbara Boxer and John Kerry to introduce a comprehensive climate and energy bill on September 8, shortly after Congress returned from recess. But on Monday, the two pushed the deadline back indefinitely, saying that they expected to unveil the bill "in later September" and chalking up the delay, in part, to Kerry's hip surgery and preoccupation with health reform.

Sources on the Hill say they're now certain the Senate won't take up climate change until after the health care debate is resolved—which, realistically, won't happen until around Thanksgiving. And even if Kerry and Boxer can get their bill out by late September, the other committees that want



a piece of the bill won't be able to work on it right away. For instance, Max Baucus, who chairs the Finance Committee, has said he wants to oversee the formula for allocating carbon permits under the cap-and-trade program—but he's currently busy with health reform. To date, his committee has only held one hearing on cap-and-trade, which Baucus couldn't attend because he was working on health care.

So, although Harry Reid's office still insists that the Senate will "have ample time to consider this comprehensive clean energy and climate legislation before the end of the year," there's a good chance a bill won't get finished in the Senate before the Copenhagen climate talks start on December 7. If that's the case, is there anything Congress or the White House could do to make sure the Obama administration doesn't show up at the talks empty-handed? (True, Obama could point to fact that the House has passed a climate bill, but it's unlikely that other world leaders will accept that as a down payment on Senate action.)

One possibility is that the Senate could shift to an incremental approach and pass the energy bill [1] that passed out of Jeff Bingaman's Energy and Natural Resources Committee in June. Reid has said that he wanted to combine that bill with a climate bill that caps greenhouse gases, but there's no word on whether he'd move the energy piece alone if the issues around cap-and-trade can't be resolved in time. The Senate energy bill is weaker than analogous portions of the House bill—for instance, it requires utilities to get just 15 percent of their power from renewables or efficiency by 2020, compared with the House bill's 20 percent. It would likely pass the Senate with ease, but would also do little to reduce U.S. carbon-dioxide emissions.

That leaves direct EPA action under the existing Clean Air Act—but even

that may not move fast enough to offer a boost for the Copenhagen talks. The agency's head, Lisa Jackson told reporters [2] on Tuesday that she expected to move forward "in the next months" with the EPA's determination that greenhouse gases are a threat to human health. The EPA had reached that finding back in April, and it has gone through a 60-day public-comment period, but the ruling has still not been finalized. And once the formal declaration comes, that will still only be the first step—the agency will then have to begin the lengthy process of issuing formal regulations on mobile and stationary pollution sources.

The administration has already unveiled [3] new fuel-economy standards for vehicles. The bigger challenge will be tackling stationary sources—power plants, refineries, manufacturers. Coal-fired power plants alone account for 40 percent of U.S. emissions. Crafting those rules is likely to be a drawn-out process: Environmental law experts predict that formulating rules for stationary sources will take at least eight months to complete. Even if the EPA raced to announce proposed rules by the end of 2009—in time for Copenhagen—the rules would still have to undergo a one- to two-month comment period and subsequent review before they took effect. In all likelihood, the fastest the EPA could have new rules for stationary plants in place would be mid-2010. (And that's barring any legal challenges.)

That could leave the United States with a weaker negotiating position at Copenhagen—unless a major congressional breakthrough arrives in the next few months. That's still not out of the question: On Monday, Boxer and Kerry sounded optimistic that they'd be able to address the concerns of other senators before they formally introduced the bill. But given the realistic timetable for Senate action, they'll need to work those issues out immediately if the bill stands any chance of movement before fall.

Source URL: <http://www.tnr.com/blog/the-vine/so-what-happens-if-theres-no-climate-bill-year>



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
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THE WALL STREET JOURNAL

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SEPTEMBER 2, 2009 • 7:30 AM ET

With Clouds Over Health Care, Can Climate Change Fly?

 **Peter A. Brown**, assistant director of the Quinnipiac University Policy Institute, is a former White House correspondent with two decades of experience covering Washington government and politics. [Click here](#) for Mr. Brown's full bio.

The health care fight is the center of attention as Congress and the president return to the fray. One casualty appears likely to be the climate change legislation that narrowly passed the House of Representatives this spring.

Its fate in the Senate was always dicey, to be sure. But the extreme polarization shaping up on Capitol Hill over health care makes it even less likely that the climate bill can garner the necessary support in the Senate, where only 41 of the 100 senators can stop a bill in its track with a filibuster.

To a large degree, the split over the proposed health care overhaul is similar to the political divisions over climate change. The coalition of liberals, labor, lawyers and environmentalists are backing a larger government role both in overhauling health care and in requiring business to pay for pollution. Both measures face the same opposition of conservatives and business that want government to stay out of the economy.

Obviously the differences illustrate the Democrat/Republican split. But both issues also showcase divisions among Democrats who hold a majority in the House and Senate, as well as an almost unified opposition from Republicans that poses significant challenges to supporters of both measures.

Until recently, when the fate of the health care proposals became much cloudier, the betting line had been that it had a much better chance of enactment than did the climate change bill. And while the summer's rage over health care has decreased the odds of a health care overhaul happening, it has also lengthened the odds against the climate change measure.

Toxic Fuming?

That's because politicians are human beings, too. The bad blood over health care is almost certainly going to carry over and make cooperation on other issues more difficult.

The measure passed the House by a very narrow 219-217 margin to begin with. In recent weeks its supporters, aware what the deepening split on Capitol Hill over health care reform is likely to do to the proposal, have sought to rally public support through television ads.

Opponents, including the oil and natural gas industry and a number of business groups, have been doing all they can to stir up opposition. They are seeking to ride along with the festering anti-big-government sentiment arising nationally over health care.

The climate change legislation is dubbed "cap and trade" because it would limit the total amount of carbon dioxide emissions that American firms can release into the atmosphere. Carbon dioxide, produced by burning fossil fuels, is believed to be responsible for the rising temperatures known as global warming.

Under the bill, companies that are heavy CO₂ emitters would be able to buy permits from the government that would compensate for their pollution or buy them from other companies that did not pollute as much as those firms' permits allowed.

Under the House bill, by 2020 the U.S. would be required to cut greenhouse gas emissions by 17% from 2005 levels. By 2050, the bill would require they be reduced 63%.

The political battle is being fought over projections. The opponents argue that the cost to businesses would result in the loss of millions of American jobs and make U.S. goods uncompetitive globally. Supporters argue that "green jobs" produced by alternative technology would more than make up the difference.

Preparing for Copenhagen

Senate consideration of the legislation had been scheduled for mid-September in one Senate committee. But it was postponed this week until the end of the month—and who knows when it will actually go before the full panel, much less get to the Senate floor.

Supporters are trying to push through the legislation before global climate change talks convene again in December, this time in Copenhagen.

When campaigning last year, President Barack Obama pledged to change the U.S.'s previous stance and join international efforts to limit emissions, which have taken on an almost religious fervor in Europe.

The Bush administration had refused to go along with the Kyoto Protocol, the first of the global anti-pollution pacts, partly because large developing economies like India and China refused to make similar concessions. They have reaffirmed that position to the new American president.

But if there is too much bad blood in Congress created by the debate over health care, the president is unlikely to gain the leeway he wants to change the U.S. position on global warming. So whatever stance the Obama administration takes in Copenhagen, it will be will be strongly influenced by what happens with health care in Washington.

Write to Peter Brown at peter.brown@quinnipiac.edu.

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First Solar to Build 2-Gigawatt Solar Power Plant in China

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First Solar To Build 2-Gigawatt Solar Power Plant in China

Article Comments (18)

10/8/2009 10:00 AM EDT

50 Great | 10 Great | 10 Great | 10 Great | 10 Great | 10 Great | 10 Great | 10 Great | 10 Great | 10 Great

By Erik Johnson

Cassandra Sweet contributed to this post.

Solar-panel maker First Solar is cracking open the Chinese market, which could become one of the world's most promising for solar power.

Arizona-based First Solar said today it signed a deal with Chinese officials to build a 2,000-megawatt solar-power plant in Inner Mongolia over the next decade at an estimated cost of \$5 billion to \$6 billion.



Photo courtesy of AP

UPDATE: That figure is apparently what it would cost to build a 2,000-MW plant in the U.S. today, building a large plant in China in the future would likely cost less, due to labor costs, especially, say First Solar spokesmen.

For First Solar, which already has contracts to build similar, though smaller, solar-power plants in the U.S., the Chinese deal could be a game-changer. "If you have two gigawatts of capacity, that's the range of solar power from China to manufacturing, see installation," said First Solar chief executive Mike Ahearn in an interview.

The deal also shows, First Solar says, that China isn't necessarily dominating the market for high competition in the clean-energy sector. "I think they really want to be working with advanced technology and they're looking for low-cost solutions," Mr. Ahearn added.

That said, First Solar will probably end up building local manufacturing capacity to feed the big part, part of a larger, planned Chinese renewable-energy park in the city of Ordos.

"I think there's a clear expectation that we will build production capacity in China," Mr. Ahearn said. The company plans to start with a 300-megawatt installation before ramping up installation to build the entire power park by 2014.

Just as in the U.S., though, First Solar needs a couple of assists from the government to make the project a reality, subsidies and incentives.

First Solar's deal with Ordos City is contingent on plans by the Chinese government to create a solar-power subsidy program, for example in the form of above-market tariffs that utilities would pay for solar power. Mr. Ahearn said he and others expect that the Chinese subsidies will be between 15 and 25 cents a kilowatt-hour. That's fairly low compared to solar tariffs in other countries like Germany and Spain, but would probably be enough to make the solar power plant competitive with traditional sources of electricity.

Another concern is electricity transmission, the lack of which has bogged China's development of wind power. Mr. Ahearn said Chinese officials are studying how to improve the region's transmission infrastructure and its ability to handle renewable power sources, such as electricity from solar panels.



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Featured Comments

“I have a question about the deal that First Solar signed with China. The deal is for 2,000 MW of solar power. That's a huge amount of power. How is First Solar going to build that? They're going to build it in China, right? They're going to build it in China, right? They're going to build it in China, right?”


















- 1. [10/8/2009 10:00 AM EDT](#)
- 2. [Erik Johnson: Team Obama Seen to Limit Patch of Oil Drilling](#)
- 3. [Wall Street Journal: A Guide to the 'Big Short' by Michael Lewis](#)
- 4. [The WSJ: China's New Energy Policy: A Leap Forward](#)
- 5. [The WSJ: China's New Energy Policy: A Leap Forward](#)

"To do two gigawatts, that's going to require some substantial infrastructure investments," Mr. Ahn said.

If it goes ahead as planned, the Chinese project could help First Solar cut the costs of solar power even further, Mr. Ahn said, because large deals like the Qingsi City contract and government programs that set a gold and renewable price for its power means "there will provide the scale and visibility" that solar companies need to cut costs and prices, he said.

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by [christophermck](#) 10/09

Subsidies are OK

Subsidies are needed to bring down costs and offset externalities of coal, wind, etc. and it's how cost compete. We have subsidies from gov't to medicine even if sure (even if it cost a right back a day) solar is almost free once it is paid for and systems could last over 70 years. Why things for public infrastructure are bought and maintained by the government. In this case, it could be our government and not Saudi Arabia's for example.

a few are down and most people are so out of it they don't realize it.

by [Tommy](#) 10/09/2009

Joshua wrote
Tommy,

You are, more or less, and beside the point, you are comparing US subsidies of an already existing economic model with government subsidies meant to produce an already existing model. I think for the small scale solar projects, and the reduced costs in solar panels, surely, will make it economic for homes and businesses to OFFSET some of their power costs. As to the storage debate by climate, it's already implemented. Are you saying they can't efficiently store the power created from the sun so that solar panel power generation will need no backup?

It's 14 and 15 cents a kilowatt hour an hour. How is that sustainable when coal is so cheap? Or should the government just force coal to be more expensive? By the way, from what I hear, the Chinese aren't planning anything like that soon. It's a dangerous game to play, allowing the government to determine the value of goods for a low reason.

Oh wait, it's one reason. They are TERRIBLE at it.

by [Tommy](#) 10/09/2009

Debra wrote

I don't see the average man (Saver) taking us what a con job FSC is. His negative statements in the face of the relative technical progress makes me think someone



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THE WALL STREET JOURNAL.
WSJ.COM

SEPTEMBER 8, 2009 11:44 AM EDT

Waxman-Markey: Benefits Far Outweigh Costs, New Study Finds

So much of the wailing and gnashing of teeth around the climate bill in Congress revolves around the costs of curbing greenhouse-gas emissions. What about the benefits?

That is, seemingly everybody—the Environmental Protection Agency, the Congressional Budget Office, the Energy Information Administration, not to mention private-sector lobbies—has tried to tally how much it will cost to nudge America toward cleaner energy and fewer greenhouse-gas emissions. None have sought to figure out what kind of benefits the bill could bring.

That got some folks thinking. “Climate change is arguably one of the most complex issues to face Congress in recent memory, and yet Congress is essentially conducting its deliberations after having reviewed barely half the data,” says a new brief out from NYU Law School’s Institute for Policy Integrity, an outfit basically created to bring cost-benefit analysis back to the environmental arena.

The upshot? As flawed as it may be, the Waxman-Markey climate bill makes economic sense, offering benefits worth at least twice as much as it costs, if not more.

“From almost any perspective and under almost any assumption, H.R. 2454 is a good investment for the United States to make in our own economic future and in the future of the planet,” the paper concludes. But what’s the math look like?

The authors set out to see how much a ton of carbon is worth—not what it trades for on carbon exchanges, but how much a ton of carbon not emitted to the atmosphere is worth society in terms of avoiding climate change.

Turns out, even though the U.S. government does not have a hard-and-fast figure, it has a rough idea—around \$19 a ton. (There is a huge array of estimates for the “social cost of carbon”; those so inclined will have fun on pages 21-30 [here](#).)

So, given that the Waxman-Markey bill would curb emissions over the next 40 years, it’s a pretty simple job to tally up the potential benefits—about \$1.5 trillion on the middle-of-the-road estimate. The benefits could be as low as \$382 billion or as high as \$5.7 trillion, depending on how you fiddle with the numbers.

Since Waxman-Markey is meant to cost about \$600 billion, that means the bill provides \$2.27 in benefits for every dollar spent, the brief concludes. That doesn’t include extra benefits—cleaner air from a cleaned-up power sector, for instance. And it suggests that even tougher greenhouse-gas targets in the Senate version of the bill would make an even more compelling economic argument.

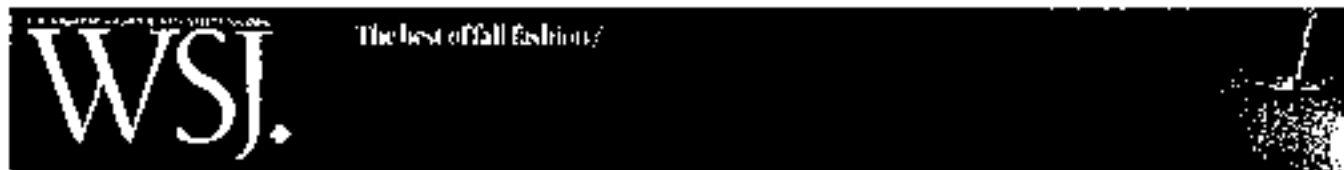
Now, there are some important caveats. That “cost of carbon” is a global cost, the U.S. doesn’t face quite the same risk from climate change as, say, Bangladesh. Which means all the “benefits” cited in the paper are similarly global, even if the costs are not. “A large portion of benefits might not be felt directly or immediately within U.S. borders,” the paper notes, suggesting that U.S. voters think of it as a “highly effective, highly leveraged form of foreign aid.”

Of course, the Senate still faces attacks from [the right](#) and [the left](#) when it comes to the climate bill. Will a move to tally not just the costs but the potential benefits of the bill make the Senate’s job any easier?

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THE WALL STREET JOURNAL.

WSJ.com

SEPTEMBER 15, 2009 11:00 AM EDT

Fuel Rules: Team Obama Details New Mileage Standards

The Obama administration has unveiled the [684-page rule](#) for new, tougher fuel economy standards for U.S. vehicles, something President Obama promised back in May.

The new double-barreled standard—one from the Environmental Protection Agency, and one from the National Highway Traffic Safety Administration—make official the administration's goal of accelerating the improvement of the fuel economy of U.S. cars and trucks.

Now, the new rules aren't quite what's being trumpeted in headlines and celebrated by environmental groups—corporate average fuel economy of 35.5 miles per gallon by 2016.

The EPA set out to regulate greenhouse-gas emissions from vehicles: their new rule equates to 35.5 mpg. But the actual fuel-economy standards are set by the Transportation Department. And since carmakers can actually decrease the emissions of their vehicles by tweaking the air conditioners—rather than improving the engines—the government's new fuel-economy rule is a hair less ambitious.

That is, the NHTSA says the new fuel-economy rules will be 34.1 miles per gallon in 2016, that breaks down to 38 mpg for passenger cars and 23.8 mpg for light trucks. Of course, not all carmakers fully comply. That means that the real-life fuel economy of new cars and trucks in the U.S. fleet in 2016 will be about 32.7 miles per gallon, the NHTSA says.

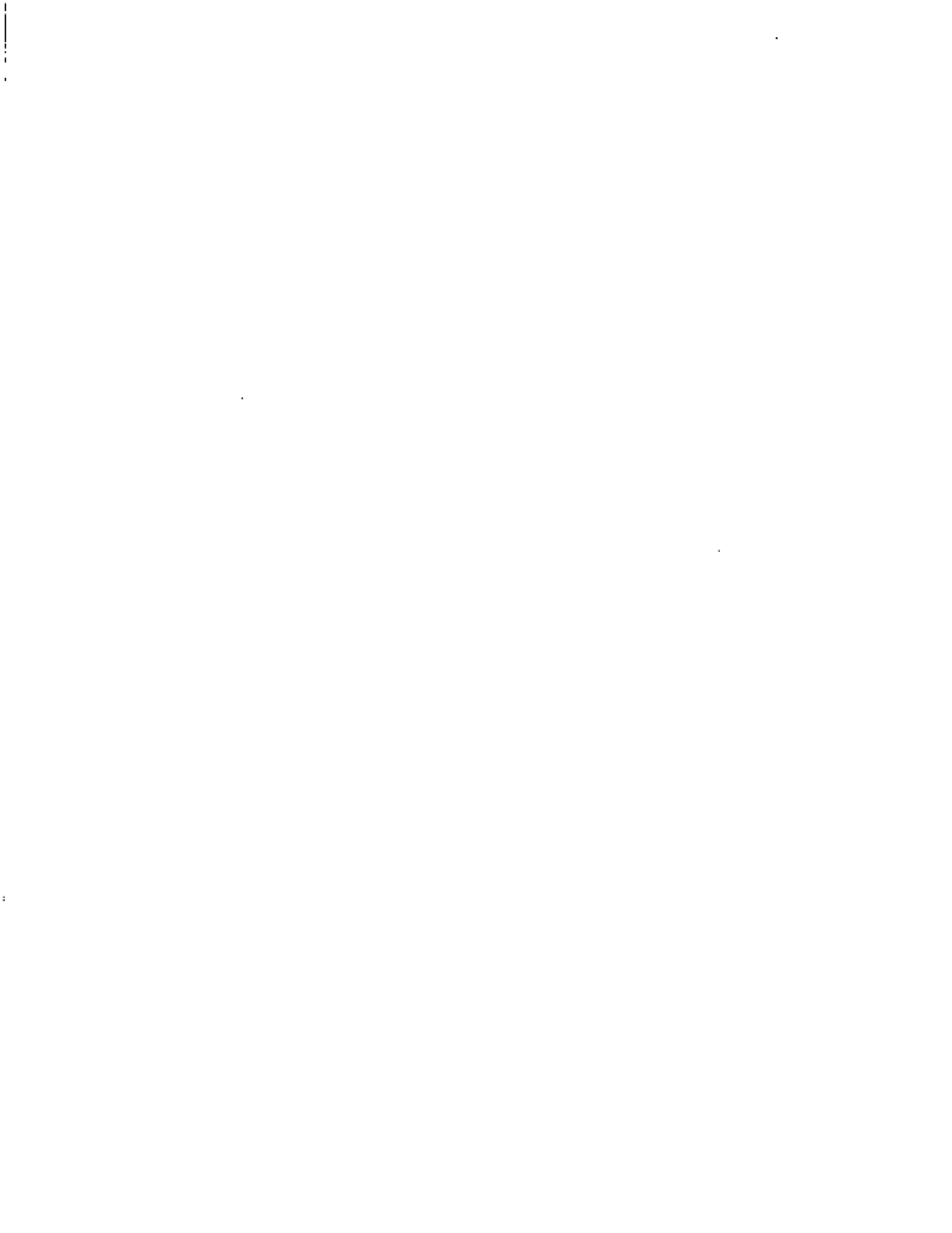
So how much will it cost? Less than administration predicted: \$1,302 per car—back in May. The latest estimate is that new cars and trucks in 2016 will cost about \$1,050 more than the new rules. That's \$958 extra for cars and \$1,213 for light trucks. The government figures drivers will make that up in a few years thanks to lower gasoline bills.

Over the lifetime of three new cars, the NHTSA figures that lower gas bills will save the country about \$150 billion. It figures other incidental benefits—less time spent refueling, for instance—will also add billions of dollars to the economy. And the EPA figures that avoiding all those extra emissions of greenhouse gases will save the country about \$16.4 billion through 2016.

Now that the administration has laid out the new rules, all that's left is for Detroit to show it can rise to the challenge. As cash-for-clunkers showed, fuel-efficient cars can be popular—even with gas below \$3 a gallon. Then again, new "clunkers" cars came in at around 25 miles per gallon. Even that's a far cry from a gas-sipping 38 mpg car.

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SEPTEMBER 15, 2009 1:47 PM EDT

Is Harry Reid bailing on climate legislation?

Harry Reid - the Senate Majority Leader who's facing a potentially difficult reelection campaign and known for announcing legislative timetables that he can't deliver on - told reporters Tuesday that the Senate might wait until next year to vote on legislation that would require companies to pay for the right to emit greenhouse gases.

"We still have next year to complete things if we have to," said Mr. Reid, a Nevada Democrat, when asked if the Senate might wait till 2010 to vote on such legislation. He noted that the Senate has a busy plate during the remaining months, with lawmakers increasingly preoccupied by legislation overhauling the nation's health care system.

Mr. Reid's spokesman, Jim Manly, says the senator is "a long way from making a decision" on when to hold a vote on climate legislation and "still intends to take health care reform, [financial] regulatory reform and cap-and-trade to the Senate floor by the end of the year." And on one level, his statement is fairly obvious, given everything Democrats in Congress are trying to accomplish.

Still, Mr. Reid's comments have to displease groups that want a deal this year. Just last week, the U.S. Climate Action Partnership - a broad group of businesses and environmental organizations that was instrumental in building support for capping U.S. emissions of greenhouse gases - called on Congress "to enact environmentally effective, economically sustainable and fair climate and energy legislation this year."

And President Obama said in a speech last November on climate change that "now is the time to confront this challenge once and for all. Delay is no longer an option. Denial is no longer an acceptable response. The stakes are too high. The consequences, too serious."



AP/Wide World

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We'll let Environmental Capital readers be the judge of what the senator said. From the senator's Tuesday press conference:

QUESTION: Senator Reid, some of your colleagues have suggested moving on an energy bill this year first, and then do a climate change [bill] later. Do you support that plan?

REID: You have somebody that says do the energy bill and then move to health care?

QUESTION: No, this is on climate change.

REID: Yes. You — let's say — I shouldn't say that. You have people who actually want to drop all the progress we've made on health care and go to energy?

QUESTION: No, no, no (inaudible) doing a full package that includes energy reform and climate change reform — moving on

just the energy component?

REID: Oh, I'm so sorry, I'm sorry, I misunderstood. That was an initial discussion that we had many, many months ago. We've focused on what the House has done, and that is do it all in one package. But we have — that's a bridge that's still a long ways away. We have — we have to do this health care matter. We have, now, the president's talked in the last few days about how important regulatory reform is. So, you know, we are going to have a busy, busy time the rest of this year. And, of course, nothing terminates at the end of this year. We still have next year to complete things if we have to.

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Grist — A Beacon in the Smog

With bunnies!

Everything you always wanted to know about EPA greenhouse gas regulations, but were afraid to ask 10



Posted 7:00 AM on 15 Sep 2009
by [David Roberts](#)

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Two years ago, the U.S. Supreme Court ruled that the EPA has the authority and the obligation to regulate greenhouse gases under the Clean Air Act. At a stroke, the politics of climate change were changed. The choice was no longer between legislation or no legislation—it was between legislation or regulation. One way or another, climate pollution would be controlled by a federal program.

Most experts agree that EPA regulations will be complex and somewhat unwieldy. Industry believes they will be onerous and expensive. Conventional wisdom, at least initially, was that fear of regulation would drive utilities and manufacturers to the bargaining table, changing the dynamic in Congress. EPA was supposed to play the role of the big, silent goon in the corner, tapping his baseball bat in his hand.

That theory isn't holding up too well. Opposition from coal and manufacturing states weakened the bill in the House and its passage through the Senate appears less and less likely. Fossil fuel and other industry groups are lobbying furiously against it. The conservative base equates it with socialism. Democratic Senators are openly expressing skepticism whether a bill can pass this year. Health care may drag on into winter and push it off the agenda, it could fracture into smaller bills; most likely, it simply won't find enough Blue Dog support to overcome a threatened conservative filibuster. At least at the moment, the smart money is on no climate/energy bill this year.

That means EPA regulations are suddenly germane again, though chances are high that 99.99% of Americans will continue to find the subject inscrutable and boring. What can the EPA do? When will it do it? Who will it do it to? How can we stay awake as we contemplate these matters?

Consider this post an effort to describe, in plain language, What the Deal Is with EPA Regulations. There will be acronyms ... but also pictures of bunnies!

What's everyone so scared of?

Why does industry fear, and the Obama administration prefer to avoid, EPA regulations of greenhouse gases? To understand the political dynamic it helps to understand that there's a three-part process ... and the third part is a massive headache.



1. Endangerment finding: A new air pollutant under the Clean Air Act first goes through an endangerment finding—a determination by the EPA whether it's a threat to public health. For CO₂, that's almost done. EPA submitted the finding for public comment and is now reviewing the (many, many) comments it received. It will likely issue the final finding this month or next.

2. Mobile sources: If the EPA chooses to go forward, it then crafts regulations for "mobile sources," i.e. vehicles, under Section 202 of the CAA. That won't be too difficult. In effect, EPA will partner with the Dept. of Transportation to raise CAFE standards; they've already submitted a proposal to do so to the White House Office of Management and Budget. (35.5 miles per gallon by the 2016 model year.) So far so good.

3. Stationary sources: The problem is, once mobile sources are regulated, the EPA must, by law, also regulate stationary sources, i.e., power plants and industrial facilities. That is a serious can of worms, which will involve creative interpretations, contentious decisions, and many, many lawsuits. Why so difficult? We'll get to that later, after a few more bunnies. First:

A little history

There's a fascinating backstory to be told about *Mass. v. EPA*, the 2007 Supreme Court case that shook the political world. But we'll skip it. Instead let's jump in just after it passed.

The Bush EPA wanted to move quickly. Bush had identified America's addiction to oil in his State of the Union speech and proceeded to do very little about it, so there was some openness in the White House to conceding on a boost in CAFE standards. Since EPA regulation of mobile sources would effectively amount to just that, the Bushies were amenable to it.

To lead the large and capable team assembled to hash out the regulations (upwards of 100 people all told), EPA brought in Jason Burnett. Burnett is semi-famous to Grist readers for quitting the EPA in protest some months later, alleging interference from the Office of the Vice President. But initially, he says, "we were on a very fast clock. There was political desire to get everything done by the end of the administration's time [in office]."

(See: [full transcript of my wonky interview with Burnett.](#))



What changed? In short, Congress passed the Energy Independence & Security Act (EISA), "which did much of what we were planning on doing through regulations," says Burnett. "After passage of the EISA, there was another way of accomplishing those same goals, and [the administration] didn't then need to deal with the stationary source ramifications."

At that point, things came to a crashing halt. Burnett sent the endangerment finding to the OMB, but the White House refused to open it. They told Burnett to take it back, he refused and left the agency. After that, the administration ran out the clock with endless public comment.

Obama came into office pledging to kick the process into gear, and he has. Lisa Jackson's EPA has been hashing through the issues quickly. The final endangerment finding is coming soon, the mobile-source proposal is already on paper, and the stationary-source regulations . . . well, they're another matter.

What's so dang hard about stationary source regulations?

Grasping the challenges that greenhouse gases pose to the Clean Air Act means venturing into some fairly wonky territory; it is recommended that readers keep their bunnies with them at all times. Every effort will be made to minimize the . . . hey, you there, wake up!

OK, the deal is, stationary sources of air pollution have to get a permit from the EPA. The permitting process is called New Source Review (NSR), implemented as part of the 1977 amendments to the Clean Air Act. All new sources have to go through this process.

What about existing sources, the ones already up and running in 1977? In particular, what about the large U.S. fleet of old, inefficient, filthy pulverized coal power plants built in the '40s, '50s, and '60s? Funny you should ask. Therein lies the problem(s).

Existing sources were not brought under NSR. They were "grandfathered," in the lingo. Enviros consider this a deal with the devil, the Original Sin of the CAA. See: [Car. Pope](#).

Congress didn't completely ignore existing sources, though. NSR also specifies that any existing facility that makes "major modifications" that produce a "significant increase" in air pollution must get a permit.

How much is a significant increase? That's defined by a



standard called **Prevention of Significant Deterioration (PSD)**. What must facilities in attainment areas (long story, let's not bother) do to get a permit? They must install what's called **Best Available Control Technology (BACT)**.

NSR! PSD! BACT! Can you feel the electricity in the room? Let's take a short bunny break ...



Anyway, this kludged-together NSR/PSD/BACT policy created all sorts of problems and has been the subject of endless lawsuits. And here's the thing: **Many of the problems will be exacerbated by the extension of the Clean Air Act to cover greenhouse gases.**

For instance: the PSD standard is now 100 tons for some facilities, 250 tons for others. Problem is, while 100 tons is a significant amount of most traditional air pollutants, it's a reasonably meager amount of CO₂. A coal power plant producing 10 or 20 million tons of CO₂ a year could trip the PSD trigger merely by running a few extra minutes a year. "The scare story," says Burnett, "is that that will cause facility managers for any large source of pollution to just freeze up and not make any modifications at all." The problem, he says, is that "these large emitters just emit so, so much CO₂."

More troublesome: once you get down to 100 tons you're talking about churches, schools, and retirement homes. This is the conservative nightmare scenario, that EPA's regulatory reach will cover the entire economy and it will be red tape hell for every mom-and-pop operation.

Another problem is BACT itself. What is the best available technology for controlling CO₂ emissions from, say, a coal power plant? Is it simply burning coal more efficiently? Cofiring with biomass or solar? Using carbon capture and storage, which is not yet commercially available? It's vexing. EPA will be breaking new ground, setting new precedents. Lawsuits will follow.

PSD solution ... sort of

As we speak, EPA is trying to solve the PSD problem by

raising the threshold from 250 tons to 25,000 tons (it has submitted such a rule to OMB). This is in line with the new mandatory greenhouse gas reporting rule it proposed in March, which only applies to facilities emitting over 25,000 tons of CO₂ a year.

Raising the threshold to 25,000 tons would exempt schools, churches, etc. – overall it would cover about 13,000 large industrial facilities, which represent 85-90% of U.S. emissions. So it would solve one of the biggest problems. Recall, however, that conservatives and (some) industries want EPA rules to be a regulatory/legal nightmare, and will do everything they can to insure that outcome.

Since raising the threshold would reduce the friction, some conservatives, like the Competitive Enterprise Institute's Marlo Lewis, are arguing that it is illegal for EPA to unilaterally change the threshold. The rule, if it goes into effect, will undoubtedly be litigated to a fare-thee-well.

(Note: Congress could pass a one-line amendment to the Clean Air Act: "PSD for CO₂ is 25,000 tons." Boom, problem solved. If the climate bill goes down in flames and the EPA's threshold rule is rejected, this is a easy face-saving move for Dems.)

The EPA might also try to express the greenhouse gas threshold with reference to a more potent gas like methane –the standard could be "250 tons of methane or methane-equivalent," which would be lots of CO₂. Even if the court rules against EPA, it might allow the agency to start at 25,000 and ratchet down to 250 on a schedule. There are also ways the EPA could make permitting for small sources relatively painless (think a post card), but getting into more detail on this just feeds anti-bunny.

BACT solution ... not really

BACT is determined on a case-by-case basis. Whatever rulings the EPA makes, the precedent-setters, will be litigated to high heaven. There will be blood.

Cap and trade?

Another way forward, which some say could reduce compliance costs, is for the EPA to set up its own cap-and-trade program for stationary sources.

There's a checkered history here. During Burnett's original spin through EPA, he was involved in trying to develop a cap-and-trade system for mercury. Industry supported it but environmentalists loathed it, mainly due to concern over mercury "hot spots" (there are no such concerns for CO₂). The courts ultimately ruled against that program, the Bush administration appealed; Obama's EPA is going to drop the appeal.

But Burnett still thinks it can be done:



You dust off the legal argument EPA made for using [the CAA] for a cap-and-trade system, and you search and replace *mercury* with *CO2*. You'd put both environmental groups and industry in an awkward position. Environmental groups would want to support the rule, presumably. Industry would not want to, but they're already on record saying EPA has authority to issue a cap-and-trade system under [CAA Section] 111. They wanted to have that for mercury.

Interestingly, an EPA-run cap-and-trade system would not have the same federal mandates as a legislative system. Instead it would effectively set out overall targets and allow states to figure out how to meet those targets. For states already covered by regional cap-and-trade systems—RGGI in the Northeast, MGOA in the Midwest, and WCI in the West—that would probably mean relatively minor tweaks in their existing systems. For all other states, it would mean linking into one of those systems or developing a new one.

Some folks, like Terry Tuominen, are advocates of this bottom-up approach, saying that it's better to allow for regional variation and experimentation than get locked into a weak federal program. As yet, EPA hasn't shown any indication that it will pursue this route, but it could still happen.

Political implications



So how will all this play politically?

Conventional wisdom was that the threat of EPA regulations would make carbon-intensive industry amenable to a climate bill. But after seeing what passed the House, they've largely decided that they would rather have "the uncertainty of the Clean Air Act than the absolute certainty of a very expensive [legislative] program," says Jeffrey Holmstead of Bracewell-Giriani, who served at EPA under the second President Bush. Among those in heavy industry and the non-nuclear power sector, "it is nearly a universally held view that they're better off just living with the CAA than they are having to deal with something like Waxman-Markey," say Holmstead.

That's not to say those industries will accept EPA regulations gracefully. Just as coal and oil have waged war against the climate bill, they'll wage war on EPA regulations. They will sue as often as possible, at each stage. Already the Chamber of Commerce has announced its intent to sue against the vehicle regulations—and those, remember, had been hashed out with automakers beforehand. They were supposed to be the easy part.

The war against EPA regulations will also be waged with aggressive public relations campaigns. There will be great hue and cry about the economy-destroying burden that command-and-control regulations impose on American business. And unlike with a climate bill, responsibility (read: blame) cannot be dispersed. There is no hint of bipartisanship. Responsibility for EPA regulations will fall entirely on Barack Obama and his administration, not on Congress—which is probably how Congress prefers it. If it's a total mess, or demagogued as one (as is all but certain), it's Obama that takes the hit. That is yet another reason he'd rather avoid it.

Greens are fighting to preserve EPA authority in the climate bill. Some have even said that it would be

preferable for legislation to fail and the EPA to take over. It's not hard to understand why—something needs to be done about existing coal plants, and there aren't many tools in the climate bill toolbox to address them. But no one should be under any illusions. The NSR/PSD/BACT approach is grossly suboptimal for the job that needs doing. It might have the intended effect—killing coal plants—but there's potential for unintended effects as well, including substantial political blowback.

Both sides, greens and industry, have reason to fear if the climate bill fails. It's *terra incognita*, a volatile and unpredictable situation. Obama doesn't need any more problems like that. That's among the reasons he is likely, this fall, to put some of the time and energy toward lobbying for a good climate bill. From his narrow political perspective, virtually any bill is preferable to catching the EPA tiger by the tail. That tiger eats bunnies.



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David Roberts is staff writer for *Grist*. You can follow his Twitter feed at twitter.com/dergrist.

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SEPTEMBER 18, 2009 10:12 AM ET

Climate Change: Big Business Now, and Fixing to Get a Whole Lot Bigger

More signs today that the business of climate change is coming of age—and faster even than optimists expected.

HSBC, the big investment bank, just tallied up the revenues of listed companies operating in the “climate change sector.” That includes companies that make low-carbon energy gear, energy efficiency, and water and pollution management.

The upshot? The sector’s sales worldwide grew 75% last year to \$530 billion, the bank reckons. That makes “climate change” a bigger business than wireless telecoms, capital markets, and aerospace and defense. The field is dominated by Germany, France, Japan and the U.S., which led the pack.

Interestingly, the climate sector does an even better job of creating employment than it does revenues. Climate sales were just 1.6% of the total revenue for the 2,400 listed companies in HSBC’s universe. But climate jobs represent 3% of the employment among those same 2,400 companies.

That either shows that clean energy can be a motor of job creation (as proponents argue) or that clean energy is a labor-intensive sector and not a terribly efficient way to boost employment (as opponents point out).

So where to from here? HSBC outlines four scenarios through 2020. If the sector keeps growing at its (very high) historical pace of 33%, then it would be an impossibly large \$27 trillion sector by 2020. If it only grows half as fast, it could be a \$4.8 trillion sector by then.

HSBC hedges its bets and figures that if the climate sector can match the 11% growth rate of the entirety of companies in its equity universe, then the sector could easily bring home \$2 trillion a year by 2020.

But you don’t need a crystal ball to see the interest in companies making stuff that’s environmentally friendly (and which stands in conflict from new government regulation banning rival technologies). Cree Inc., the North Carolina-based maker of light-emitting diode lights, just closed a secondary stock offering to fund further expansion. The company said it raised \$434 million.

Now that money is flowing back into wind farms, electric cars, and the like, is this a sign that investors have regained the appetite for anything related to the clean-energy revolution?

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THE WALL STREET JOURNAL

9/21/09

SEPTEMBER 21, 2009, THURSDAY

Who's The Climate-Change Bad Guy?

There is a new storyline emerging ahead of this week's talks on climate change: China has somehow emerged as the good guy, and the U.S., less than a year after the election of Barack Obama, is again the villain.



Wearing the white hats: Deng Xiaoping at a rodeo (AP)

Yes, China just became the world's biggest emitter of greenhouse gases. No, China will not countenance any limits on its emissions—at last December's Copenhagen summit or for decades to come. Yes, China demands that rich countries pay for its efforts to clean up. No, China will not blame rich countries for trying to level the environmental playing field by using "carbon tariffs." Yes, China intends to rely primarily on coal to power its fast-growing economy. No, China doesn't have any illusions about "clean coal."

Yet China is rapidly becoming a climate-change darling. Today, United Nations climate boss Yvo de Boer told the AP that China's progress makes it a "front-runner" among nations battling climate change, leapfrogging the U.S.

Fatin Biró, the chief economist of the International Energy Agency, offers similar praise: China's plans to make its economy more energy-efficient, he said, mean that by 2020 China "will be at the forefront of combating climate change," not by actually reducing emissions, but by making sure they grow less than they otherwise would have.

And that echoes praise that commentators, think tanks, and business leaders have showered on China for its progress on clean energy and clean technology, such as massively ramping up its use of wind power.

The U.S., meanwhile, leads the world in wind power. And it is a passing huge bill in the House setting limits on greenhouse gas emissions and aiming to jumpstart clean energy. U.S. companies apparently lead the world in revenues from "climate-related" businesses, according to EERC.

For all that, the U.S. is the bad guy. European officials are increasingly vociferous in their criticism of Senate delays in passing a climate bill and thus sabotaging Copenhagen.

Administration officials such as climate negotiator Todd Stern keep explaining that the U.S. wants to ensure domestic support for any global climate treaty to avoid a repeat of the Kyoto fiasco, when the climate accord was mauled by the Senate. For many Europeans, U.S. domestic political realities are a fact-of-life.

This week will be key for both the U.S. and China—if not for making actual progress on climate initiatives, at least in the PR game. Keep an eye on Chinese president Hu Jintao's speech before the United Nations general assembly tomorrow.

He's widely expected to announce already-flagged measures to make China's economy more energy efficient. If that gets played as another climate breakthrough by China, it will be pretty clear which way the winds are blowing ahead of Copenhagen.



THE WALL STREET JOURNAL

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Au Contrail: Aviation's Uphill Battle to Curb Emissions

We've been meaning to take a look at the aviation industry's big pledge to cut emissions by 50% by 2050, a promise that on the surface seems terribly ambitious. The Economist thinks so, too.

In a nutshell: Global airlines, long in the spotlight for their (admittedly small) role in greenhouse-gas emissions, are trying to take the bull by the horns and clean up their act. The International Air Transport Association aims to cut emissions 50% from 2020 levels by mid-century.

The problem is that the aviation business keeps growing. That means that by 2050, the industry will be at least three times as big as it is today, if not bigger; the industry expects passenger numbers to double by 2025. So the industry's pledge isn't to cut emissions in half—it is to bring emissions to one-sixth of the level they'd otherwise be.

Broadly speaking, as The Economist notes, there are three ways to get there: More efficient planes, more efficient flying, or new fuels. (Here's the industry's detailed plan.)

Planes and engines that burn less jet fuel have already driven the industry to a 20% improvement in fuel economy over the last decade; the aim now is to improve another 20% by 2020. That will call for a lot of expensive Boeings and Airbuses, at a time when the industry isn't exactly cash-rich.

Another big opportunity could come by making air travel more efficient. That means more rational air traffic control, more efficient use of airports, and advanced navigational systems to cut wasteful flying, save fuel, and reduce emissions. That has the added bonus of putting the onus on somebody other than the airlines, for the most part.

But it seems the industry's biggest hope is to replace traditional jet fuel with biofuels. Plenty of carriers have already made test flights with small amounts of biofuel made from coconuts, jatropha, and algae.

Algae, it seems now, is the industry's great hope, because it doesn't require the ridiculous amounts of land that crop-based biofuels require.

But nobody has yet found a way to produce biofuel from algae at anything resembling scale, much less affordably. Sure, Big O is bringing its deep pockets to the algae biofuel party, but companies like Exxon are very cautious about the pace of progress.

So aviation's pledge appears to hinge on the hope that within a few decades it will have affordable access to—and a distribution network for—billions of gallons of aviation-quality biofuel that exist today only in laboratory batches.

That might just happen. Or, the aviation industry might get somebody else to do the heavy lifting. IATA's emissions pledge stresses the industry's right to use unlimited carbon offsets to reduce its net emissions.

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


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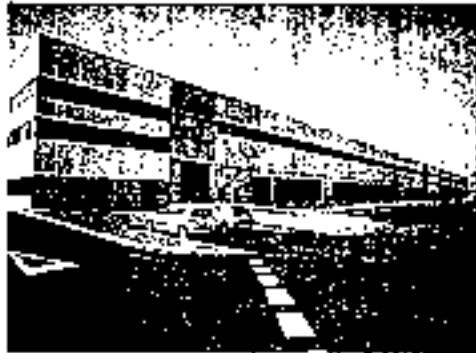
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MARKETING AND SALES | 10/28/09 11:17 AM

Rooftop Solar: ProLogis Turns Warehouses Into Clean Energy

A small announcement tumbled from a big company highlights the creative ways some firms are thinking about clean energy.



Out of sight, ProLogis' Madrid warehouse goes solar.

ProLogis, the big warehouse and distribution firm, just added another 4.8 megawatts of rooftop solar-power installations to warehouses in Barcelona and Madrid, Spain. That brings ProLogis' rooftop total to 11 megawatts of solar power, but so far the group has tapped only 2% of its roof space. That's why ProLogis also says it will create a "global" renewable-energy group to jumpstart further solar development on its 475 million square feet of roofs.

"It's an opportunity to take an unutilized asset and turn it into an income stream and clean energy," chief executive Walt Rakowich told us.

Using industrial rooftops to host solar power installations isn't a new idea; it's been promoted by politicians as far apart as Arnold Schwarzenegger and Bernie Sanders.

Using industrial rooftops offers the chance offers a way around two big clean-energy hurdles. There's no need for expensive and contentious transmission lines, since the buildings are already connected to the grid. And while environmental concerns often slow solar development in deserts and federal lands, so far nobody's lobbying to declare industrial rooftops an endangered species.

But one thing are rooftops in sunny Spain or California? ProLogis can't expect to put solar panels on all its roofs, which add up to 9,000 football fields, can it? Maybe so, says Mr. Rakowich.

First, he says, technology advances mean solar power is getting more efficient, meaning it can be used in more places. Second, prices for solar power keep coming down. And when all else fails, government subsidies can make solar power installations a wise—or at least attractive—investment.

Solar power still has a long way to go before it is close to being competitive with traditional power sources. But the playing field, at least, seems to be getting bigger.

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