



Turning On Citizen Power

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U.S. Congress Debates Terrible Energy Legislation

**The Energy Bills being considered before Congress are more industry bailouts.
This time it's the coal and electric industries.**

While Americans have been clamoring for a national energy policy that helps their pocketbooks and the environment, Congress has caved to special interests and has drafted bills that are nothing more than massive giveaways to the utility industry. ACES (the American Clean Energy and Security Act, a.k.a. the Waxman-Markey Bill, a.k.a. Cap and Trade), was railroaded through the U.S. House (by a vote of 219-212) without proper public input. Now the U.S. Senate is crafting its energy bills (the Boxer-Kerry bill and the Bingaman bill), which are subject to even more manipulation from the coal and utility lobbies.



The claim is that ACES (the House bill), drafted in large part by Duke Energy, will protect ratepayers, reduce carbon emissions, and help solve global warming. But it is an attempt to maintain business as usual in the electric utility industry.

The reason for these bills is that in the past 2 to 3 years numerous coal plants have been cancelled because lenders would not assume the risk of financing overly expensive and polluting coal-fire power plants that take years to build. Instead, the market was (and is) pushing renewables and efficiency. For once, the market is heading the right direction. However, the bills before the U.S. House and Senate, as written, would stunt the growth of the renewable and energy efficiency sectors of the economy in favor of expensive, polluting coal plants.

Coal plants are already financially unviable. Now utility companies need these bills to keep their coal plants running and have an excuse to build more. Remember, the only power plants that have been completed in Indiana since Governor Mitch Daniels took office are wind farms in Northwest Indiana. Daniels did nothing to provide incentives for these wind farms. The only incentive was a federal production tax credit. Coal plants, on the other hand, require massive taxpayer and ratepayer subsidies to be built and to keep running, such as: state tax incentives; federal loan guarantees (putting federal taxpayers on the hook); Construction Work in Progress (CWIP) so that utilities can recover financing costs from ratepayers during construction, before any electricity is produced; and automatic rate adjustment mechanisms (trackers that increase rates) to invest in air pollution control technology.

The bills being considered by Congress right now:

- Give away \$30 to \$60 billion dollars in subsidies to keep the coal and nuclear industries alive, while only giving \$6 to \$12 billion dollars in subsidies to stimulate the growth of the efficiency and renewable industries.
- Force electric ratepayers through a surcharge on their bills to pay for research & development that the industry should be paying for to determine if capturing carbon dioxide and injecting it deep underground is feasible.
- Are based on politics instead of science. They cap carbon dioxide emissions at 450 ppm (parts per million) when NASA scientists say that we need to cap CO₂ emissions at 350 ppm. (We are currently at 385 ppm.) These bills allow CO₂ emissions to continue increasing above today's levels until the year 2023.
- Create a Renewable Electricity Standard that maintains the status quo for renewable investment. Research conducted by the Union of Concerned Scientists shows that the RES in ACES will most likely be weaker than what the market is doing today in terms of wind and other renewable energy investment.
- Prohibit the U.S. Environmental Protection Agency from regulating carbon dioxide emissions.

The Coal and Nuclear Myth: “Good for the economy”?

Elected officials like U.S. Senator Evan Bayh and Congressman Baron Hill work to protect the coal and nuclear industries, believing that the status quo is good for the economy.

The facts tell a different story:

- ◆ Energy efficiency, renewable energy, and distributed power can all provide electric service cheaper than coal or nuclear power plants. (Source: Amory Lovins—Rocky Mountain Institute)
- ◆ These alternatives create 4 to 5 times more jobs than fossil-fuel and nuclear investments.
- ◆ If all states used electric energy as efficiently as the top 10 states in the nation, we could displace 62% of U.S. coal-fired output. (Amory Lovins)
- ◆ Particulate emissions from coal plants cost Hoosiers \$5 billion per year in health costs.

Construction Costs of Electric Energy Resources

(source: Craig A. Severence, Business Risks and Costs of Nuclear Power*)

Technology	Year of Estimate	Cents Per Kilowatt hour
Nuclear	2009	17 to 22
Wind	2007	4 to 9
Natural Gas Combined Cycle	2007	6 to 12
Coal (conventional)	2007	7 to 10
Duke's coal gasification plant w/o carbon capture & compression	2009	9 to 10 and counting
90% Carbon Capture and Compression (in addition to construction costs)	2007	11 to 14
Solar Thermal Electric Generation	2007	9 to 15
Solar Cells (PV)	2010	8 to 12
Installation of Energy Efficiency	2009	Less than 1 to 4 (A. Lovins, 2008*)
Geothermal	2007	4 to 7

The Ratepayer/Taxpayer-Friendly Alternative

Congress is ignoring policies that can benefit taxpayers, ratepayers, and the economy as a whole. Instead, Congress is working to protect utility stockholders at taxpayer and ratepayer expense.

Congress should pass legislation to:

- Eliminate subsidies for coal and nuclear power and shift these dollars to R&D and deployment of renewable energy and energy efficient technologies.
- Establish a Renewable Electricity Standard of 25% by 2025.
- Establish an Energy Efficiency Standard of 15% by 2020.
- Establish a Moratorium on New Coal and Nuclear Power Plants for 5 Years.
- Establish a small revenue-neutral carbon tax on coal, oil, and natural gas and use the funds to directly benefit taxpayers by paying down payroll taxes, assisting with health insurance, and supporting renewable energy and energy efficiency.



Take Action Now!!

The bills that Congress is considering are just business as usual for the utility companies.

Contact Senators Lugar and Bayh! Tell them to oppose these bills (ACES, the Boxer-Kerry bill, and the Bingaman bill). Urge them to call for a new energy policy that will phase out coal and nuclear and phase in energy efficiency and renewable energy technologies (see the bullet points above). This approach will save ratepayers billions, protect public health and the quality of our environment, and create far more jobs than fossil fuels will. **In other words, the Senators should support the least cost approach to energy policy.**

Senator Evan Bayh

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