

Chapter 11

Constructive Suggestions on Alternative Approaches

Western Business Roundtable members are engaged in a wide variety of aspects of greenhouse gas (GHG) reduction technology development and deployment. All are desirous of greater legal and regulatory certainty with regard to future GHG regulation. All believe that the climate policy debate should include a robust discussion of the relative costs and benefits of various policy options. All believe that climate policies should promote economic growth, create new jobs, strengthen the nation's power grid and enhance America's fuel diversity and energy security while putting America on the path to reduced GHG emissions.

Given the likelihood that the federal government may take action in the near-term to implement federal standards for GHG reductions, the challenge facing the West is not in implementing regional solutions but in shaping a federal plan in a manner that recognizes the unique attributes and challenges of the American West.

Toward this end, the Roundtable invites Western policymakers, community leaders, business leaders and non-governmental organizations to engage in a continued dialogue to develop consensus Western recommendations and principles that should guide federal legislators.

To facilitate this discussion, we propose the following draft principles and specific recommendations for federal action on GHG reduction programs:

11.A. Draft Western Principles For Federal Action

The following are suggested principles that should guide federal action on GHG programs and regulations:

- ❖ Federal action on GHG reduction programs should be developed and implemented by the U.S. Congress on a bipartisan basis – not by federal agencies acting unilaterally to implement policy outside of the Congress;
- ❖ Federal action should aim to reduce emissions of CO₂ while the economy continues to grow, new jobs are created and the standard of living for all Americans increases;
- ❖ Federal action should incorporate a fully transparent cost-benefit assessment yielding a net positive outcome and achieving wide consensus as part of any CO₂ emission reduction program so that consumers can be made aware of the potential economic impacts of policies prior to their implementation;
- ❖ Federal action should encourage the rapid research, development, demonstration and deployment, through public-private partnerships, of a broad spectrum of supply-side and demand-side technologies and practices, including energy efficiency, renewable technologies, fossil energy technologies (with and without carbon capture and storage), carbon sequestration and nuclear energy;
- ❖ Federal action should allow the utility sector to continue to supply consumers with adequate supplies of clean, affordable and reliable energy and to recover all costs necessary to achieve any GHG reduction levels sought by public policies;
- ❖ Federal action should involve all sectors of the economy, all sources and sinks and all types of GHGs;
- ❖ Federal action should recognize that climate variability is a global phenomenon that requires comprehensive, long-term and worldwide responses;
- ❖ Federal action should recognize that the time frame for implementation of any GHG reduction requirements must be tied to technology availability, reliability and economic feasibility in order to avoid unacceptable impacts on consumers;

- ❖ Federal action should target revenues generated by a climate change program to the rapid development and deployment of technologies to capture and store GHGs and to appropriate assistance programs that help end-use consumers deal with higher energy costs;
- ❖ Federal action should allow greater access to public lands (both onshore and offshore) for the development of domestic energy resources -- such as renewables, oil and gas, oil shale and coal -- that can be used in power generation technologies that can help America reduce its GHG intensity; and
- ❖ Federal action should recognize and protect existing (past) investment decisions for generation resources such that the net costs of owning and operating existing resources are not increased as a result of any program; rather, any carbon emission reduction program must be limited in its impact to future investment decisions, tailored to the actual net future growth in demand for energy after application and full use of existing resources.

11.B. Specific Recommendations For Federal GHG Legislation

Federal legislation seeking to implement GHG reduction goals should include the following provisions:

- **Coal with CCS Demonstration Projects** – Federal assistance and incentives necessary to construct six 500-MW pilot coal-fired power plants that can demonstrate a variety of technologies related to CO₂ capture and sequestration technologies at altitude in the West.
- **Coal-To-Clean-Fuels Demonstration Projects** – Federal assistance and incentives to construct three coal-to-liquids or coal-to-gas facilities that can demonstrate a variety of technologies related to CO₂ capture and sequestration technologies at altitude in the West.
- **Compressed Natural Gas Fleet Vehicle Demonstration Projects** – Federal assistance and incentives to support six demonstration projects to enhance the ability of vehicle fleets to use compressed natural gas.

- **Emissions Reductions Through Process Efficiency Incentives** – Legislative and tax incentives to encourage greater energy efficiency gains through technology deployment by the utility, power production, manufacturing, natural resource development and transportation sectors.
- **Increase funding for Western CO₂ capture, transport and sequestration projects.**
- **Clean Energy Deployment Incentives** – Legislative, tax and regulatory incentives to spur investment in a broad suite of clean energy technologies, including renewables, hydropower, clean coal with CCS, oil and gas and nuclear.
- **“Apollo-Program-Level” Funding for CO₂ Capture and Sequestration Deployment** – Legislative, tax and regulatory incentives to dramatically speed up development and deployment of GHG capture and sequestration technologies for use by all industries.
- **Limit Legal Risks Related To CO₂ Sequestration** – Legislation and regulatory reforms that ensure that CO₂ sequestration project proponents can move forward without fear of endless liability lawsuits.
- **Reduced Foreign Oil Dependence Through CO₂ – Driven Enhanced Oil Recovery** – Provisions to encourage the rapid build-out of the infrastructure necessary to allow greater use of CO₂ sequestration for enhanced oil recovery.
- **Clean Energy Infrastructure Build Out** – Incentives for new investment in baseload power plants, transmission lines, oil and natural gas pipelines, CO₂ pipelines and other infrastructure.
- **Cost-Benefit Assessments** – Provisions that require a rigorous, independent cost-benefit assessment to be conducted before any GHG legislation be approved by the Congress.