

Guest Commentary

The path forward on climate policy

By Lisa Jacobson, president of the Business Council for Sustainable Energy

With the collapse of the national climate change bill late last week, many are asking where do we go from here on US climate policy. While expectations were high that Congress would enact comprehensive energy and climate change legislation this year, there is still major action being undertaken that will drive clean energy technologies and reduce emissions. Look for three developments in the coming months: US Environmental Protection Agency guidance on how it will implement the Clean Air Act with respect to greenhouse gas emissions, congressional action on a suite of clean energy policies and tax provisions, and continued work by state and regional climate programs.

On the national level, President Barack Obama has pledged the US to a 17 per cent reduction in greenhouse gas emissions from 2005 levels by 2020 and an 80 per cent reduction in emissions by 2050. In the absence of Congressional direction, the US Environmental Protection Agency is in the driver's seat, using the Clean Air Act to reduce emissions. EPA Administrator Lisa Jackson has stated repeatedly that the Clean Air Act is not the preferred approach to regulate greenhouse gas emissions. Industry, environmental groups and policy-makers alike all concur that a national, market-based approach from Congress would be the preferred approach. That said, EPA regulation will drive emissions reductions. The World Resources Institute issued a report this month stating that, through Federal regulation, U.S. emissions could decline between five and 12 per cent by 2020 compared to 2005 levels and by up to 22 per cent by 2030. These projections clearly do not meet the President's goals, but do represent real reductions. The EPA is set to issue guidance on how it will regulate in the coming months. These will be key.

In the short-run, a comprehensive legislative solution may be out of reach. However, that does not mean that Congress cannot — and will not — enact policies this year that will result in significant greenhouse gas emission reductions. Currently, the

US Congress is considering a narrow bill, the Clean Energy Jobs and Oil Company Accountability Act, which contains measures to fund residential energy efficiency through the Home STAR program and incentives for natural gas and electric vehicles. Attempts are being made by a bipartisan group of senators to broaden the bill to include other measures, such as a national renewable electricity standard (RES) that would require electric utilities to purchase a growing proportion of renewable energy annually through 2020. Work is also being done in the House and Senate to drive tax policies that will significantly boost clean energy deployment. Look at the Investing in American Jobs and Closing Tax Loopholes Act of 2010 to be marked up by the House Ways and Means Committee in September as a package that could and should move forward.

Looking outside of Washington, DC, it is important to remember the existence of state and regional programs to reduce emissions. The Regional Greenhouse Gas Initiative, California's AB 32, the Western Climate Initiative and the Midwestern Greenhouse Gas Reduction Accord show the commitment of the US to address climate change and reduce emissions. They are moving forward with mandates to spur renewable energy, energy efficiency, and greenhouse gas emission reductions and will continue to be the drivers for progress absent comprehensive action from Congress.

Clean energy industries stand with thousands of US companies and other stakeholders urging the Congress to act this year to establish the rules that will define our 21st century energy production and use and reduce greenhouse gas emissions. Delaying action imperils our future economy, security, and environment. However, irrespective of Congressional action, it does not change the reality that the US has a national climate change policy and that the states are pressing forward. The places to watch will increasingly be EPA action, tax policy, and state and regional programs.