

The Register-Guard

<http://www.registerguard.com/>

BOB DOPPELT: Climate regulators should learn from financial meltdown

(<http://www.registerguard.com/csp/cms/sites/web/opinion/24476174-47/energy-climate-emissions-bob-doppelt.csp>)

BY BOB DOPPELT

For The Register-Guard

Posted to Web: **Tuesday**, Mar 2, 2010 05:00AM

Appeared in print: **Tuesday**, Mar 2, 2010, page A9

Like many other bills, cap-and-trade legislation is stalled in Congress. And maybe that's OK.

Both the Waxman-Markey House bill and its Senate counterpart are stuffed with so many giveaways to interest groups that even their strongest supporters admit they are awful. At the same time, supporters claim that cap-and-trade must be passed.

Last fall, I agreed that no matter how lousy the bill, Congress needed to enact cap-and-trade legislation. At the time, I feared that unless the United States firmly committed to reducing its carbon emissions, the United Nations climate summit planned for last December would end in failure. The summit did implode, but not just because America failed to deliver.

The great recession has reduced carbon emissions slightly, here and abroad. Although every day that passes without a federal climate policy increases the risks of global warming, the immediate pressures that led many people, including me, to conclude it was essential to pass badly flawed legislation have subsided temporarily.

It's time to step back and consider other options. Let's start by clarifying some of the principles that should guide legislation. The first is that new laws should address the root causes of our climate and energy challenges.

One of the fundamental problems is that the American public has a very limited understanding of how the Earth's climate works. Long ago, our nation decided that every citizen should learn to read and write. Likewise, to reduce global warming and prosper, every future citizen needs a basic understanding of the carbon cycle and the activities that can affect our climate. The nation needs enhanced national climate literacy.

Another key to our climate and energy problems is our wasteful energy use. The United States makes up about 5 percent of the world's population but uses 26 percent of its energy. Because more than 80 percent of our energy comes from fossil fuels, dramatically improved energy efficiency is the cheapest, safest and fastest way to reduce carbon emissions. It also will save millions of dollars and create thousands of jobs.

A report released in January by McKinsey & Co., a consulting firm that has examined the issue closely, found that the United States could cut energy demand by 23 percent and slash energy costs by \$680 billion by 2020 if it adopted a multi-pronged strategy. National and regional energy efficiency plans and funding mechanisms that do not place the full burden of payment on the end users of energy are critical.

Last year's economic stimulus bill provides more than \$3 billion to state and local governments to promote efficiency. More funds are possible. But the suite of changes outlined in the McKinsey report is not fully addressed. Congress should make these improvements happen.

Although greatly improved energy efficiency is necessary, without a cap on emissions from fossil fuels it actually might backfire. That's because of a "rebound effect": people use funds saved from increased efficiency to buy more things, drive more often, use more energy and generate more emissions.

At the same time, we must rapidly scale up the use of safe, renewable sources of energy that provide alternatives to climate-damaging fossil fuels.

There are three more guiding principles for climate and energy bills. Policies must be transparent and verifiable. They must trigger a fundamental restructuring of energy systems. And they must prevent the externalization of costs to others.

Assessments of emission trading systems have found many of them to lack transparency and verifiability — the same problems that two years ago caused the financial markets to implode.

Take an investigation published in the February issue of Harper's magazine of the emissions trading scheme created by the Kyoto Protocol. It found that so many complex transactions were involved, made by multitudes of players in numerous countries, that it was almost impossible for regulators to verify actual emissions reductions. Without massive and costly regulatory oversight, emissions trading can't be monitored adequately.

The extensive use of "offsets" is a big part of the problem. Major energy producers and consumers pay others to generate clean energy or sequester carbon through projects such as tree planting rather than actually reducing emissions. That reinforces business as usual, not fundamental restructuring. When those projects fail, as many do, companies continue to externalize the social costs of their emissions to others.

The meltdown of the financial sector should teach us important lessons about the risks of emissions trading. Congress should adopt a declining cap on emissions, dump the trading provisions and enact legislation that promotes increased climate literacy and other proven solutions to today's climate and energy challenges.

Bob Doppelt is director of Resource Innovations at the University of Oregon and is head of the UO's Climate Leadership Initiative.