

Energy and Climate Policy Issues: Federal and State Interests

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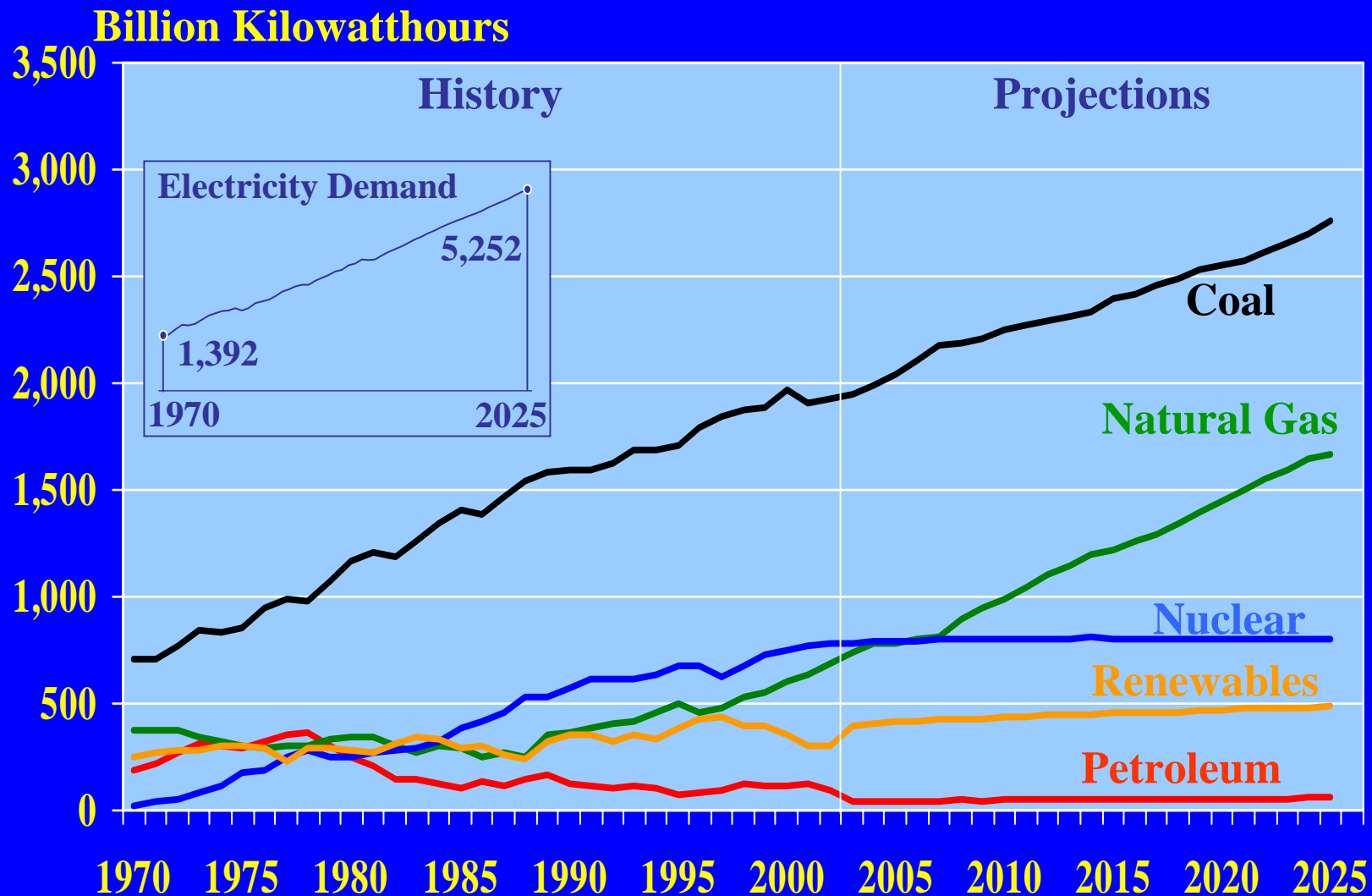
Committee on Energy and Natural Resources

United States Senate

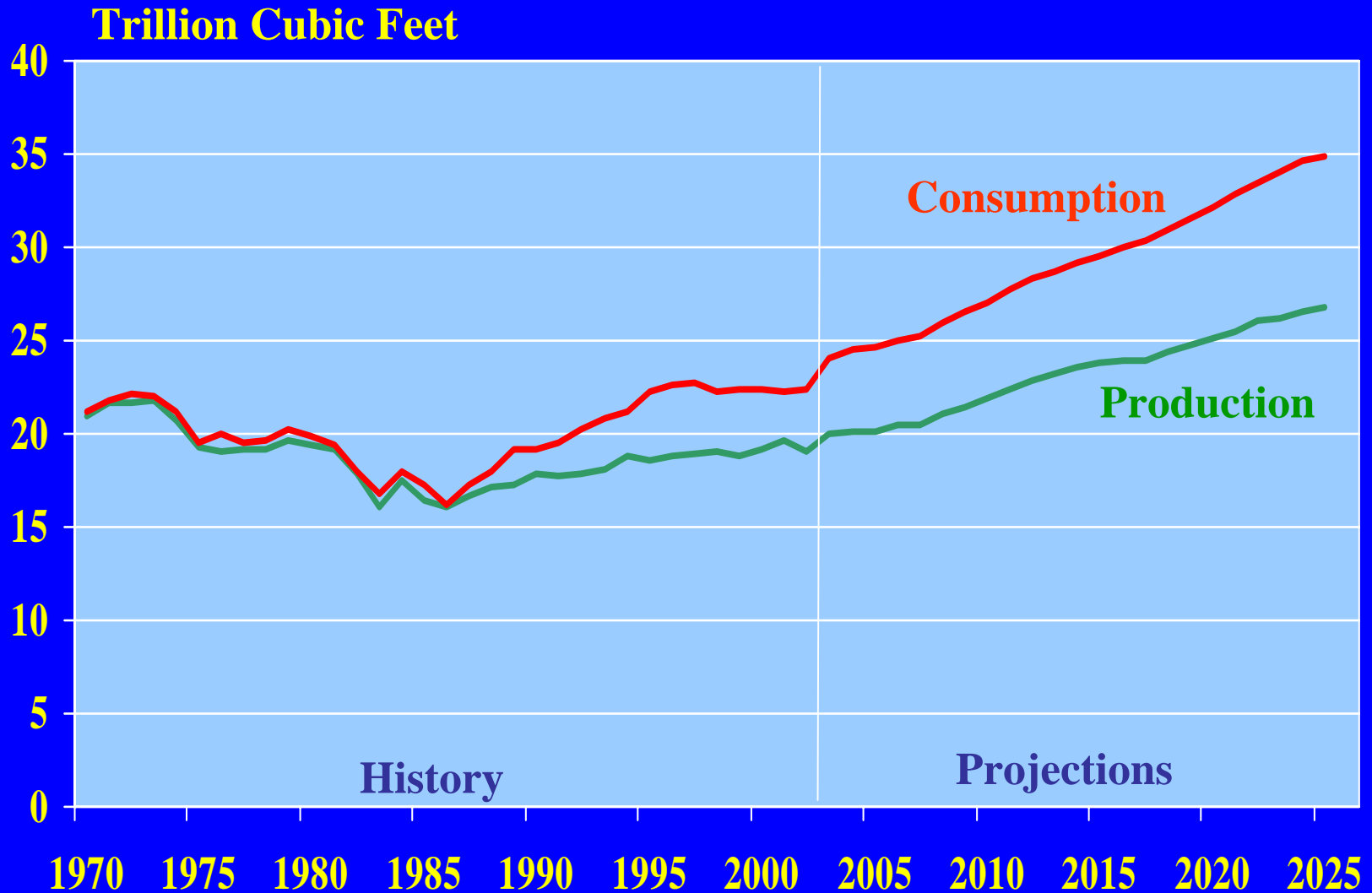
Desirable Attributes for U.S. Energy Policy

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Electricity Generation by Fuel



U.S. Natural Gas Consumption and Production



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 - Reliability & productivity of our electric transmission system;
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- Keep important policy goals, such as protection of the environment and global climate, in mind as we sort through energy policy choices.

107th and 108th Congresses

- 107th Congress:
 - Senate passes energy bill, 88-11, including 3 titles related to climate change (national policy, carbon dioxide registry, R&D)
 - House-Senate Conference resolves all but about 6 issues; abandoned by House leadership after November election (climate one of the unresolved issues)

107th and 108th Congresses

- 108th Congress:
 - Senate debates, but does not pass, McCain-Lieberman
 - More partisan energy bill process. Senate passes previous bill 84-14. Democrats excluded from energy conference which drops climate issues. Final conference report fails in Senate.

Lack of Presidential Leadership on Climate Change

- Rest of world moving to address problem
- Strong driver for technological innovation and changes to generation base
- Bush Administration taking “business as usual” approach domestically that may prove unsustainable over the long term
- High risk for premature abandonment of capital investments based on current approach

Creating a Robust Federal-State Partnership on Climate

- Focus on particular strengths and historic roles of each
- Model potential national programs at regional scales (e.g., northeastern States carbon cap-and-trade)
- While following examples are grouped by most preferable actor, roles not immutable

Actions Better Taken at Federal Level

- **Energy supply**
 - Renewable Portfolio Standard
 - Fiscal incentives to promote climate-friendly energy
- **Energy efficiency**
 - National product and labeling standards
 - Model code development
- **Market conditioning**
 - R&D to reduce first costs
 - National mandatory registry of greenhouse gas emissions
 - Environmental regulations to drive technology (e.g., clean diesel)

Actions Better Taken at State Level

- **Energy supply**
 - Expedite siting of infrastructure to promote climate-friendly energy technology
- **Energy efficiency**
 - VMT reduction strategies
 - Improved building codes
- **Market conditioning**
 - Encouraging carbon-management technologies by entities subject to State regulation
 - Removing barriers to new technologies in local codes and standards
 - Public education efforts