

American Clean Energy and Security Act The Right Decision for Pennsylvania

The American Clean Energy and Security Act (ACES)—co-sponsored by Reps. Waxman and Markey—would put a cap on greenhouse gas (GHG) emissions, with the goal of reducing emissions 17 percent below 2005 levels by 2020 and 83 percent by 2050. It would also spur investment in renewable energy and energy efficiency as well as protect consumers and workers as the country transitions to a low-carbon future.

The legislation includes provisions that will revitalize Pennsylvania industries, create new jobs for Pennsylvania workers, and save Pennsylvania consumers money.

Investments in clean energy and efficiency will transform Pennsylvania’s industrial base.

By putting a cap and a price on carbon emissions, ACES would create powerful incentives for investment in energy efficiency, renewable energy generation, and low-carbon technologies.

The bill creates a renewable energy and efficiency standard (RES) requiring that an increasing percentage of the electricity sold by utilities come from a combination of renewable sources and efficiency measures—15 percent from renewables and 5 percent from efficiency by 2020. It also establishes new standards for building efficiency and provides funds—more than \$100 billion between 2012 and 2025—to promote renewable energy and energy efficiency.¹

These measures will foster investment in new “clean tech” companies and help transform existing industries. They will encourage continued development of Pennsylvania’s wind energy and biomass resources and put idle Pennsylvania factories to work, meeting the growing demand for components of renewable energy systems.²

The new energy economy will also generate a significant number of highly labor-intensive green jobs—building wind turbines, installing solar panels, and retrofitting buildings and houses to make them more energy efficient. These green jobs will replace those that have moved overseas or been lost due to fundamental changes in the structure of the U.S. economy. They will require workers from every socioeconomic background and will pay family-sustaining wages.³

Targeted assistance will help PA’s manufacturing sector transition to the new economy.

The Waxman-Markey bill would require major sources of emissions—fossil fuel companies, energy-intensive industries, and utilities—to obtain allowances for the GHGs they emit.

- Energy-intensive industries that compete in global markets—with products like iron, steel, cement, and paper—would receive free allowances to cover the increased costs they will incur under the cap. This will help major Pennsylvania manufacturers remain competitive.
- Proceeds from the federal government’s sale of other allowances would be used to help workers transition away from fossil fuel-dependent industries. Pennsylvania workers will benefit from this investment in job training and assistance.

Investments in new technologies will help PA’s coal industry reduce carbon emissions.

- ACES would establish a program to support the commercial deployment of carbon capture and sequestration (CCS) technologies. Some \$60 billion in funding through 2025 would provide investment capital and operating incentives to advance CCS projects.

Offset provisions will create new opportunities for Pennsylvania's agricultural sector.

ACES allows capped entities to purchase offsets—reductions in GHG emissions from sources not covered by the cap-and-trade program—to meet a portion of their emissions targets. This will encourage further development of Pennsylvania's biomass resources, such as energy derived from farm animal waste.

Targeted programs will protect Pennsylvania consumers from energy price increases.

The Environmental Protection Agency estimates that the emissions cap would have only a modest impact on consumers. The cost to the average household is projected to be between \$98 and \$140/year.⁴ Rebates would protect Pennsylvania consumers from most of the effects of higher energy prices.

- Local electricity distribution companies would receive free allowances equal to 90 percent of the cost of complying with the emissions cap. They would be required to pass the value of these allowances to consumers through lower electricity bills. Similar programs would protect consumers of natural gas and home heating oil.
- In addition, 15 percent of the emissions permits would be auctioned and the proceeds used to reimburse low-income households for the loss in purchasing power that higher energy prices will bring. The assistance is to be distributed through a combination of refundable energy tax credits and energy refunds. The Center on Budget and Policy Priorities finds that the consumer refund, in combination with the other consumer relief mechanisms in the legislation, would fully offset the average loss of purchasing power that low-income households would face.

Reducing GHG emissions will mitigate adverse climate change impacts projected for PA.

The cost of inaction is high. If GHG emissions continue to rise at close to their current pace, these are among the impacts that Pennsylvania residents can expect.⁵

- More frequent episodes of extreme heat will increase heat-related illnesses and death. Air quality is likely to worsen, and disease-carrying insects will proliferate.
- More frequent heavy rainstorms will cause flooding and trigger sewage overflows.
- Increases in heat, insect pests, and weather extremes will pose challenges for agriculture. Heat stress on dairy cattle is likely to depress milk production.

¹ Key provisions of the American Clean Energy and Security Act (H.R. 4254), as approved by the U.S. House Energy and Commerce Committee on May 21, 2009, can be found at http://energycommerce.house.gov/Press_111/20090602/hr2454_reported_summary.pdf

² Center on Wisconsin Strategy and The Apollo Alliance, at <http://apolloalliance.org/wp-content/uploads/2009/01/greenerpathways1.pdf>

³ Center for American Progress and the Political Economy Research Institute, at http://www.americanprogress.org/issues/2008/09/pdf/green_recovery.pdf

⁴ *EPA Preliminary Analysis of the Waxman-Markey Discussion Draft* (June 2, 2009), at <http://epa.gov/climatechange/economics/pdfs/WM-Analysis.pdf>

⁵ Union of Concerned Scientists, at http://www.ucsusa.org/assets/documents/global_warming/Climate-Change-in-Pennsylvania_Impacts-and-Solutions.pdf