



Illinois Climate Action Network

SETTING THE RECORD STRAIGHT ON THE AMERICAN CLEAN ENERGY & SECURITY ACT (H.R. 2454)

With Congress seriously considering comprehensive clean energy reform legislation and some Illinois business and trade associations expressing disapproval for the American Clean Energy & Security Act (ACES), the Illinois Climate Action Network—a coalition of diverse partners working together on sensible policy solutions for climate change—wants to make sure that you have all the facts on both the challenge of climate change and this vital legislation.

Climate change science is well-established. All major scientific institutions, including the National Academy of Sciences and NASA, have concluded that human activity is driving global warming. The thousands of scientists that contributed to the Nobel Laureate U.N. Panel on Climate Change Fourth Assessment Report concluded that “[t]here is *very high confidence* that the global average net effect of human activities since 1750 has been one of warming.” That group of scientists has recommended that to avoid the worst effects of global warming, we must limit additional warming to no more than 2 degrees Celsius over pre-industrial levels.

The Earth’s average temperature continues to trend higher, regardless of the natural fluctuations that brought us a cooler than normal summer in the Midwest. Other parts of the nation and world have experienced very hot summers. The U.S. Southwest and West Coast have endured record heat this summer, and globally, July 2009 was the world’s fifth warmest July on record.

As informed citizens, we must support public policy that is guided by what the scientific consensus actually is—and not simply what would be most convenient for it to be. Thankfully, the ACES legislation does this through science-based caps on carbon emissions from human activities.

The American Clean Energy and Security Act is multi-faceted comprehensive energy reform legislation. While many opponents mischaracterize the ACES bill as a simple energy tax, the bill actually contains multiple reform measures for transitioning to a more sustainable future. Most fundamentally, the bill creates a cap on carbon emissions at science-based levels and allows polluters the opportunity to bid on pollution “allowances” through a market-based auction system. To spur a transition to cleaner energy resources, the bill contains nationwide renewable energy and energy efficiency requirements and building energy efficiency standards similar to existing Illinois law.

The legislation also contains safeguards, including direct funding, to allow industries that depend on oil, coal or natural gas to transition to a carbon-constrained economy. It includes money to protect energy-intensive industries that compete internationally, such as the iron, steel, cement, paper, pulp and

chemical industries. And currently, the Senate is considering adding a revolving loan fund to help industries transition to greater energy efficiency and cleaner products and processes.

The American Clean Energy and Security Act is affordable for families and businesses. An analysis by the nonpartisan Congressional Budget Office found that the net annual cost of this legislation would be approximately \$175 annually in 2020—equivalent to the cost of a postage stamp a day. Most importantly, low-income families struggling to make ends meet would actually see energy costs decrease by approximately \$40 annually.

And notably, this estimate does not include the benefits of reducing greenhouse gas emissions and decreasing energy demand through the energy efficiency provisions of the legislation.

Illinois and the Midwest are set to thrive in a clean energy economy. The Blue-Green Alliance, a partnership of the United Steel Workers and Sierra Club, analyzed the clean energy supply chain and found Illinois had the third highest potential for renewable energy manufacturing jobs nationwide. It estimated that a national renewable energy standard (contained in the ACES legislation) would put 56,000 Illinoisans to work manufacturing the components of wind turbines, solar panels, geothermal and biomass power plant equipment.

Likewise, a recently-released analysis by the Center for American Progress and the University of Massachusetts-Amherst projects that the ACES bill, combined with clean-energy investments from the American Recovery and Reinvestment Act, would create a net increase of 1.7 million jobs – including 70,000 jobs here in Illinois. These job gains would be enough to reduce the unemployment rate by about one full percentage point.

Midwestern farmers would benefit by producing clean energy sources. U.S. Secretary of Agriculture Tom Vilsack called carbon reductions a “new income source.” Farmers can earn money growing crops for biofuels and biomass, leasing land for wind turbines, and selling carbon offset credits, to name just a few opportunities. Farmers are also eligible for energy efficiency tax credits, and rural consumers are eligible for refunds in case energy costs increase.

Illinois and the Midwest would suffer if the nation clings to the status quo. Farmers in particular are threatened by a changing climate. A 2008 report by the U.S. Climate Change Science Program found that an increase in temperatures of about 2° F in the Midwest would decrease corn yields by nearly 4 percent. Corn producers in Illinois would sacrifice \$243 million in lost earnings annually should current climate trends continue.

The Union of Concerned Scientists recently released reports on climate change in the Midwest that documented the costly impacts unchecked global warming would have on agriculture. Crops and livestock, for instance, would experience substantially more heat stress, depressing crop yields and animal productivity that would hurt farmers’ bottom lines. Warmer winters and a growing season as much as six weeks longer than before 1990 would enable pests to expand their range, and controlling those pests would incur additional costs for farmers.

We need to correct the market deficiency that allows polluters to harm public health and natural resources for free. Carbon emissions are an externality with real, meaningful costs in the long-term—including severe droughts, dangerous heat waves, coastal flooding, disruption to

ecosystems, and increased severe weather events. But with no system in place that forces polluters to pay for their contribution to the problem, these costs will be absorbed by the public at large.

A cap and trade system as contained in the ACES bill actually takes a market-based solution to solving this problem by auctioning off permits (known as “allowances”) to pollute. As the cap lowers over time, the number of available allowances would decrease, thus providing a greater incentive to transition to low-carbon resources that would help meet the science-based emissions reduction goals.

The cost of our enormous reliance on fossil fuels is too expensive. In 2006, U.S. consumers and businesses spent \$921 billion on fossil fuels, more than was spent on education or the military. Illinois is on track to spend as much as \$43.6 billion on oil alone in 2030.

Our addiction to foreign oil is dangerous. As oil and other fossil fuel resources become scarce worldwide, we’ll be driven to more obscure, expensive, and hostile places to recover them. Climate change legislation that reduces our oil dependence is important for our national security interests, allows us to keep more of our income in the U.S., and protects Americans from disruptive oil price shocks that damage our economy.

The clean energy provisions in the bill will help spur the production of homegrown energy from crops, wind, solar, geothermal, biogas, and other sources, creating local jobs and economic development. And while fossil fuels become more expensive, the costs of wind and solar power will only decrease over time as technology improves and economics of scale in manufacturing are created.

An “all of the above” approach actually means increasing renewable energy. Illinois already derives 97 percent of its electricity from coal and nuclear power. Our primary source of home heating is natural gas, and gasoline from foreign oil fuels our cars. A truly “all of the above” approach to energy means providing economic incentives that allow the burgeoning renewable energy industry to gain a better foothold in a sector dominated by fully mature fossil fuel industries.

Where the United States leads, the rest of the world follows. Solving this challenge requires strong leadership from the world’s richest and most powerful countries. The United States has been the single largest contributor to global warming. China has only recently overtaken current U.S. emissions, but the country’s per capita emissions are approximately five times less than ours.

International climate negotiations are underway right now, and developing countries—especially China, India, Brazil and Mexico—will sign a global agreement only if the United States and other developed countries agree to reduce their own emissions. That’s why it’s crucial that the Senate pass a bill before the United Nations climate negotiations in December, during which countries will negotiate a successor to the Kyoto Protocol. It will be easier to secure a treaty that adequately addresses climate change and includes the cooperation of China and other developing countries if both chambers of Congress have endorsed such legislation.

Meanwhile, China and other developing countries are already taking steps to reduce their emissions, a fact that bill opponents often overlook.

The American public believes in the need for significant energy policy reform. An August 2009 Zogby poll found that after a paragraph-long description of the bill, 71% of Americans support the ACES legislation. An August 2009 Washington Post poll found that if a cap and trade

system significantly lowered global warming emissions but cost Americans \$10 per month on electricity bills, it was still supported by 58% of Americans.

In the face of a compelling need for change and significant public support for reform, many groups with a financial stake in stopping the ACES bill have launched faux-grassroots campaigns to pressure legislators and provide political cover for “no” votes. For instance, “Energy Citizen” town hall meetings are set up by the American Petroleum Institute and other likeminded allies. These groups coordinate transportation for their employees to stock “rallies” held over the Congressional recess. While these events seek to pressure legislators into stopping or substantially weakening the ACES bill, many of API’s most prominent members—ExxonMobil, Shell, BP, ConocoPhillips, and General Electric)—are actually active participants in the U.S. Climate Action Partnership coalition that openly supports the bill.

The Illinois Climate Action Network is committed to fighting back against these subversive attempts to stop needed reform. Should you have any questions regarding our position or the content of this document, or should you seek to get in touch with one of our experts or advocates, please contact Emily Robinson at the number listed below.

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