

Watt's Up

A View of the Electric Utility Industry



Obama's Cap-and-Trade: Lifeline or Noose?

This is a partial editorial written by Alan Bressler, policy advisor to The Heartland Institute. The Heartland Institute is a national nonprofit, tax-exempt research and education organization, founded in Chicago in 1984. It is not affiliated with any political party, business, or foundation.

Huge New Tax Burdens

When he initially laid out his CO₂ cap-and-trade policy, the president stated publicly his expectation that it would raise "revenue" (read: tax) of approximately \$650 billion over eight years. But in a briefing to Senate staffers in late February, Jason Furman, deputy director of the National Economic Council and an Obama staffer, said the administration actually believed it could raise two to three times that amount through the cap-and-trade program during that period.

All credible analyses of the costs of a cap-and-trade approach to controlling CO₂ emissions suggest it will cost the world 1 to 4 percent of global GDP. The United States is an approximately \$14 trillion annual GDP economy. So for America, 1 percent = \$140 billion annually, 2 percent = \$280 billion annually, 3 percent = \$420 billion annually, and 4 percent = \$560 billion annually.

Supporters of cap-and-trade have endlessly attacked the 1 to 4 percent of GDP figure, but the Obama administration's own number uttered by Furman seems to kill their argument. Using even two times his publicly stated figure of \$646 billion

over eight years (which works out to more than \$160 billion per year), even Obama admits that estimates of the cost of cap-and-trade in this range are realistic.

Thus it is pointless to argue the administration's numbers vs. the Congressional Budget Office's numbers vs. any number of calculations from top, credible environmental economists across the world (and there are plenty). In terms of what matters domestically, the Obama administration essentially concedes that annual costs in the range of 1 to 4 percent of America's GDP are just the freight we have to pay. Thank you for confirming this for us, Mr. Furman.

No Benefits

Since we now have a basic understanding of the costs of Obama's cap-and-trade policy, it seems appropriate to try and understand the potential benefits. Here too, the peer-reviewed literature helps.

If all Annex I and II nations had signed the Kyoto Protocol, implemented it, met their CO₂ emissions reduction targets, and extended these protections in perpetuity, the most likely difference this would make to planetary temperatures by the year 2100 vs. business as usual would be approximately .13 to .20 degrees Celsius. In case you missed the decimal, that's less than a quarter of a degree Celsius, 91 years from now, at a cost of 1 to 4 percent of global GDP. And that means 1 to 4 percent of global GDP not once but annually, from now until the Earth explodes from "global warming" or humanity comes to its senses.

Feel free to fact check these figures. In fact, start with the high church of global warming policy, the United Nations Intergovernmental Panel on Climate Change (UN IPCC), because their own estimates are within this range.

Currently, global annual GDP is approximately \$50 trillion. Ergo, 1 percent = \$500 billion annually, 2 percent = \$1 trillion annually, 3 percent = \$1.5 trillion annually, 4 percent = \$2.0 trillion annually. (As an aside, ask yourself this question: What could be done to improve the environment and the lot of humanity for this amount of money—or even a fraction of it—each year, every year?)

But alas, these cost/benefit figures assume all Annex I and II nations implement Kyoto, meet their CO₂ emissions reduction targets, and extend those reductions in perpetuity. If we assume that China, India, and Brazil will not implement such policies (and they already have indicated they won't, as their bigger priority is pulling millions out of poverty, a goal technologically and financially incompatible with restricting CO₂ emissions), the calculated benefit to global temperatures from just the current Kyoto signatories continuing their efforts, plus adding the United States using the Obama administration's cap-and-trade plan, is even less than .13 to .20 degrees Celsius.

If it were clear that taking such drastic measures would surely avert a planetary crisis, there might be an argument for spending such enormous amounts, because the cost/benefit tradeoff would be obvious. But alas,

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Representative Steve Kagen Voted Yes For Cap-and-Trade

Ask Your Employer How This Will Affect Them

by Pam Langlay

This week a person stopped in my office to talk about cap-and-trade. He said, "I own a business in Oconto Falls. As I understand it, cap-and-trade is going to increase my electric bills, conservatively, by 40%. That's a lot of money. As a small business, I can't afford to absorb that kind of increase so I am going to have to pass it on to my clients. That's bad enough but all of the vendors I do business with are going to face the same increase, which they can't absorb either, so their prices are going to increase also. Now I have to raise my prices again. The building I own has rental units above the business. Let's face it, people that rent in my building are usually young people just starting out and can't afford a lot. Even though they have their own utility bills, I am ultimately responsible if they can't pay. If I have to start paying utility bills from my rental units, I have to recover those costs by raising the rent for these people who are already struggling to make ends meet. And that's just the beginning..."

Our conversation went on for quite some time about how cap-and-trade is going to affect anyone who uses electricity – whether they directly pay a utility bill or not. No one will be exempt from the affects of cap-and-trade.

There is a huge grassroots effort

to let Congress know that cap-and-trade is not good for America. Help keep that movement going, ask your employer how cap-and-trade will affect them.

It has never been more critical to contact your Senators. The plan in Congress is to bring the cap-and-trade bill, officially called "American Clean Energy and Security Act of 2009" to the Senate for a vote in September. PLEASE, PLEASE, PLEASE CONTACT SENATORS KOHL AND FEINGOLD ABOUT VOTING NO ON THIS BILL.

Contact information for both Senators is given in the sidebar on the right or you can go to www.ourenergy.coop which is a website developed and sponsored by electric cooperatives to make it easy to contact your legislators. Once you are at www.ourenergy.coop, scroll about halfway down and you will see "Join the campaign". Click on that link and it will take you to a page in which you fill out your contact information and the site will automatically send the email to the proper legislators. The letter is already written for you however there is space to write a personal message. Consider adding that personal message, it makes a huge difference. You do not have to be an electric co-op member to use this site, everyone will be affected by this legislation and everyone should give their opinion. ■

Contact Your U.S. Senators

Senator Russ Feingold

506 Hart Senate Office Building
Washington DC 20510-4904

PH 202.224.5323

TDD 202.224.1280

Fax 202.224.2725

Email, go to:
feingold.senate.gov, click on
Contact, then click on email me.

Senator Herb Kohl

330 Hart Senate Office Building
Washington DC 20510

PH 202.224.5635

Fax 202.224.9787

To email, go to:
kohl.senate.gov and click on
Contact

Nuclear Quotes

Nuclear power is cheap, efficient and does not emit any greenhouse gas. As the talk of reducing CO2 emissions heats up, talk of increasing nuclear energy is also heating up. Here are some recent observations on nuclear power:

“It takes my breath away that we are unwilling to take advantage of nuclear energy and the billions of dollars worth of brains that American scientists in the nuclear arena offer us. Why? I believe two major factors account for our failures. First, many Americans have an irrational fear of anything ‘nuclear.’ They are willing to use radiation to fight cancer, detect other diseases, irradiate food. But mention nuclear energy and a kind of strange syllogism forms in the minds of millions of citizens. Nuclear means bombs and mushroom clouds; radiation means death.”

U.S. Senator Pete Dominici (R-NM)

“Wind and solar have their place, but because they are intermittent and unpredictable they simply can’t replace big baseload plants such as coal, nuclear and hydroelectric. Natural gas, a fossil fuel, is too expensive already, and its price is too volatile to risk building baseload plants. Given that hydroelectric resources are built pretty much to capacity, nuclear is, by elimination, the only viable substitute for coal. It’s that simple.”

Patrick Moore – co-founder of Greenpeace and chairman and chief scientist of Greenspirit Strategies Ltd.

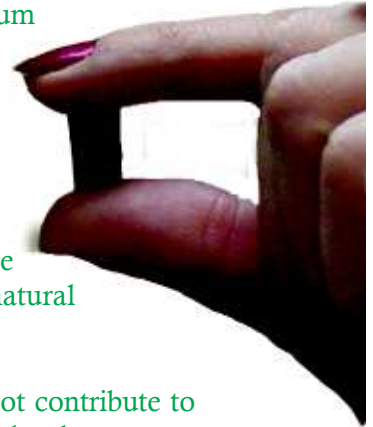
“The Three Mile Island incident underscores the relative safety of nuclear power plants. The facility’s safety devices worked as designed, preventing injury to humans, animals, or the environment. The accident resulted in improved procedures, instrumentation, and safety systems, meaning nuclear reactor power plants in the U.S. today are

substantially safer than they were in the past. Three Mile Island’s Unit One continues to operate with an impeccable record.”

Jay Lehr, Ph.D., science director for The Heartland Institute.

This is a sample of a uranium pellet. This pellet will produce as much energy as:

1,780 tons of coal
149 gallons of oil
157 gallons of gasoline
19,200 cubic feet of natural gas



Nuclear power does not contribute to pollution, acid rain or CO2 levels.

Yucca Mountain, R.I.P.

U.S. Senate action in July appeared to seal the fate of the Yucca Mountain repository for spent nuclear power plant fuel. Senators voted 85-9 to pass a \$34 billion energy spending bill covering a multitude of federal water projects - and also officially shutting down Yucca Mountain.

The move comes after \$13.5 billion and 25 years’ work on the project, by an Associated Press tally.

Earlier in July, the U.S. House passed its own version of the bill, which also included the Yucca Mountain provision. Since it appears in both bills, there would seem to be no likelihood that it will be removed by a conference committee.

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computer models are not clear evidence of harm from anthropogenic CO2 (they are merely predictions) and no such hard evidence exists. In fact, much evidence to the contrary has been known to scientists for many years, and more arrives almost daily.

At less than a quarter of a degree Celsius by the year 2100—an amount which cannot even be differentiated from natural climate variability—taking such measures today “for

future generations” makes no sense at all. In fact, ironically enough, it fits precisely the term Al Gore has used to brand those who disagree with him: “morally reprehensible.”

To read the entire editorial go to: www.heartland.org/full/25372/Obamas_CapandTrade_Lifeline_or_Noose.html



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OEC Employees Are Raising Money for Home Respite Care

This is the 6th year that OEC employees have chosen a charity for which they are going to raise money throughout the summer. In the past money has been raised and donated to: the MRI project at Community Memorial Hospital, Kingdom Come Food Pantry, Oconto Area Humane Society, Friends of the Firefighters and the Oconto County K9 Unit.

Home Respite Care

The 2009 OEC employee charity is Home Respite Care, a non-profit, privately-funded organization that gives respite to the caregivers of home-bound individuals. Since its inception in 1993, Home Respite Care has grown to include a phone pal program and the Caring Tree

Adult Day Center. The phone pal program uses volunteers to make daily phone calls to elderly people living alone. The phone pal makes sure the person is OK and visits with them giving them some companionship for a while.

Caring Tree Adult Day Center, located at the Senior and Community Center in Oconto Falls, is a state-certified center which provides home-like care for elderly clients who suffer from dementia, Alzheimer's disease or are otherwise cognitively or physically impaired.

Debbie Arndt, Executive Director of Home Respite Care since 2000 states, "Home Respite Care operates totally from donations. We have two large fundraisers each year, Taste in Oconto County which is held in

October and the Annual "No Ball" held in February. Memorials and other private donations are made throughout the year but there is no government funding for these programs. The respite and phone pal programs are free to our clients. There is a set rate for the Caring Tree Adult Day Center but it is on a sliding scale based on the ability of the person or family to pay."



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