

ALLIANCE FOR JOBS & AFFORDABLE ENERGY

To: [Alliance For Jobs & Affordable Energy](#) Members & Interested Parties

From: Brian McCormack

Date: September 14, 2009

Re: UPDATED: Status Of Cap-And-Trade Legislation As Congress Reconvenes

Since Congress returned from recess we have seen significant action on the cap-and-trade issue even with most of Washington's attention focused on the healthcare debate. Before summarizing those details, I first would like to extend thanks and appreciation to the thousands of you who have taken the time to write or contact your Senators in opposition to this legislation. This is a great start but it is going to take much more effort to be successful.

Case in point, late Friday afternoon word arrived that a number of Senators from coal states, including Max Baucus, Chairman of the Senate Finance Committee, were working on a proposal that would include some special incentives for the electric utility and coal industries. We will be interested to see the details of the proposal but there is no doubt the "horse-trading" to achieve 60 votes in the Senate has begun.

As you can see, many people are hard at work shaping this legislation one way or another. The Alliance for Jobs and Affordable Energy continues to be opposed to the Senate passing anything that will place an extra burden on American consumers and taxpayers. Please go to www.allianceforjobsandenergy.org regularly as it will be updated with new information and reports. Also, please take the time to share the Web address with others in your community by emailing it or posting it on your personal page.

Here are recent news stories on the American Clean Energy and Security Act or cap-and-trade legislation followed by a summary of how the issue fared during the August recess.

"From New Hampshire to Nevada, House Democrats also will be forced to defend votes on Obama's \$757 billion economic recovery package and on energy legislation viewed by many as a job killer in an already weak economy ... Indeed, the 'cap and trade' bill that narrowly passed the House last spring is creating headaches for several Democrats. The legislation, which would cap carbon emissions and tax industries that exceed the cap as a way to reduce global warming, is largely unpopular in areas of the country where jobs rely on oil, gas or coal production." (Beth Fouhy, "[Election Trouble Brewing For House Dems In 2010](#)," The Associated Press, 9/14/09)

Politico reported in a story titled, "Bill May Be On Ice By Copenhagen," that "chances that a bill will pass Congress before the Dec. 7-18 United Nations climate summit in Copenhagen slimmed over the August recess ... Democratic aides say the full Senate will not turn its attention to the climate bill until the contentious health care debate is resolved – a process that some believe will take until the end of the year." (Lisa Lerer, "[Bill May Be On Ice By Copenhagen](#)," *Politico*, 9/9/09)

In addition, news reports detail that cap-and-trade could actually be "ditch[ed]." "If healthcare poisons the well for climate change, some observers expect Democrats to settle for more modest environmental gains. Ditching the cap-and-trade piece to pass a so-called renewable electricity standard and stronger energy-use standards could give Democrats a partial win and President Barack Obama at least something to show off at the climate talks in Copenhagen, Denmark, in December." (Jim Snyder, "[Climate Lobby Urges Democrats To Reject Pressure To Accept Modest Energy Gains](#)," *The Hill*, 9/9/09)

And feedback from U.S. Senators concerning the so-called American Clean Energy and Security Act hasn't been much better.

“In 2003 and 2005, Rockefeller supported a cap-and-trade bill authored by Lieberman and Sen. John McCain (R-Ariz.). Then, last summer, he supported Democratic leaders as another climate bill sputtered on the floor. But the nephew of former Vice President Nelson Rockefeller is not a sure thing. After last summer’s Senate floor debate, Rockefeller quickly joined up with nine other moderate Democrats to detail a range of outstanding concerns that had not been addressed. And following Obama’s first speech to a joint session of Congress, Rockefeller gave an emphatic ‘no’ when asked whether he thought the president’s comments about cap-and-trade legislation would build momentum this year. ‘Cap and trade won’t work,’ he said.” (Darren Samuelsohn, [“Rockefeller Finds It’s Better To Negotiate On Climate Bill Than Sit On Sidelines,”](#) *The New York Times*, 9/14/09)

“Just minutes after taking the gavel of the influential Senate Agriculture Committee, new chairwoman Blanche Lincoln cast even more doubt about the future of climate legislation in the Senate. I think it’s a heavy lift for the Senate,’ said Lincoln. ‘We have a tremendous amount of work to do, having been in the hearings today.’” (Lisa Lerer, [“Lincoln Casts Doubts On Climate Bill,”](#) *Politico*, 9/9/09)

Adding more fuel to previous comments, Senator Russ Feingold said, “I’m not signing onto any bill that rips off Wisconsin,’ Feingold declared, arguing the bill’s mandatory caps on greenhouse gas emissions could put the coal-dependent Badger State at an economic disadvantage compared to other regions and nations.” ([“Feingold: Cap-And-Trade Bill Could Hurt Wisconsin,”](#) www.wisbusiness.com, 9/8/09)

And to conclude the first week of business since the recess, “Several U.S. Senate Democrats, including a top leader, on Wednesday questioned whether it would be possible to vote on a climate change bill this year, especially with healthcare reform eating up so much of the lawmakers’ time. ‘It’s a difficult schedule’ with many members already ‘anxious’ about healthcare reform, Senator Dick Durbin, the second-ranking Democrat, told Reuters when asked about prospects this year for a bill to cap emissions of carbon dioxide and other greenhouse gases.” (Richard Cowan, [“Senate Democrats Skeptical About Climate Bill,”](#) Reuters, 9/9/09)

As the August recess comes to an end, any objective analysis of the cumulative impact of news reports, expressed public sentiment, editorials and opinion columns, and research studies would conclude that the cap-and-trade legislation passed out of the U.S. House of Representatives is in a worse legislative position today than when Congress adjourned for the summer.

Detailed below are examples of the opposition building with elected officials and the public at large as they learn more about this legislation which constitutes a massive tax increase on American families and small businesses, and would lead to higher prices for goods and services further damaging our economy. Furthermore, our nation’s chief international competitors refuse to subscribe to a cap-and-trade scheme because of the negative impact it would have on their economies.

First, it is important to gauge the level of support or lack thereof in the U.S. Senate for cap-and-trade legislation. As the recess was beginning, “Ten moderate Senate Democrats from states dependent on coal and manufacturing sent a letter to President Obama on Thursday saying they would not support any climate change bill that did not protect American industries from competition from countries that did not impose similar restraints on climate-altering gases.” (John Broder, [“Climate Bill Is Threatened by Senators,”](#) *The New York Times*, 8/6/09)

Shortly thereafter, even more skepticism was expressed with Senators saying, “The U.S. Senate should abandon efforts to pass legislation curbing greenhouse-gas emissions this year and concentrate on a narrower bill to require use of renewable energy, four Democratic lawmakers say.” (Daniel Whitten & Simon Lomax, [“Climate Change Measure Should Be Set Aside, U.S. Senators Say,”](#) Bloomberg News, 8/14/09)

And the concern and skepticism about the cap-and-trade legislation has been communicated by elected officials of every political persuasion with news reports concerning Senator Russ Feingold stating, “You know, the other countries won’t play ball ... They cannot be given a free pass, and we cannot do cap-and-trade alone.” (Richard Moore, [“Feingold: No Health Care Bill Before Christmas,”](#) *The Lakeland Times*, 8/25/09)

In addition, Senator Maria Cantwell expressed reservations about the bill. “Joel Merkel, legislative counsel for Sen. Maria Cantwell, D-Wash., says the senator is leaning against supporting Waxman-Markey because she worries about the federal government ‘picking winners and losers’ among industries.” (Booker Stallworth, [“Cap-And-Trade Can’t Bridge Gap Between Unions And Enviros,”](#) *Washington Examiner*, 8/30/09)

Even a former Democratic Senator and Clinton Administration official got into the act with Timothy Wirth stating, “The Republicans are right -- it’s a cap-and-tax bill ... But it has to be used in a targeted and disciplined way, and what has happened is it’s gotten out of control.” (Kim Chipman, [“Climate Bill ‘Out of Control,’ Former Senator Says,”](#) Bloomberg News, 8/18/09)

The doubt and uncertainty expressed by those who have to vote on the legislation was reflected by the public at large during the break. A poll by *The Washington Post*-ABC News showed Americans are concerned about the environment, but unwilling to support legislation that would significantly raise energy costs and hurt jobs. Specifically, only 39 percent of Americans support cap-and-trade legislation if it costs them an extra \$25 per month. (Steven Mufson & Jennifer Agiesta, [“On Energy, Obama Finds Broad Support,”](#) *The Washington Post*, 8/28/09)

The fact that Americans will not support legislation that increases costs as little as \$25 per month is very bad news for those supporting the American Clean Energy and Security Act as its estimated enactment would cost the average household \$1,870 per year by 2020. (Kreutzer, Campbell & Loris, [“CBO Grossly Underestimates Cost Of Cap And Trade,”](#) The Heritage Foundation, 6/24/09)

Additional polling shows even more troubling results for cap-and-trade with more Americans opposing than supporting it. According to Rasmussen, “Thirty-five percent (35%) of Americans favor the climate change bill, while 40% are opposed to it.” ([“Climate Change Bill Gets Mixed Reviews,”](#) Rasmussen Reports, 8/31/09)

Several new studies were released during the course of the break, with the National Association of Manufacturers (NAM) and the American Council for Capital Formation (ACCF) finding Waxman-Markey would produce losses in employment and gross domestic product (GDP), and increases in electricity and gasoline prices. (Release, [“State-By-State Analysis Of Waxman-Markey Cap And Trade Legislation Paints Dour Picture For Nation’s Economy,”](#) National Association of Manufacturers, 8/12/09)

Another study conducted by the American Petroleum Institute found “by 2030, U.S. refining production could drop 17% from today’s levels if the climate bill is passed as currently proposed. The drop would have to be made up by foreign imports, the study says, meaning the U.S. could end up relying on other countries for 19.4% of its refined fuel -- nearly twice the amount it imports today.” (Angel Gonzalez, [“Oil Industry Details Costs Of Climate Bill,”](#) *The Wall Street Journal*, 8/24/09)

USA Today reported on Waxman-Markey writing, “It will cost nearly \$8 billion over the next decade to pay for the expanded federal bureaucracy needed to combat global warming under a bill passed by the House of Representatives, a report by the non-partisan Congressional Budget Office says.” (Traci Watson, [“House’s Global Warming Bill: \\$8B,”](#) *USA Today*, 8/11/09)

As opponents of cap-and-trade organized across the country, the voices of consumers, small business owners, and workers could be heard in town hall meetings and events clearly telling their elected representatives to stand up for them and against the legislation.

In addition, paid media echoed the concerns of those on the ground with ads running in numerous Congressional Districts and states. “The National Association of Manufacturers and the National Federation of Independent Business are targeting moderate Democrats who have voiced skepticism about the legislation, which is still under consideration in the Senate. The cap-and-trade bill passed the House in June on a 219-212 vote. Television, radio and Internet ads will run statewide through Sept. 4 in Alaska, Arkansas, Indiana, Missouri, Michigan, Montana, Nebraska, North Carolina, North Dakota, South Dakota, Ohio, Virginia and West Virginia. The ads urge senators to vote against the bill, arguing that the legislation will raise energy costs on small businesses and consumers.” (Lisa Lerer, [“Groups Launch Attack On Cap And Trade,”](#) *Politico*, 8/27/09)

And lastly, the editorial pages in states with critical votes on the American Clean Energy and Security Act were not kind to the legislation.

“Some in Washington want to cut carbon emissions from the nation’s power plants and factories by punishing high-carbon industries with a cap-and-trade tax. In the middle of the worst recession the nation has seen in decades, such a bill passed in the House of Representatives 219-212 ... Still, the cap-and-trade provision is far worse than encouraging the development of alternative energy sources. Taxing energy would make the United States less competitive in the global marketplace. Why are West Virginia’s senators, Jay Rockefeller and Robert Byrd, not out front in opposition to the cap-and-trade tax that would devastate their constituents?” (Editorial, [“The U.S. Senate Should Drop Cap-And-Trade,”](#) *Charleston Daily Mail*, 8/17/09)

“If it weren’t for all the attention focused on health care reform, we might have felt our collective blood pressure soar last week in reaction to the other big issue facing Congress: Cap and trade ... We live in coal country here in the Midwest. Not only is coal found here in abundance, but it is burned in the power plants that provide for our energy needs. In fact, 94 percent of Indiana’s energy comes from coal. The bill that passed the House in June seeks to reduce carbon dioxide emissions through the infamous cap and trade measure of the energy bill. It would allow energy companies to emit carbon dioxide, but at a cost to the power companies, and by extension, their customers ... And if the concern about hurting Midwest consumers, especially in today’s weak economy, isn’t enough to motivate the U.S. Senate to take new look at energy legislation, then maybe the Senators should be concerned about that \$8 billion growth of the federal bureaucracy. Either way, we hope Indiana’s senators will return to Washington cognizant of the impact this legislation could have to their constituents in Southwestern Indiana.” (Editorial, “[Cap And Trade](#),” *Evansville Courier & Press*, 8/15/09)

To conclude, however one wishes to refer to the legislation whether its cap-and-trade, Waxman-Markey or the American Clean Energy and Security Act, it is hard to argue the legislation is in a better position today than when the recess commenced. And to reflect that point, “The chief Senate sponsors of a bill aimed at curbing global warming have pushed back its introduction from next week until later in September.” (Daniel Whitten, “[Senate Democrats Push Back Climate Measure Schedule](#),” Bloomberg News, 8/31/09)

This is all significant progress but your efforts are still needed. The [Alliance for Jobs and Affordable Energy](#)’s Web site is a resource for you to educate those in your community about the impact this legislation would have on their daily lives.

The Alliance for Jobs and Affordable Energy (AJAE) is an organization dedicated to educating voters, employers, employees, and the general public about the negative economic impact of Congress’s cap-and-trade legislation – also known as the American Clean Energy and Security Act – which is now being considered by the U.S. Senate.