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Cap-and-Trade Failure Aided U.S. to Cut Carbon Emissions

By Mark Drajem - Oct 25, 2012

The failure by Congress to pass cap- and-trade legislation in 2010 had one unanticipated impact: It helped to cut greenhouse gas emissions.

U.S. carbon-dioxide emissions are likely to be lower by 2020 because of regulatory measures and market changes than they would have been under legislation backed by President [Barack Obama](#) and Democrats, said Dallas Burtraw, a senior fellow at Resources for the Future in Washington. The U.S. is on track to meet a pledge set by Obama of cutting emissions scientists link to [climate change](#) by 17 percent by the end of this decade.

“This comes as a surprise, and should be seen as good news for those concerned about global climate change,” Burtraw, author of the [paper](#) “U.S. Status of Climate Change Mitigation,” said in an interview. Burtraw said that he supported a cap-and-trade or carbon tax, and still does today, saying it’s needed to achieve long-term cuts in emissions.

Resources for the Future, which gets [funds](#) from government grants, foundations and companies such as Goldman Sachs Group Inc. and [Duke Energy Corp. \(DUK\)](#), released Burtraw’s study this month on its website.

Nathaniel Keohane, vice president for the Environmental Defense Fund, said the interim steps by the EPA and states left the U.S. short on two fronts. A climate bill, known in the House as the Waxman-Markey bill, is needed to achieve long-term cuts in U.S. emissions and to help round up worldwide support on the issue, said Keohane, whose group is based in [New York](#).

‘Long-Term Trajectory’

“The 2020 target is important,” Keohane said in an interview. “But Waxman-Markey was not about 2020, it was about the long-term trajectory.”

Obama and Democrats in Congress pushed legislation in 2009 and 2010 to cap the amount of carbon dioxide from [power plants](#) and manufacturers, and set up a system to trade for

offsets. After it stalled in the Senate, environmental economists and advocates said the U.S. squandered a chance to address the threat of global warming.

Instead, a series of piecemeal measures have put the U.S. in position to make much of the same progress over this decade.

Obama, unable to get legislation, then pressed for vehicle efficiency standards with automakers and the Environmental Protection Agency, using authority under the [Clean Air Act](#). The president also is pushing for emission standards on coal-fired power plants.

29 States

[California](#) and the Northeastern states set their own cap- and-trade programs, and 29 states established clean-energy requirements for utilities. Meanwhile, low prices for natural gas is pushing out coal as the fuel of choice for power plants.

Carbon-dioxide emissions since the Industrial Revolution have led to a warming of the Earth's temperature, which threatens to cause extreme weather, drought and coastal flooding, according to the U.S. [Global Change Research Program](#). Environmentalists such as author [Bill McKibben](#) argue that the U.S. needs quicker, deeper cuts in its fossil-fuel use to forestall a global catastrophe.

The Senate never took up a 2009 cap-and-trade measure that passed the [House of Representatives](#). The House's Waxman-Markey bill would have established a system for overseas offsets, which might have led to greater worldwide reductions in carbon emissions, Burtraw said.

If passed, the law would have barred the EPA from issuing carbon standards for power plants, refineries or factories. And it would have probably headed off the second round of automobile standards, which were just finalized, said Daniel Becker, director of the Safe Climate Campaign in [Washington](#) and one of the negotiators involved in setting those rules.

Emissions Offset

Also, under a nationwide regime, any regional or state efforts would be offset by increased emissions elsewhere, Burtraw said.

Burtraw estimates that 40 percent of the reductions are tied to the regulations proposed by the EPA and haven't been issued for carbon emissions from power plants and refineries. Republicans in Congress and presidential candidate [Mitt Romney](#) and, say they oppose the EPA issuing these rules.

“Whether a second Obama administration will pursue those standards (which are admittedly relatively modest) remains to be seen. It’s fairly certain that a Romney administration wouldn’t,” Michael Levi, an energy fellow at the Council on Foreign Relations in New York, said in ablog post. “ This is almost entirely a matter of political, rather than economic, projection.”

Burtraw said his prediction is based on a conservative assessment of what the EPA has already indicated it would do. Still, “it’s the biggest source of uncertainty in our model,” he said.

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