

# **Energy Policy and Climate Change: Directions In The Obama Administration**

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# Science Debate

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- Consensus on Impact of Greenhouse Gas Emissions
- Some Republicans With Corporate Support Disagree (Inhofe)
- Serious Debate Regarding Requisite remediation Program

# Evolving Public Opinion

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- Regional Differences (West Coast/East Coast vs. South/Midwest)
- General Support for Reducing Emissions
- Difficult to Gauge Impact of Economic Slowdown on Public Opinion

# State Initiatives

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- States Have Independent Regulatory Powers
  - Controversy Between California and US EPA
- Business reaction to States “Going It Alone”
- U.S. Geo-politics on CO2
  - Coal states
  - Coastal States
  - Industrial States

# Cap & Trade vs. Carbon Tax Debate

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# Business Views

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- Electricity Industry (Fears of Compliance Prudence Reviews, Discriminatory Treatment, Regulatory Treatment of Emission Allowances)
- Automobile/Oil Industry (Federal Preemption, Exxon Position)
- Environmental Community (Leans Toward Cap and Trade)
- Tax Politics

# Political developments

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- Election Positions of Obama and McCain
- Changes in Congress (more Dems / Waxman replaces Dingell)
- Attitudes regarding Kyoto and Copenhagen

# Cap & Trade Issues

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- a. Allocation of Emission Allowances
  - i. Auction or Allocation
  - ii. Use of auction funds
  - iii. Beneficiaries of allowances?

# Energy Policy

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# Non-Resource Issues

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## ■ Smart Grid

- Enable Demand Side Response on Distribution Systems
- Build out Transmission to New Resources
- Demand Side Management/Energy Efficiency
  - Decoupling Sales and Profits
  - CAFÉ Standards

## ■ State of Market

- Part Competitive / Part Monopoly

# Resource Issues

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- Renewables
  - Transmission Interconnections e.g. TX and CA
  - RPS (state and federal)
  - Tax Incentives

# Resource Issues

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- Nuclear
  - Ambivalence
  - Waste Issue
  - Federal Incentives

# Resource Issues

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## ■ Coal

- Political Debate
  - Abundant Resource
  - National Security
  - Carbon Emissions
  - Mine Safety and Land Use Issues
  - Ash Disposal and Storage Problems

# Resource Issues

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- Coal (cont'd)
  - Clean Coal Programmatic Efforts
    - Federal Expenditures for Research and Development
    - Technology Uncertainty About Sequestration
    - State Initiatives (Financial and Regulatory)
    - Mixed Signals from Obama and Biden