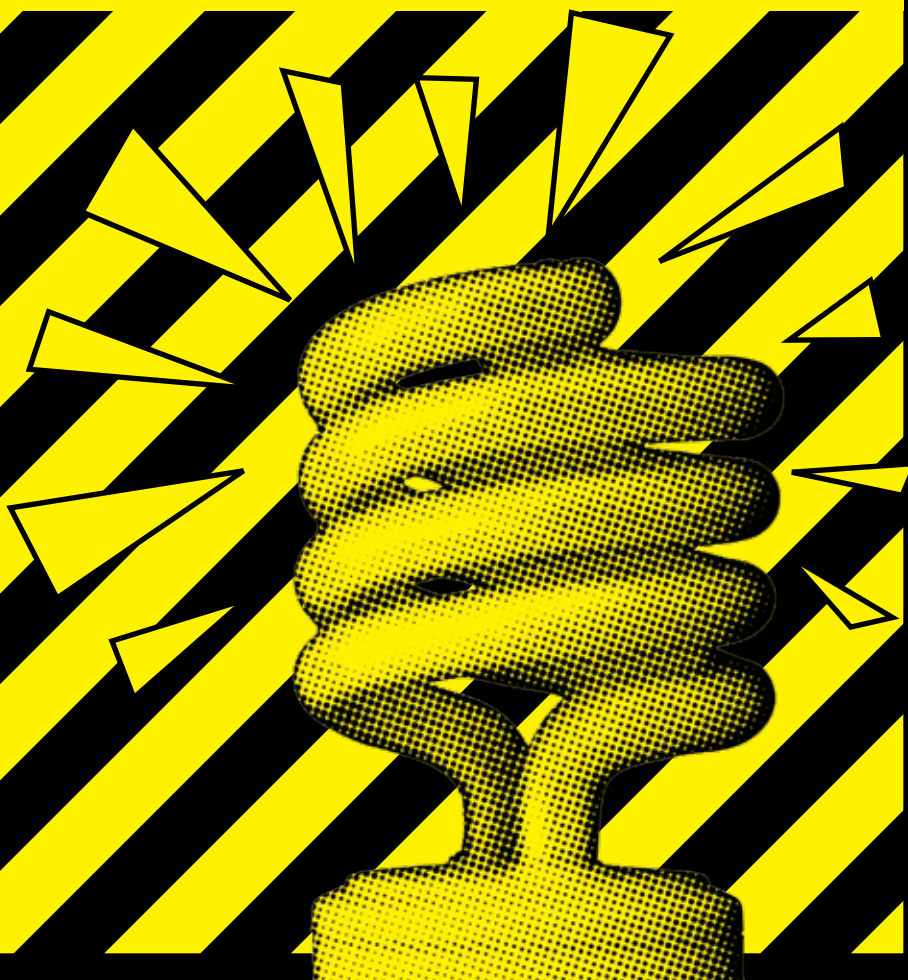


The
Wonk Room THINK PROGRESS

CLEAN ENERGY DEBATE GUIDE



THE AMERICAN CLEAN ENERGY AND SECURITY ACT

The American Clean Energy and Security Act, H.R. 2454, would create jobs, reduce oil dependence, cut global warming pollution, and increase American competitiveness. It is a fragile compromise with support from utilities, energy companies, labor unions, and environmentalists. Despite its broad appeal conservative opponents continue to repeat factual misstatements, half truths, and outright howlers. This study guide debunks these myths and provides the facts.

Create jobs

A very recent [study by the Pew Center on the States](#) found that there are already at least 770,000 clean-energy jobs in the United States.

A [new analysis by the Center for American Progress and University of Massachusetts](#) projects that the bill, combined with the clean-energy investments in the American Recovery and Reinvestment Act, could generate \$150 billion in annual public- and private-sector clean-energy investments. This would create 1.7 million net new jobs. This includes 38,000 jobs in Indiana, 67,000 in Ohio, and 72,000 in Pennsylvania.

Reduce our dependence on foreign oil

The United States imported 57 percent of its oil last year, sending \$342 billion

out of the country. Nearly three-quarters of oil use goes toward transportation.

The new fuel economy standards announced by [President Barack Obama on May 19, 2009](#) will [reduce oil use by 1.8 billion barrels of oil over the life of the program](#). The standards will produce a car and light truck vehicle fleet that would achieve the equivalent of 35.5 miles per gallon by 2016. This is nearly a one-third improvement in fuel economy.

The American Clean Energy and Security Act would assist automakers in complying with these standards by providing resources for the development and production of plug-in hybrid electric vehicles and other ultra-fuel efficient cars.

Cut global warming pollution

The just-released U.S. Global Change Research Program science study "[Global Climate Change Impacts in the United States](#)" concluded that, "warming of the climate is unequivocal... [and] due primarily to human-induced emissions of heat-trapping gases."

The United States produces about one-fifth of global carbon dioxide pollution. And U.S. emissions have grown by about 1 percent per year since 1990 except during recessions. Emissions will

grow by an additional 20 percent to 52 percent by 2025 without action.

The global warming report determined that “sizable early cuts in emissions would significantly reduce the pace and overall amount of climate change.”

Coal-fired power plants and motor vehicles are responsible for half of U.S. global warming pollution. The American Clean Energy and Security Act would reduce emissions from power plants and other sources. President Obama’s announced fuel economy standards would reduce global warming pollution from motor vehicles.

ACES requires greenhouse gas emissions to be 17 percent lower than 2005 levels by 2020. This is equivalent to taking half a billion cars off the road.

The provision to prevent tropical forest destruction would achieve another 10 percent reduction by 2020.

The bill would reduce greenhouse gas pollution by setting a “cap” on greenhouse gas emissions, and requiring all emitters over 25,000 tons to have an “allowance” for each ton of pollution. Companies can buy or sell allowances to meet their needs.

The Congressional Budget Office projects that this bill “would reduce budget deficits... by about \$24 billion” from 2010-2019.

Increase American competitiveness

President Obama said that, “The nation that leads the world in creating new energy sources will be the nation that leads the 21st-century global economy.”

Germany leads the world in clean-energy investments, with China in second. Germany leads the world in solar energy, while China has produced the first plug-in hybrid electric vehicle for sale.

ACES would require utilities to generate 15 percent of their electricity from wind, solar, geothermal, biomass, and other renewable energy sources by 2020 (although state governors could petition to allow utilities to substitute 3 percent of renewables with 3 percent efficiency). Utilities would also have to reduce electricity demand by 5 percent via efficiency measures. These provisions would lower global warming pollution as well as drive investment toward the clean-energy technologies of the 21st century.

The bill would provide incentives for research and development of cleaner cars, better batteries, and more efficient buildings. The Green Bank would provide capital to develop these and other new clean-energy technologies.

MYTH VS. FACT: THE AMERICAN CLEAN ENERGY AND SECURITY ACT

1 MYTH: Carbon dioxide isn't harmful and global warming isn't real.

House Minority Leader [John Boehner \(R-OH\)](#) said, "The idea that carbon dioxide is a carcinogen that is harmful to our environment is almost comical. Every time we exhale, we exhale carbon dioxide."

The thousands of scientists that contributed to the Nobel Laureate International Panel on Climate Change [Fourth Assessment Report](#) concluded that, "There is *very high confidence* that the global average net effect of human activities since 1750 has been one of warming." IPCC uses "very high confidence" to mean a 9 out of 10 confidence level for accuracy.

[Government scientists](#) concluded that, "The 10 warmest years all occur within the 12-year period 1997-2008."

2 MYTH: This bill would stifle economic growth during a recession.

The [Alabama congressional delegation](#) wrote that ACESA would "stifle any attempt at reviving our economy and getting back on the path to economic growth."

[Nobel Laureate economist Paul Krugman](#) believes that a global warming

reduction program would help revive the economy. Emission limits beginning in 2011 "would have no immediate effect on prices... It would give businesses a reason to invest in new equipment and facilities even in the face of excess capacity. And given the current state of the economy, that's just what the doctor ordered."

What's more, a just-released analysis by CAP and the University of Massachusetts-Amherst projects that the bill, combined with clean-energy investments from the American Recovery and Reinvestment Act, would [create a net increase of 1.7 million jobs](#). These job gains would be enough—on their own—to reduce the unemployment rate in today's economy by about one full percentage point, to 8.4 percent from current 9.4-percent levels.

3 MYTH: This bill will not reduce pollution.

[One environmental organization](#) claims that ACESA "does not aim to reduce pollution rapidly enough."

The bill isn't perfect and it would achieve fewer reductions than the original draft version. But its provision to reduce pollution 17 percent below 2005 levels would be equivalent to [removing 500 million](#)

cars from the road in 2020—which would be half of all cars in existence. The law requires additional reductions of 42 percent by 2030, 65 percent by 2040, and 83 percent by 2050.

This reduction is consistent with scientists' recommendations. A letter from 1,700 climate change scientists and economists urges “reductions on the order of 15 to 20 percent below 2000 levels by 2020.”

In addition to the 2020 greenhouse gas pollution cut, ACESA's provision to prevent tropical forest destruction would achieve another 10 percent reduction by 2020.

4 MYTH: Families will spend more on household energy bills.

Rep. Mike Pence (R-IN) claims that annual “household energy costs could rise by an average of \$3,100” due to the bills emissions cuts.

The actual cost of the greenhouse gas pollution cuts are very low. The Environmental Protection Agency estimated that H.R. 2454 would cost the average household less than the equivalent of a postage stamp per day in total increased costs.

Congressional Budget Office analysis determined “that the net annual economywide cost of the cap-and-trade program in 2020 would be \$22 billion—

or about \$175 per household.” The least well off households—those “in the lowest income quintile”—would see an average net benefit of about \$40 in 2020. Those in the second quintile would see a net increase of 11 cents per day.

CBO's estimate is very conservative because it does not include potential savings from energy efficiency measures in the bill. The American Council for an Energy Efficient Economy estimates that the efficiency provisions could reduce energy costs by \$22 billion annually by 2020. The savings would be \$170 per household in 2020, which is roughly equal to the CBO cost per household estimate for ACES in 2020.

Jim Rogers, CEO of Duke Energy, noted that the bill would diminish electricity cost increases. “The allowance allocation ensures cost impacts are mitigated for end-use energy customers. This is especially important for states where climate change will have the largest economic impact.”

5 MYTH: Pollution reductions will cause job loss.

Mike Pence (R-IN) said that this is “a national energy tax that will lead to even higher energy prices and massive job losses for the American people.”

But as Dr. Krugman noted, the bill would stimulate investments in new clean-energy technologies, including wind and solar power. A just-released analysis by CAP and the University of Massachusetts-Amherst projects that the bill, combined with clean-energy investments from the American Recovery and Reinvestment Act, would create a net of 1.7 million jobs.

What's more, inaction on clean energy will cause job loss. Steve Kline, vice president of PG&E, testified that "we see those [clean-energy] jobs...going overseas....Silicon Valley is putting a lot of time and energy into these technologies, we are going to lose that if we don't act now."

6 MYTH: Europe's attempt to reduce global warming pollution failed.

Rep. Fred Upton (R-MI) asserted that "All one has to do is examine the results of the European Union's cap-and-tax scheme—it was a failure."

Actually, the European Environment Agency reports that, "European Union emissions of climate-changing greenhouse gases declined for the third consecutive year in 2007, according to the EU's GHG inventory report compiled by the European Environment Agency... The EU-15 now stands 5 percent below its Kyoto Protocol base year levels."

7 MYTH: Investments in clean energy will cost jobs.

Rep. Ed Whitfield (R-KY) referenced Gabriel Calzada Álvarez's so-called "Spanish jobs study," claiming that, "For every job created in the renewable energy sector, so-called green job, that they lost 2.2 jobs."

Álvarez is a fellow at a right-wing think tank partly funded by ExxonMobil. He falsely claims that the Spanish government's investment in renewable energy projects cost them 50,000 jobs, even though the United Nations determined that these projects actually *created* 188,000 jobs.

Spanish government estimates found that the clean-energy sector in Spain grew by 500 percent in the last three years, and it will likely create 270,000 more jobs by 2020.

Leading Spanish experts from Fundación Ideas para el Progreso wrote to a U.S. representative debunking Álvarez's study. They characterized his research as "not reliable or credible." They noted that the research institute he's affiliated with has "clear links to the energy industry."

8 MYTH: The bill would benefit special interests by providing them with free allowances.

Sen. John Barrasso (R-WY) said that, "No matter how many times the major-

ity adds to this hand another giveaway to special interests, another tax break to offset the monumental cost of this bill, the end will be just the same: The taxpayer goes bust and Washington will win the game.”

An analysis by Harvard economist Dr. Robert Stavins found that giving away allowances does not affect emissions reduction requirements, and that most of the allowances go for “public purposes.”

Stavins also said, “The legislation, for all its flaws, is by no means the ‘massive corporate giveaway’... On the contrary, 80 percent of the value of allowances accrue to consumers and public purposes, and some 20 percent accrue to covered, private industry.”

The bill requires that the allowances that go to local electric and natural gas utilities must be used to lower rates.

9 MYTH: This bill will hurt rural communities and farmers.

Rep. Randy Neugebauer (R-TX) says that the bill “will prove detrimental to rural economies.”

American farmers have a lot to gain from this bill and a lot to lose from inaction. The bill includes provisions to boost farm income from the sale of “carbon offsets” that reward agriculture

practices that store carbon dioxide. There could be \$24 billion in agriculture offsets. The bill would also boost wind energy, allowing farmers to lease small portions of land for wind turbines.

Inaction would allow global warming to devastate American agriculture. The just-released scientific assessment, “Global Climate Change Impacts in the U.S.”, found that warming “will affect human health, water supply, agriculture, coastal areas, and many other aspects of society and the natural environment.” It also determined that “even moderate increases in temperature will decrease yields of corn, wheat, sorghum, bean rice, cotton, and peanut crops.”

What’s more, global warming would cause both heavy downpours and periods of prolonged drought to increase, promising floods and parched earth.

10 MYTH: This bill hurts low-income families.

Rep. Joe Barton (R-TX) claims that, “The people at greatest risk are low- and middle-income families, blue collar workers, the elderly, and those whose jobs will be destroyed if we adopt a cap-and-tax policy.”

The bill has a number of mechanisms that would minimize the impact on middle- and low-income families. Local electricity companies receive free pol-

lution allowances and *must* use their value to protect their ratepayers from price increases.

H.R. 2454 also includes energy-efficiency measures—such as cutting energy use in half in new buildings—that would also save money.

The bill creates an “energy refund program” to protect low-income households. It would use 15 percent of total allowances to provide that “eligible low-income households... shall receive a monthly cash energy refund equal to the estimated loss in purchasing power resulting from this Act.”

11 MYTH: Energy-intensive, trade-sensitive American industries would be hurt by competition from firms in nations without pollution reduction programs.

William Yeatman, an energy policy analyst at the Competitive Enterprise Institute, says that, “A cap-and-trade system would give a competitive advantage to industries in countries that aren’t subject to a de facto energy tax.”

There are a number of energy-intensive industries that face foreign competition from firms in countries without pollution reduction programs. This includes the iron and steel, aluminum, cement, glass, ceramics, chemicals, and paper industries. The companies in such industries would receive 15 percent of all pollution

allowances between 2012 and 2025 to enable them to better compete with firms from nations without a greenhouse gas program.

12 MYTH: U.S. pollution reductions will have no effect unless China, India, and other developing nations also make reductions.

Rep. Whitfield asked: “If we unilaterally move to take steps and China and India and other countries do not, how we deal with that?”

The aforementioned assistance to trade-sensitive industries would help level the playing field between U.S. firms and their Chinese and Indian competitors.

China is racing to lead the world in the production of clean-energy technologies. In 2007, China invested more money in renewable energy than every country except Germany. China is among the world leaders in solar, wind, and other clean-energy technologies. It produced the first commercially available plug-in hybrid electric vehicle. And India ranks fifth in the world in installed wind capacity.

China recently surpassed the United States as the world’s largest emitter of carbon dioxide. Yet China’s per capita emissions remain a fifth that of the United States, and its cumulative emissions from 1960 to 2005 are less than one-tenth that of the United States. In-

dia's per capita and historical cumulative per capita emissions are a minuscule 5 percent and 3 percent of the United States', respectively.

13 MYTH: Nuclear energy is the optimal low-carbon energy solution.

Sen. Lamar Alexander (R-TN) has said the United States must “build 100 new nuclear power plants during the next 20 years... [they produce] more than 70 percent of our pollution-free, carbon-free electricity.”

The California Public Utility Commission found that a new nuclear power plant was more expensive than every other power option except a coal plant with carbon capture and storage. The latest cost estimate for a 1,600 gigawatt nuclear plant is up to \$8 billion. Construction of 100 plants could cost at least \$800 billion. This same investment would buy four times more wind power capacity.

New nuclear plants would also require copious amounts water—more than any other electricity source. Doubling the fleet of reactors would significantly add to the 57,000 tons of high-level nuclear waste that lacks permanent storage. Nuclear power would not increase energy independence since we import 90 percent of our uranium, while having only 6 percent of the world supply.

14 MYTH: The renewable electricity standard would divert funds from other important investments.

A state utility commissioner told the House Energy and Commerce Committee that a renewable electricity standard would “divert capital that will be needed to... meet[ing] aggressive carbon targets.”

A well-constructed public Green Bank would provide capital for the development of new clean-energy technologies without diminishing credit markets. The Green Bank would allow the United States to ramp up investment in new renewable and efficient energy, priming the pump for private investment into the growth of an entirely new industry. The bill creates a Community Development Energy Administration inside the Department of Energy that could be made more effective if it were independent of DOE.



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