



WASHINGTON OUTLOOK

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Energy Legislation—Staff Continue “Walk Through,” but Outlook Still Unclear

Staff continued their “walk through” of the House (HR 3221) and Senate (HR 6) energy bills this week. Staff for Senate Energy Committee Chair Bingaman (D-NM), the presumptive conference chair, should one occur, said the discussions “are not to decide the destiny of any provisions, but rather to allow staff to be educated as to the contents and back-stories of the various titles in the two bills.” Bingaman’s office describes the walk through as a “necessary first step in producing a final comprehensive energy bill.”

Democratic leaders in both chambers continue to say that enactment of an energy bill remains a high priority, but energy legislation will have to compete in a crowded fall congressional calendar. Even if Congress passes a conference report – or a measure that bypasses conference – it is not clear that the President will sign it.

Climate Change—Senate: Lieberman-Warner Staff Translating Principles into Bill

Staff for Senators Joe Lieberman (I-CT) and John Warner (R-VA) are busy translating the principles the two lawmakers unveiled this summer into legislative language. The latest word is that the duo will unveil and introduce their bill in mid-October, and then proceed to a subcommittee markup at the end of the month. Assuming a successful subcommittee markup, the full Committee on Environment & Public Works will attempt to follow suit in November. To secure passage, Lieberman and Warner are focusing in particular during the drafting process on fellow subcommittee members Baucus (D-MT), Sanders (I-VT) and Lautenberg (D-NJ).

Climate Change—House: Dingell Floats Carbon Tax Plan

As anticipated, House Energy & Commerce Committee Chair John Dingell (D-MI) this week provided additional detail on the carbon tax plan he plans to introduce soon. Dingell also supports a cap-and-trade program, which he plans to develop in the Energy & Commerce Committee, but he says Congress must adopt a “multi-pronged approach.” Dingell called a carbon tax “the most effective way to curb emissions and make alternatives economically viable.” Jurisdiction over tax policy rests with the Committee on Ways & Means, however, where the political appetite for a tax approach appears to be non-existent. Thus, Dingell’s carbon tax plan is unlikely to advance.

Amongst other things, the Dingell plan would impose a 50-cent per gallon tax on gasoline and a \$50/ton tax on every ton of CO₂ emitted. It would also eliminate the mortgage interest deduction in increments for homes larger than 3,000 square feet.

Climate Change—Administration: White House Hosts Major Economies Conference

The White House late this week is hosting a group of ministerial representatives from 17 nations, plus the UN, in the first “Major Economies Meeting on Energy Security and Climate Change.” The event is part of a Bush initiative “to further the shared objectives of reducing greenhouse gas emissions, increasing energy security and efficiency, and promoting strong economic growth.” President Bush addressed the gathering this morning. Closed-door conference discussions continue through today on energy technologies, private financing, land use and transportation.

The conference is the first of a series of gatherings that will attempt to “develop a detailed contribution to address energy security and climate change when the Kyoto Protocol targets expire in 2012.” Critics have generally panned the conference, faulting the Bush Administration for continuing to favor voluntary GHG reduction targets over a mandatory cap-and-trade approach.

Climate Change—Hearings Examine “Green Jobs,” Chesapeake Bay & US Security

Hearings related to climate change continue on Capitol Hill, even as the committees of primary jurisdiction work to craft legislative solutions. This week, lawmakers in the House and Senate heard from experts on topics ranging from wildfires and “green jobs” to national security and impacts on the Chesapeake Bay.

Experts told the Senate Energy Committee, for example, that the Chesapeake Bay is “in deep trouble,” and is only functioning at about 40% of its ability. They said pollution is the root cause, and that climate change is making matters worse. As waters warm from global warming, they hold less dissolved oxygen and create dead zones, which tend to be especially problematic in shallow waters like the Bay. Biologists said that at 80 degrees, underwater grasses die, which eliminates habitat for crabs and other shell fish, something they said is already happening at the lower end of bay. When that happens, nuisance algae take over. The experts also noted that increases in sea levels and the intensity of storms will result in more floods, more damaged wetlands, and more erosion.

Geothermal—Senate Energy Panel Reviews “National Geothermal Initiative”

The Senate Energy Committee Wednesday took testimony from several experts on committee chairman Bingaman’s (D-NM) bill to create a “national geothermal initiative” to support increases in technology development and commercialization. The bill establishes a national goal of deriving 20% of US power from geothermal energy by 2030.

Amongst other things, the bill requires DOE and DOI to assess the nation's geothermal resource base. It also includes demonstrations of state-of-the-art production technologies and assistance with engineering per an authorization of \$75 M in FY ‘08 and \$110 M annually thereafter through 2012. Many aspects of the legislation are included in the pending energy bills that lawmakers hope to conference yet this year.