

COVER STORY

Approach on Climate is Wrong, English Says

■ NRECA CEO tells president budget plan increases electric bills to pay for tax cuts.

By Steven Johnson

NRECA CEO Glenn English has told President Obama the administration's budget proposal contains a tax on consumers in the name of climate change that is designed more to fatten government coffers for tax cuts than to address environmental concerns.

In a Feb. 27 letter to Obama, English said a provision in the president's fiscal 2010 budget outline to auction emissions credits as part of a massive revenue-raising scheme would have a devastating effect on the affordability of electricity.

While co-ops stand ready to work with the president and Congress to develop sensible, low-cost approaches to climate change, English said, the auction system cedes control of the price of electricity to Wall Street financiers and multinational corporations.

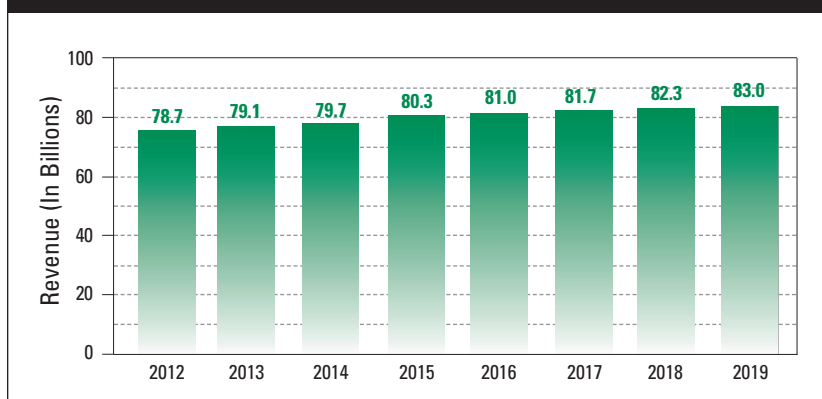
"NRECA strongly objects to the proposal in your administration's budget to auction emission allowances to the highest bidder in a cap-and-trade program. Such a program would only serve as a backdoor, variable tax on consumers," English wrote.

The administration wants Congress to enact a program that would raise about \$80 billion annually starting in 2012 by auctioning allowances of carbon to the highest bidder.

It contends the market-based approach would reduce greenhouse gas emissions about 14 percent below 2005 levels by 2020, and about 83 percent below 2005 levels by 2050. A small portion of the new revenues, expected to reach nearly \$646 billion by 2019, will go toward energy investment and research.

The lion's share will be returned in the form of household tax cuts,

CLIMATE PROPOSAL WOULD RAISE REVENUES



President Obama's budget outline proposes to raise \$645.7 billion in new revenues through 2019 by auctioning emissions credits under a new climate change initiative.

meaning the plan would take away money from consumers through higher electric bills—NRECA has estimated a 15 percent monthly increase—to pay it back later in the form of tax cuts.

"If the government needs to raise revenue to fund important national priorities, those taxes should be set by the government and collected by the IRS, not set by Wall Street to be collected by utilities," English said.

English also said that the auction system plays into the hands of well-heeled interests, who can scoop up allowances and sell them at higher prices to utilities.

Not-for-profit co-ops would have little chance to compete against those bidders to acquire allowances that would help them comply with the greenhouse gas caps.

"The level of the tax would be determined by Wall Street and large multi-national energy companies who would likely be the highest bidders in any auction," English wrote.

Some officials already have expressed concern that revenues collected from the auctions would

represent a transfer of wealth from parts of the country that rely more heavily on fossil fuel-based generation to other regions.

A group of 15 Senate Democrats have signed a letter urging that any cap-and-trade legislation "ensure that consumers and workers in all regions of the U.S. are protected from undue hardship."

"When addressing climate change, we should ensure that revenue generated by a cap-and-trade system goes back to the consumers, states, and industries that are most affected by the changes," said Sen. Sherrod Brown, D-Ohio.

The fact that the administration assumes that Congress will enact a cap-and-trade system means outreach by members to elected officials through the Our Energy, Our Future program is vital, English said.

"There is no time to waste. It is clear which direction the administration is taking, and it is incumbent on every single co-op to contact their members in Congress and express their very real concerns about this budget proposal." □

