

Obama Says Senate May Drop Cap and Trade, Pass Energy-Only Bill

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ClimateWire
February 3, 2010

President Obama acknowledged yesterday that the Senate may pass an energy bill this year without the cap-and-trade component he has long put at the center of his environmental agenda.

Speaking at a town hall meeting in Nashua, N.H., Obama repeated his call for a price on greenhouse gas emissions but said he recognized that such an approach may not have the votes to make it into law.

"The only thing I would say about it is this: We may be able to separate these things out," Obama said. "And it's conceivable that that's where the Senate ends up. But the concept of incentivizing clean energy so that it's the cheaper, more effective kind of energy is one that is proven to work and is actually a market-based approach."

Senate moderates from both parties are pushing Obama to accept an energy-only approach without putting a price on carbon emissions the way the House-passed bill (H.R. 2454) does, including Agriculture Chairwoman Blanche Lincoln (D-Ark.), Budget Chairman Kent Conrad (D-N.D.), and Sens. Byron Dorgan (D-N.D.) and Judd Gregg (R-N.H.).

"I think cap and trade has a long road here obviously," Gregg said yesterday. "And there's a lot of good initiatives on energy policy that are on a shorter track and will hopefully be pursued aggressively."

"I think it's more logical to focus on those things we can do in the short term," Gregg added.

Dorgan on Monday said he wants the Senate to pass the Energy and Natural Resources Committee bill (S. 1462) that establishes a nationwide renewable electricity standard, along with a raft of other energy incentives, including a provision that could bring oil and gas rigs closer to Florida's Gulf Coast.

"If you ask somebody who believes fervently in cap and trade and a lower carbon future, 'What would you specifically do to achieve that?' they'd talk about the very things we've put in this energy bill," Dorgan said.

Obama's comments on the Senate climate and energy bill came in response to a question from an audience member -- former Rep. Richard "Dick" Swett (D-N.H.) -- who had asked about the prospect of tackling U.S. energy dependence "without having to do cap and trade and other aspects with environmental controls that are going to have negative impacts on our economy."

Obama said that his energy agenda is centered on promoting energy efficiency and clean energy technologies, including renewables, nuclear power and carbon capture and storage at coal-fired power plants. Cap and trade also needs to be in the mix in order to promote cleaner forms of energy at the lowest cost to industry, Obama said.

Going for an energy bill alone, Obama said, is equal to saying, "let's do the fun stuff before we do the hard stuff."

"And so the question then is: Does it make sense for us to start pricing in the fact that this thing is really bad for the environment?" Obama added. "And if we do, then can we do it in a way that doesn't involve some big bureaucracy in a control-and-command system, but just says, look, we're just going to -- there's going to be a price to pollution. And then everybody can adapt and decide which are the -- which are the best energies."

A White House spokesman said Obama's remarks about the Senate debate were only an "observation."

"The president made his commitment to comprehensive energy and climate change legislation clear in last week's State of the Union address," the spokesman said. "Nothing has changed."

Advocates of a broad Senate climate bill -- including the cap-and-trade provisions -- also were quick to downplay the president's remarks.

"This is not a signal; this is President Obama explaining the imperative for a price on global warming pollution to drive clean energy investments," said Dan Weiss, a senior fellow at the left-leaning Center for American Progress. "He is making the case that an energy-only bill won't be enough to drive investment."

"While today he's acknowledged that some want to go the path of least resistance, he made equally clear that's not his administration's position," said Sen. John Kerry (D-Mass.), the lead author of the Senate climate and energy effort.

Kerry said that he is getting closer to producing legislation with a limit on greenhouse gas emissions with Sens. Joe Lieberman (I-Conn.) and Lindsey Graham (R-S.C.) -- even if the exact details remain a work in progress.

"It's accurate that we're still working on precisely what the carbon pricing mechanism and what shape it will take," Kerry said yesterday. "It might be a hybrid. It might be one component. There may be some compromise. We have to look at that very closely. We know we have to price carbon, and that's essential."

Kerry, Graham and Lieberman are circulating text on a number of key issues, Kerry said. "I think we've moved very significantly on the nuclear piece, on the energy title itself, on the alternative renewables, on natural gas, on some of the offset pieces," he said. "I think we're making a lot of progress."

While Kerry repeatedly declined to provide specifics, he confirmed that the proposal would include tax incentives and loan guarantees for the nuclear power industry.

"I don't want to start throwing out little nibbles and pieces of one title or another," Kerry said. "I don't think it serves us well. I think we need to treat this as a package. Nothing's agreed to until we've got everything agreed to."

Senate aides said this week that they do not expect complete details of the Kerry-Graham-Lieberman package to emerge until next month at the earliest. After that, U.S. EPA would take about four weeks to run modeling on the proposal, followed by another week of interagency review before it is ready for the floor.

Senate Majority Leader Harry Reid (D-Nev.) said yesterday he is waiting for Kerry and Graham "to come up with a package on that, a bipartisan package, and I hope they do it soon."

Asked if he still was aiming for a floor debate this spring, Reid replied, "Yeah, I hope so."