



## Q & A With Paul Hanrahan, CEO of AES

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This morning's NY Times Business section features a very interesting [Q & A with AES](#) (a major, worldwide power company) CEO Paul Hanrahan about the future of power generation. He talks about a wide variety of subjects, from renewable energy sources like wind, to building new LNG plants on the East Coast to different ideas on carbon sequestration. One of the most amazing facts was that to offset the emissions from a new power plant, AES planted 50 million trees in Guatemala. At the end of the interview, there was a question about coal:

Q. In July, AES announced the installation of clean coal technology at your power plant in Dresden, N.Y. With future oil supplies so problematical, what do you see as coal's future?

A. For countries with coal as an indigenous resource, coal has a lot of potential because you can do a lot to reduce the particulate emissions and the sulfur nitrogen emissions which cause acid rain. You can reduce the carbon emissions from a power plant very cheaply, so we think there is a lot of potential to produce electricity in an environmentally responsible way.

Sounds great...clean cheap coal. It almost makes you almost think that everything is very doable, just leave the private sector alone and let them innovate...But it would be a mistake to not regulate this area.

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The reason companies are taking any action on these issues is because of governmental

regulations and the fear that they will be caught out when new regulations are announced. And while all these voluntary efforts to cut emissions sound good, sometimes there is a lot less substance than meets the eye. The Natural Resource Defense Council (NRDC) has [exposed numerous](#) examples of shady carbon credit accounting. Here's one for AES

AES claimed an emission "reduction" for recovering carbon dioxide from its Warrior Run plant and selling it for use in food processing and soft drinks. This is actually a step backwards, though, because AES's fossil carbon dioxide is replacing renewable carbon dioxide captured from ethanol plants, the usual source of food-grade carbon dioxide. Moreover, no one at AES or the Department of Energy seems to have realized that the bubbles in soda pop are "sequestered" only until the can is opened.

So every time you crack a soda can open, that might be someone's sequestered carbon credits making the pop sound.

Obviously, there is a big need to better track exactly what carbon sequestration counts and what doesn't as we start to look at any legislation to regulate carbon emissions or trading. I strongly think that a [carbon cap and trade system](#) would be the best approach to cutting carbon emissions, since it would harness the power of the financial system to squeeze every last drop of efficiency out of the carbon we emit. But before we do, we need to first agree to a system of carbon accounting that makes sense and will actually reduce greenhouse gases.

Right now New York is losing ground to London as the place where carbon emissions can be traded ever since the [European Union's Emission Trading Scheme](#) was activated in 2005 by the ratification of the Kyoto treaty. New York City's leaders should push for some type of Carbon trading system to come into effect sooner rather than later so that we don't lose ground in what is sure to be one of new financial markets that is an essential part of doing business around the world.



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