



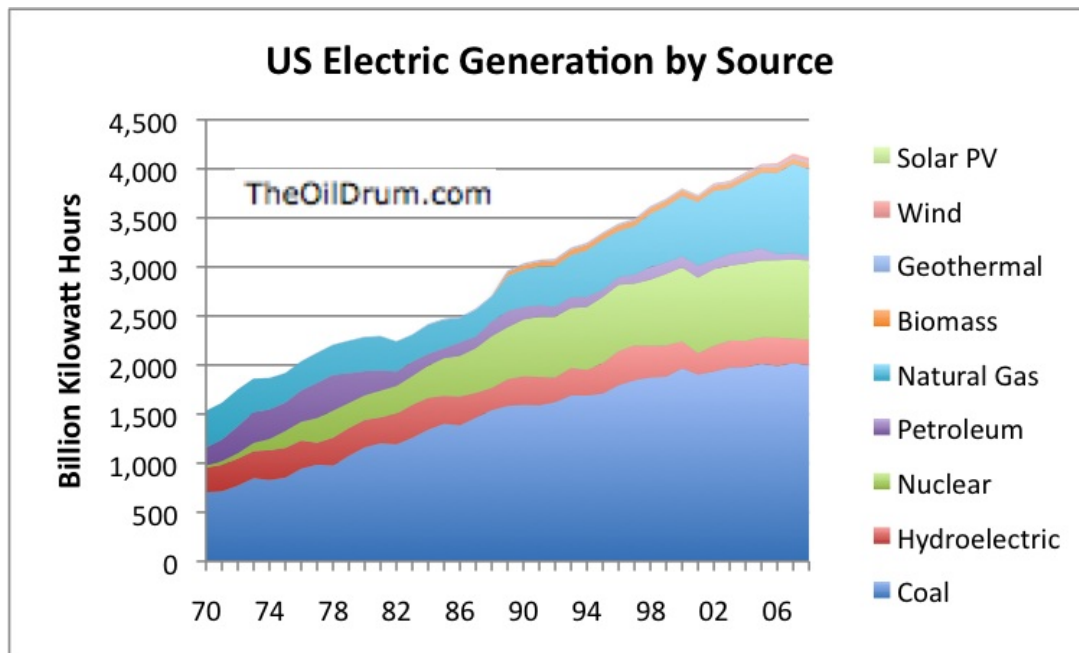
Three Energy Stories to Watch

Posted by [Gail the Actuary](#) on April 13, 2009 - 1:10pm

Topic: [Environment/Sustainability](#)

Tags: [daniel press](#), [epa regulation](#), [ned farquhar](#), [renewable energy certificate](#) [[list all tags](#)]

There are three different stories that I think we should be watching. All relate in some way to the Obama administration's attempt to reduce global warming gasses in the short term. I think it is easy to overstep what is reasonable, and this may be the direction the administration is headed.



US Electricity generation by source, based on EIA data

Change is likely to be difficult at best. The amount of funds available to make major changes is not likely to be very high (except for "printed money"). Substitutes such as wind and solar are not very scalable quickly, and as we know, the big three auto makers are already near bankruptcy. The three stories I discuss below the fold are

[U.S. Takes a Gamble With Test of Carbon Caps on Car Makers](#), about possible EPA regulation of carbon emissions

[Ned Farquhar appointment](#)

[Opinion: 'Renewable energy certificates' are a feel-good scam](#)

EPA Regulation of Auto Emissions

Whether or not any Climate Change legislation is enacted, the Obama administration has the power to affect what the EPA does in regulating green house gasses. The Wall Street Journal had an article this morning about the EPA possibly imposing carbon limits on automobiles, even as major players in the industry are not far from filing for bankruptcy.

[U.S. Takes a Gamble With Test of Carbon Caps on Car Makers](#)

The Obama administration is preparing to test whether capping greenhouse gas emissions will push the economy into higher gear, or deeper into a rut. The likely subject of the experiment is the ailing auto industry.

Later this month, Environmental Protection Agency Administrator Lisa Jackson is expected to declare that carbon dioxide emissions from automobiles endanger health and welfare because of their impact on the climate.

That finding will be a trigger for the EPA to regulate greenhouse-gas emissions under the 1970 Clean Air Act -- independent of any congressional action on broader climate-change measures. A senior administration official familiar with the EPA's plans says the agency will likely confine its rule-making efforts on greenhouse gases this year to autos. The Obama administration is preparing to test whether capping greenhouse gas emissions will push the economy into higher gear, or deeper into a rut. The likely subject of the experiment is the ailing auto industry.

Later this month, Environmental Protection Agency Administrator Lisa Jackson is expected to declare that carbon dioxide emissions from automobiles endanger health and welfare because of their impact on the climate.

That finding will be a trigger for the EPA to regulate greenhouse-gas emissions under the 1970 Clean Air Act -- independent of any congressional action on broader climate-change measures. A senior administration official familiar with the EPA's plans says the agency will likely confine its rule-making efforts on greenhouse gases this year to autos.

At this point, the auto makers are ailing, and already have requirements to increase mileage to at least 35 miles per gallon by 2020, a 40% increase from the roughly 25 mpg standard for the current fleet. If California standards were adopted, this would imply a more stringent standard--approximately 35 mpg by 2017, and would remove the current (silly) credit for flex fuel vehicles, unless companies can show that cars are actually purchasing E85 to operate these vehicles. All of this, if implemented, would be a big change. While all of these things would be good, from a point of view of reducing CO₂, there is a question of whether they are really doable, in the short term.

Appointment of Ned Farquhar as Deputy Assistant Secretary for Land and Minerals Management

Ned Farquhar is a controversial appointee. According to [this article](#), he is former employee of the most aggressive of all the anti-energy lawsuit groups, the Natural Resources Defense Council. The position to which he was appointed did not require congressional approval.

According to the [Coal & Energy Price Report](#) 4-9-09 (subscription):

He's no stranger to the coal industry. "I know this guy and this unbelievably bad for coal," a source said. "He's the most extreme of the lunatic fringe."

A onetime advisor to New Mexico Gov. Bill Richardson, Farquhar's recently was a senior advocate on Mountain West energy and climate issues with the Natural Resources Defense Council. He's been one of the driving forces behind the Western Climate Initiative which opposes almost all new coal, natural gas, nuclear or hydropower development in the West. Farquhar's blog posts can be read at www.NRDC.org.

Farquhar's views on all forms of fossil fuels and their future development – coal, oil, natural gas, oil shale – are significantly to the left of Interior Secretary Ken Salazar and almost certainly President Obama, according to some analysts. He's also not the first senior appointment to the administration from the NRDC, one of the most aggressive and left-leaning of all environmental groups on the energy issues.

"This guy is seen as an extremist," the source said. "Even within his own enviro communities."

One doesn't like to put too much weight on one unnamed source, but this story looks like something we should be watching.

Opinion: 'Renewable energy certificates' are a feel-good scam

I wouldn't be inclined to pay any attention to one op-ed piece, but this one is written by [Daniel Press](#), professor and chair of the Environmental Studies Department at the University of California, Santa Cruz. With those credentials, I would be inclined to listen to what he has to say. He indicates that the certificates don't really do much, beyond paying the salaries of those selling the certificates.

According to [Professor Press](#)

Today, hundreds of universities and companies enthusiastically purchase billions of credible-sounding "Renewable Energy Certificates" in the belief that their investments are developing alternative energy sources, such as wind and solar power. They are doing no such thing. Instead of unwittingly buying empty bragging rights, these schools and corporate players should pay for real energy projects with measurable impacts, like rooftop solar panels and improvements in energy efficiency. . .

My students thought they were subsidizing wind power. What they actually got was a lot of hot air.

To understand why, consider the economics of renewable-energy production. Wind farms in California and Texas sell electricity on the wholesale market, with a significant boost from federal production tax credits for renewable energy. But prices for renewable-energy certificates, as negotiated by brokers and power producers, are very low – 10 percent of the difference between the cost of producing nonrenewable and renewable energy, and far too little to actually spur production.

By harnessing the power of the word "renewable" for spin and gimmickry, certificate brokers have persuaded hundreds of colleges to buy the "environmental attributes" of wind, landfill gas and solar energy — but not the electricity itself. "Environmental attributes" is the sort of mumbo-jumbo that's hard to explain in news releases and on Web sites, so thousands of certificate buyers simply say that 100 percent of their power is green. . .

It would be great if the purchase of certificates made up the difference between conventional and renewable power, but at best this is a token subsidy for renewable energy. Most sales don't do much beyond paying the salaries — of people selling certificates.

Renewable energy certificates are already being sold, and are part of the [Waxman Markey Draft Energy Legislation](#) now being discussed. That legislation includes a Renewable Energy Standard that would require 6% of electricity come from renewable fuels by 2012, and 25% by 2025, but this obligation can be met by buying Renewable Energy Credits.

If someone has information showing that Professor Press is wrong, I would be interested in hearing it. Are there studies being done showing this program is actually doing what it is intended to do? This has become a big business, and one would like to think that some governmental organization is watching to make sure that it really makes sense.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).