Industry Perspectives on Carbon Management and Greenhouse Gas Regulations

David Kolaz
Illinois Manufacturers’ Association
Sustainability Overview

The three pillars of sustainable development, from left to right, the theory, the reality and the change needed to better balance the model.

From the Report of the IUCN (International Union for the Conservation of Nature)
Renowned Thinkers Meeting, 29-31 January 2006
Sustainability—Another View

Three dimensions

From Cornell University-Cornell Sustainable Campus
Interactions

Source: Wikipedia; Author: Johann Dréo
Balance is needed?

- Sustainability requires “balance” between economic, social, and environmental dimensions.
- Unlike the economic dimension, the natural environment is not created by society.
- The natural environment supports both society and the economy.
- Tradeoffs must occur and it is in the nature of these tradeoffs that sustainable development is defined as the “desirable” environmental outcome emanating from economic and social decisions.
IMA View Of Sustainability

Industry is committed to sustainable development policies that provide a balance between its social, economic, and environmental dimensions that retains the vital social and economic benefits produced by the American manufacturing and industrial sector.
National Association of Manufacturers

“The U.S. Congress must engage in a thorough and transparent deliberative process for establishing federal climate change policies to reduce greenhouse gas emissions, while maintaining a competitive level playing field for U.S. companies in the global marketplace.”
Fundamental Principles for Guiding Climate Legislation

- American jobs and the ability of U.S. industry to compete must be preserved.
- Must be based on the expectation of a suitable global commitment by all U.S. trading partners in a reasonable timeframe.
- Must encourage and promote the rapid development and commercial deployment of technologies to produce clean energy and reduce GHG emissions everywhere possible.
Fundamental Principles for Guiding Climate Legislation (continued)

- Policies must allow the expansion and use of reliable, affordable and environmentally sound domestic energy supplies.

- Proven and innovative energy efficiency and conservation strategies must be promoted and encouraged.
Jobs Impact of Waxman-Markey

2008 Electricity Prices

Source: Americans for Balanced Energy Choices, 2008
Impact of US Cap and Trade On Global CO2 Emissions

**Graph:**
- Reference
- S.2191 w/o International Action
- International Action w/o S.2191
- International Action w/ S. 2191

**International Action**
- Group 1 countries (Kyoto group less Russia) follow an allowance path that is falling gradually from the simulated Kyoto emissions levels in 2012 to 50% below 1990 in 2050.
- Group 2 countries (rest of world) adopt a policy beginning in 2025 that returns and holds them at year 2015 emissions levels through 2034, and then returns and maintains them at 2000 emissions levels from 2035 to 2050.

**EPA Analysis of the Lieberman-Warner Climate Security Act of 2008**
Energy Efficiency Example of Emerging Technology

- US Department of Energy will award up to $10 million to the first person or group to create a new low energy version of the most popular type of light bulb used in the US.
- 60-watt incandescent lamps represent 50 percent of all the lighting in the United States, with 425 million sold each year.
- The US DOE says that if all those lamps were LED equivalents, enough power would be saved to light 17.4 million American households and cut carbon emissions by 5.6 million metric tons annually.
- Philips Electronics has submitted an entry which it says meet all the criteria of the contest, which specifies a bulb that reproduces the same amount and color of light made by a 60-watt incandescent bulb, but uses only 10 watts of power. The bulb must also last for more than 25,000 hours - about 25 times longer than a standard light bulb.

From New York Times, September 24, 2009
Some IMA Climate Legislation Thoughts

- Carbon offsets-allow for flexibility and innovation
- Improve critical energy system infrastructure
- Include transitional measures to cushion impact on energy intensive trade-exposed industries/workers
  - Allowances should be adjusted for better or worse than average performance
  - Allowance levels should decline over time, but at a slower rate than for other sectors
  - Periodically review whether sectors are experiencing competitiveness impacts and adjust allowances to compensate
- Reward early action
Conclusion

- The business community is committed to the concept of sustainable development
- Projects are underway or have been completed to improve businesses energy efficiency and reduce their carbon footprint
- A number of U.S. companies are involved in the cap and trade programs operating in Europe.
- The wide-ranging and complex climate change/energy legislation now under consideration has the potential to produce adverse consequences and fall short of its intended goals
Web Links

- Sustainability definitions and concepts http://www.sustainablecampus.cornell.edu/csi.cfm