

United Mine Workers of America

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List of Suggested HR 2454 Improvements

- The target of 17% emission reduction by 2020 does not provide sufficient time for commercial application of carbon capture and storage (CCS) technology on new or existing power plants. CCS is important because more than half of electricity in the U.S. is produced with coal, the cheapest and most abundant U.S. fuel. Use of CCS instead of shutting down coal plants will greatly reduce the impact on electricity prices and reduce the demand for energy imports. CCS will eventually be needed to abate emissions of carbon dioxide from natural gas as well as coal.
- Cap-and-trade in the U.S. will raise energy prices relative to developing countries that do not limit greenhouse gas emissions, which means a greater incentive for jobs to move to developing countries. To prevent this, an adjustment is needed to require allowance purchases for the greenhouse gases emitted in producing imports. HR 2454 can be strengthened by accelerating the initial date for potential border adjustments from 2025 to one year after U.S. implementation and placing the decision authority in an independent commission.
- HR 2454 provides bonus allowances for commercial CCS applications to defray the costs of CCS for up to 72 gigawatts of capacity. However, not enough time is given to energy producers to use these allowances. Unused allowances should be carried forward to ensure that the allowances will be available when energy producers are geared up to use them.
- Recognizing that DOE is the administrator of fossil fuel R&D programs, DOE can provide more effective direction in the use of CCS bonus allowances than EPA, the agency given the authority in HR 2454.
- Allowance allocations to electric distribution companies should be based on emissions, and not on electricity sales, which provides a windfall for non-emitting sources. Allocation to emitters helps keep down energy costs and provides a mechanism for energy producers to invest in emission reduction technologies.
- Another shortcoming of HR 2454 is that it provides only for a study of CCS long-term liability issues. Instead of the study, HR 2454 should address and resolve CCS liability issues with the federal government accepting a shared portion of the liability with project developers, with rules to be developed by the DOE.

With these changes to make the bill more effective, HR 2454 holds great promise as a vehicle for supporting the transition of the U.S. economy to a dramatically lower carbon footprint while providing job-creating economic stimulus.