

Freudenthal urges measured approach to carbon regulation

By DUSTIN BLEIZEFFER

Star-Tribune energy reporter

Sunday, April 19, 2009 2:06 AM MDT

Given Wyoming's carbon-intensive energy economy, Gov. Dave Freudenthal tries to keep a cool head in the emotional debate over how to address climate change.

It's the details that matter, Freudenthal says. How are carbon credits doled out? How do you bring renewable energy and fossil fuels into the same competitive marketplace?

"Bumper-sticker answers to this are a complete formula for disaster," Freudenthal said.

The Environmental Protection Agency on Friday concluded that carbon dioxide and five other greenhouse gases are a danger to public health and welfare, inching the United States closer toward someday regulating pollution linked to climate change.

While zealots on either side of the global warming issue cheered and jeered the news, Freudenthal soberly warned of the difficult details that await Congress and the Obama administration as they consider a cap-and-trade approach to regulating greenhouse gases.

"I think we just need to be very thoughtful and analytical in our approach instead of emotional," Freudenthal said in a phone interview with the Star-Tribune.

The EPA concluded that the science pointing to man-made pollution as a cause of global warming is "compelling and overwhelming." The blame goes mainly to CO2 from burning fossil fuels.

The action was prompted by a U.S. Supreme Court ruling two years ago that said greenhouse gases are pollutants under the Clean Air Act and must be regulated if found to be a danger to human health or public welfare.

Some say President Barack Obama needs significant congressional agreement on the matter before the international Copenhagen Climate Summit in December. But Freudenthal estimates that the EPA's action is less of a political prodding to Congress than a bare minimum response to the 2007 Supreme Court ruling.

Freudenthal said he believes it's more important to take the time to work up a regulatory approach that's functional, and that may require building it in several steps.

"I'm not sure it has to be some huge omnibus bill that goes into effect on day one," the Democratic governor said.

However, Freudenthal said he does welcome a vigorous public debate on the details of a cap-and-trade program, such as how carbon credits would be allocated in a way that doesn't make it cost-prohibitive for businesses.

"What I am in favor of is at some point we have to reach a decision about how we are going to value carbon," he said.

In 2007, PacifiCorp scrapped a planned 527-megawatt, super-critical pulverized coal unit at the Jim Bridger power plant in Sweetwater County because carbon regulation wasn't in place, according to the company. Since then, PacifiCorp has been erecting dozens of wind turbines in Wyoming on a federal tax credit.

What America has right now, Freudenthal said, is the worst of both worlds: Conventional fossil fuel sources of energy are on hold in anticipation of carbon regulation, and unconventional renewable sources of energy are being built on subsidies.

James Holtkamp manages the global climate change practice division of the Holland & Hart law firm and has many energy clients in Wyoming. He said the EPA decision essentially pulls greenhouse gases under the regulatory obligations of the Clean Air Act, and that's a "clumsy" way to deal with climate change.

"It's pretty clear that although this refers specifically to automobile emissions that it will be used in other programs under the Clean Air Act," Holtkamp said. "Obviously that means (EPA) is going to make the same findings on emissions from stationary sources."

That means steel coking ovens that burn coal, coal-burning power plants, and even business offices and apartment buildings -- anything that emits greenhouse gases. Holtkamp said the problem with leaving this authority with EPA under the Clean Air Act is that the agency becomes legally obligated to regulate greenhouse gases for all programs

under the act.

"The difficulty is no state in the U.S. can do enough to change the ambient CO2 in the atmosphere -- it's global," Holtkamp said.

Energy reporter Dustin Bleizeffer can be reached at (307) 577-6069 or dustin.bleizeffer@trib.com. Check out Dustin's blog at tribtown.trib.com/DustinBleizeffer. The Associated Press contributed to this report.

What's cap-and-trade?

* Cap-and-trade refers to the policy approach of establishing maximum allowable level greenhouse gas emissions, then charging entities that exceed the limit. Companies that exceed the cap must offset that volume by buying carbon credits from entities that have earned credits for remaining below the cap.

* Under President Barack Obama's cap-and-trade plan, the government would auction off the rights to exceed greenhouse gas emission caps, raising an estimated \$646 billion. This is in addition to clean energy producers selling their credits to companies that exceed the cap.