Climate Loopholes

The House’s approval of the Waxman-Markey climate change bill earlier this month was a remarkable political achievement and an important beginning to the task of reducing greenhouse gas emissions. But in all the last-minute wheeling and dealing, the House bill acquired two big loopholes that the Senate must close.

The first loophole involves coal-fired power plants. Coal is the world’s most abundant fossil fuel — producing more than half the electricity in the United States — and also its dirtiest, with twice the carbon content of natural gas.

The House bill would limit emissions from coal-fired power plants in two ways. It imposes a cap on emissions from all industrial facilities that tightens slowly over time. It also sets tough performance standards on new power plants permitted after 2009, requiring emissions reductions of 50 percent or more. The bill would help underwrite advanced technologies capable of capturing carbon dioxide and storing it underground.

The bill does not, however, impose any performance standards on existing power plants. And it explicitly removes these plants from the reach of the Clean Air Act. This is a mistake. The overall cap on industrial emissions will not be fully effective for a long time, and, meanwhile, the government should be able to impose lower-emissions requirements on the older, dirtiest plants.

There is little doubt that the Clean Air Act authorizes the Environmental Protection Agency to require existing plants to reduce emissions by, say, using cleaner fuels or increasing efficiency. But the House bill says otherwise, at least when it comes to carbon dioxide. The Senate must fix this problem by writing standards for existing plants into its bill or restoring the E.P.A.’s authority to do so. The old plants simply cannot be let off the hook.

The second loophole involves the tricky matter of offsets. Offsets allow polluters who cannot immediately reduce their own emissions to get credit for reducing emissions elsewhere. A rich country can earn credits by helping a poor country save its rain forests. Domestically, a power company can earn credits by, say, helping farmers capture methane emitted by animal waste ponds or cultivate land in ways that help absorb carbon.

Offsets are an important cost containment mechanism since it is usually cheaper for a company to buy offsets in the near term and gain time to install the new technology necessary to eventually meet its targets. But they can be easily manipulated. Academic studies have found that many of the offsets purchased by industrialized countries under the Kyoto treaty turned out to be bogus or produced far less reductions than advertised.
This is a very real danger with some of the offsets in the House bill. For instance, the bill would allow polluters to meet their requirements not by paying farmers to put new conservation techniques in place but by paying them to keep doing things they were already doing. The result is that money changes hands, but the atmosphere is no better off. Offsets must be real and verifiable, or the integrity of the entire scheme is at risk.

There are risks here. The Senate has already rejected much weaker bills. But the political climate is more favorable now than it has ever been, and Senate Democrats should not settle for half-measures.