

## GLOBAL CLIMATE CHANGE

Climate change is a complex and long-term public policy challenge that must recognize the vital role energy plays in maintaining jobs, economic strength and way of life. Most PMAA members will accept fair and reasonable carbon emission reductions as long as the reductions are balanced across all carbon sources. Policy recommendations to date have placed a disproportionate amount of reductions on liquid fuels such as gasoline, diesel and heating oil. Furthermore, since people rely on heating oil to survive and reducing their consumption is quickly limited by cold weather, home heating oil should not be included in any reduction requirements that inevitably increase price.

### **CLIMATE CHANGE LEGISLATION**

#### House of Representatives

President Obama and Congressional leaders have pledged support for legislation designed to curb carbon emissions. The largest component of the legislation will focus on dramatically reducing carbon emissions resulting from petroleum and coal consumption. In June 2009 the House of Representatives narrowly passed H.R. 2454, the American Clean Energy and Security (ACES) Act, that would require a 17 percent reduction in carbon emissions below 2005 levels by 2020.

In its analysis, the Energy Information Administration (EIA) estimated that the ACES climate bill would drive gasoline, diesel and heating oil prices above five dollars per gallon. The increased energy costs would burden every American, but the burden would fall hardest upon rural Americans.

PMAA opposes H.R. 2454 because it would unfairly burden consumers. The bill has become more controversial in recent months because of its potential for massive bureaucracies and credit trading influence which would give Wall Street a blank check to trade carbon derivatives and drive up the price of motor and heating fuels.

#### Senate

A number of legislative proposals have been introduced in the Senate to curb carbon emissions; however broad support remains elusive. In November 2009, the Senate Environment and Public Works (EPW) Committee approved a bill that was introduced by Senators Barbara Boxer (D-CA), chair of the EPW Committee, and John Kerry (D-MA), chair of the Foreign Relations Committee. S. 1733, the Clean Energy Jobs and American Power Act, commonly referred to as the Boxer-Kerry bill, calls for a cap-and-trade regime with a 20 percent reduction in carbon emissions by 2020.

Without much support for the Boxer-Kerry bill in the Senate, Senators John Kerry (D-MA), Joe Lieberman (I-CT) and Lindsey Graham (R-SC) drafted a climate bill that would put a price on carbon and include incentives for clean coal technology and nuclear power; provisions they hoped would gain broad bipartisan support. However, a combination of other legislative priorities and difficulty getting other Republican support has delayed introduction of the bill. Given the demands on Congress and the beginning of the elections process, it is unlikely the Senate will move a climate bill this year.

The Waxman-Markey bill, Boxer-Kerry bill, and Kerry-Graham-Lieberman bill discriminate against liquid fuels. Any policy developed to reduce carbon emissions should be spread over all carbon sources – equivalent to their carbon emissions. Furthermore, heating oil should be given special consideration because homeowners must heat their homes and the potential to cut costs via reductions in consumption are greatly limited.

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