

Republican Energy and Climate Distortions

“Wrong in so many ways.”

An Analysis by the Majority Staff of the Select Committee on Energy Independence and Global Warming

Chairman Edward J. Markey

Now that Chairmen Edward J. Markey and Henry Waxman have released their American Clean Energy and Security Act (ACES) to create millions of clean energy jobs that can't be shipped overseas and end our dependence on foreign oil, the inevitable attacks from entrenched special interests and obstructionist Republicans have started. And just as they did in last year's fight over energy policy--when they made countless false statements, like no oil was spilled during Hurricane Katrina--they are now spreading misinformation about clean energy legislation.

The Republican campaign to kill clean energy legislation uses the names of respected organizations like the Congressional Budget Office and the Massachusetts Institute of Technology, and then distorts their trusted analyses. It takes the gloom and doom predictions from industry-hired consultants like Charles River Associates to prey on fears of hard-working Americans over the future of our economy.

And while the Republicans are offering no real alternatives, this energy misinformation campaign assumes that no actual benefits will result from moving to a clean, energy efficient future or from reducing America's dependence on foreign oil. It assumes American ingenuity and technological innovation are dead. It depends on recycling all the stale arguments and policies that have led to America's dangerous dependence on foreign oil and harmed our national security.

The ACES Act includes cost-saving energy efficiency technologies, more electric vehicles to cut oil use, and a renewable electricity standard that will save consumers nearly \$100 billion dollars by reducing energy prices. The additional economic benefits from more clean energy jobs that can't be shipped overseas, health protections from reduced pollution, and other factors, will make clean energy an American economic engine for decades to come.

Here are the major Republican and industry-peddled distortions, and the facts:

Distortion #1 – Clean energy and climate legislation will cost \$1,300 per family.

FACT: The Republican “experts” who did this math should get an F for “False.” This number assumes that the revenues from a cap on global warming pollution would never make it back into the economy, which is the exact opposite of the program. Newt Gingrich and industry henchmen are taking CBO estimates of the value of the carbon market and applying the total value as a direct cost on consumers.

This analysis ignores the benefits of a clean energy future, as if the value and gains from the program disappear into thin air. In the real world, it will be refunded to consumers, invested in efficiency projects that lower energy bills and in energy technologies that will drive economic growth and job creation over the next century.

Distortion #2: Democratic proposals would cost families up to \$3,100 per year.

FACT: More fuzzy math from Republicans, this time by distorting a study by MIT. Republican leaders like Rep. John Boehner (R-OH) and Sen. Mitch McConnell (R-KY) are attacking clean energy and climate legislation, claiming that it would “cost every American family up to \$3,100 per year in higher energy prices” By drawing on an MIT study.

The author of the MIT study has said this figure is “wrong in so many ways, it’s hard to begin,” and sent a sharply-worded letter to Rep. Boehner pointing out the inaccuracies in his statements about the report. The letter can be found by clicking [here](#).

House Republicans took the total revenues from a hypothetical global warming pollution system analyzed by MIT and crudely divided it by the number of households in America, getting approximately \$3,100 per family. What they omitted is that MIT had determined the costs on a typical family and the burden would only be less than 1/40th than what Boehner and others claim, and that rise would not occur until 2015.

Mr. Reilly also notes in the letter that: “Many of the proposals currently being considered by Congress and as proposed by the Administration have been designed to offset the energy cost impacts on middle and lower income households and so it is simplistic and misleading to only look at the impact on energy prices of these proposals as a measure of their impact on the average household.”

Rep. Boehner and others don’t mention that revenues from a carbon pollution

control program could be returned to consumers, or used to invest in clean energy jobs and cost-saving energy efficient technology. So it focuses on all the costs and ignores the benefits. It's just more of the same, tired arguments from a party out of ideas on energy policy.

Distortion #3—There are great costs to transitioning to a low-carbon economy, but no benefits.

FACT: Oscar Wilde once said that cynics “know the cost of everything and the value of nothing.” In a real cost-benefit analysis, you look at both sides of the equation. Industry-friendly analysis like that done by Charles River Associates, commissioned by the Edison Electric Institute, grossly overstate the cost of climate protection on things like allowance price, electricity rates, and GDP (they project GDP impacts for 2015 that are 300 to 400 percent higher than those found by other models). Further, this industry analysis ignores the massive costs of and climate inaction, which the Stern Review estimates will reach at least 5 percent of global GDP annually. Industry analysis also ignores the benefits of building up a robust domestic renewable energy industry, which the ACES Act would dramatically accelerate. Revenue growth in the wind, solar, and biofuel sectors alone was 53 percent last year.

Here are the **benefits** from clean energy provisions in the American Clean Energy and Security Act:

--According to an analysis using Department of Energy models, increasing renewable energy to 25 percent by 2025 would save Americans nearly \$100 billion in electricity costs, stretching across all regions of the country.

--Increasing energy efficiency nationwide to fifteen percent by 2020 will save American families and businesses nearly \$170 billion on electricity bills, according to the American Council for an Energy Efficient Economy.

--Investing in renewable energy creates more than twice as many jobs per unit of energy and per dollar invested than traditional fossil fuel-based technologies.

Distortion #4—The technology isn't ready for us to move to a clean energy economy.

FACT: This is Republican pessimism that runs directly counter to American optimism, ingenuity and our proven ability to meet great challenges. History has demonstrated over and over again that if policy creates the right ground rules, entrepreneurs and American businesses find solutions that were previously

unimaginable.

If, in 1962, Republicans and their industry friends had a similar response to President Kennedy's call to put a man on the moon, they would have come back and said we lack the trees to build a ladder that tall.

Here are two examples of industry nay-saying on technology:

--During the 1990 debate on the Acid Rain Program, manufacturers warned that the health benefits of the Program "are not clearly supported by science, and their adoption could deal a crushing economic blow to U.S. business." Result: OMB finds "the Acid Rain Program accounted for the largest quantified human health benefits—over \$70 billion annually—of any major federal regulatory program implemented in the last 10 years, with benefits exceeding costs by more than 40:1."

--In 1995, as chemical manufacturers opposed the phase out of ozone-depleting chemicals, DuPont warned the costs in the U.S. would exceed \$135 billion and "entire industries would fold." Result: actual costs were almost one hundred times less, and DuPont has made millions selling substitutes for phased-out chemicals.

The reality is, this is a technological race we cannot lose. Right now, only about one out of every four top clean energy companies are from the United States. Germany's second largest export, after cars, is wind turbines, and they also deploy nearly half of the world's solar panels. We are losing the race to build the next generation of hybrid batteries to Korea and China, and we cannot trade a reliance on Middle East oil for East Asian batteries.