

CLIMATE CHANGE

ROGERS, OTHER CEOS PUT NATIONAL SPOTLIGHT ON CLIMATE CHANGE

Duke Energy Chairman and CEO Jim Rogers has joined leaders from several major U.S. businesses and leading environmental groups to press the federal government to enact legislation to significantly reduce greenhouse gas (GHG) emissions.

On Jan. 22, the group – called the U.S. Climate Action Partnership (USCAP) unveiled recommendations it plans to discuss with Congressional leaders. While the report does not propose specific legislation, it includes a detailed set of principles that are suggested as a guide to any legislation:

- Enacting a policy framework for mandatory reductions of GHG emissions from major emitters – including large stationary sources, transportation and energy use in commercial and residential buildings. The cornerstone of this approach would be a “cap and trade” program.
- Establishing short- and mid-term emission reduction targets to minimize impacts and keep costs lower than more aggressive targets.
- Creating a national program to accelerate research, development and use of technologies to reduce GHG emissions.
- Adopting approaches that encourage actions by other countries, including large developing countries such as China and India, as ultimately the solution must be global.

“There is no ‘silver bullet’ for utilities to effectively address climate change,” said Rogers. “We need to drive advancements on all fronts – energy efficiency, renewable energy and advanced clean coal, natural gas and nuclear plants – as we look at ways to meet growing electricity needs over the next several years.”

CAP AND TRADE PROGRAM

A cap and trade program would set a price for greenhouse gases, establishing necessary economic signals to the marketplace. It would also provide clear financial incentives for more aggressive development of technologies to reduce GHG emissions. A cap and trade program has had previous success. It was used to help minimize the costs of complying with the Clean Air Act Amendments of 1990 – and dramatically reduced emissions of sulfur dioxide and nitrogen oxide.

Does this mean Duke Energy no longer supports a carbon tax policy? The price signal on GHG emissions is the primary means of changing behaviors and actions that will result in less carbon dioxide emissions, a leading cause of GHG. This can be achieved through a carbon tax – or a cap and trade program. Currently, a cap and trade program has greater political support.

NEW COAL-FIRED GENERATION

Is USCAP’s call for policies designed to speed transition to low- and zero-emission power plants that can capture CO2 consistent with Duke Energy’s new generation strategy?

Yes. The company supports government policies that encourage the development of advanced coal technology. The

company’s projects at Cliffside, N.C. and Edwardsport, Ind. are good examples of the kinds of cleaner technologies that need to be introduced to the marketplace. Both have been awarded federal clean coal technology tax credits from the U.S. Department of Energy. Both facilities, when built, will have sufficient space to allow for the construction of new technologies that we believe will become available and economically viable to mitigate carbon emissions. The company is not advocating halting construction of these advanced technology coal facilities.



Members: Alcoa, BP America, Caterpillar, Duke Energy, DuPont, FPL Group, General Electric, Lehman Brothers, PG&E, PNM Resources, Environmental Defense, National Resources Defense Council, Pew Center on Global Climate Change, World Resources Institute.