

Legislative

Update

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U.S. House of Representatives passes American Clean Energy and Security Act

The American Clean Energy and Security Act 2009, H.R. 2454/2998, was voted upon by the full U.S. House of Representatives on Friday, June 26, 2009. After more than 6 hours of consideration, the bill passed out of the House by a final vote of 219-212. While some significant improvements were made to the bill after it left the House and Energy Commerce Committee in May, the bill still falls short of Indiana's needs and there remain many areas of concern, especially with regard to the allocation of emission allowances.

Even with the changes made, Indiana utilities continue to be "shorted" by more than 35% in the number of allowances that we need from the beginning of the allocation process in 2012. While some positive steps were made with the bill, too many of these allowances are still being given away to special interest groups, such as merchant generating plants that do not directly serve any customers, and entities with non-carbon resources. Coastal states like Washington, Oregon, California and New York rely on low and no-carbon generation resources such as hydro-electric, nuclear and various renewables. Entities in those regions will still be getting allowances even though they don't emit as much carbon. In Indiana, where we rely on coal to generate electricity, our utilities will not get enough allowances to cover their emissions and will have to go out and buy them at an additional cost to ratepayers. Basically, ratepayers on the East and West coasts will be impacted less by this legislation and will be subsidized by the Midwest!

As the bill stands now, approximately 5% of the allowances are allocated to merchant plants (special interest groups) and another 15% to utilities on the East and West coasts that are served by nuclear or hydroelectricity. Other allowances are directed to research and development. In the process, Indiana utilities will get less than 65% of the total allowances needed to help our consumers. This will require Indiana utilities to purchase more than 35% of the allowances we need right from the beginning – at ratepayers' expense! In 2025, when these allowance allocations decline dramatically, the end result could be a doubling of our rates.

As the Senate takes up the climate change issue, we continue to recommend that 95% of the allowances be allocated to load serving entities that receive their power from carbon-emitting generating resources on the basis of their emissions, and 5% be allocated for research and development purposes. The emission allowance formula must call for a fair and equitable distribution of allowances for all emitting utilities or go directly to their customers who will ultimately be paying the costs.

Our voices are being heard, but we need to continue working together in pursuit of additional changes in the U.S. Senate if we are to keep energy affordable in Indiana. Consumers of IMPA's 52 member communities must continue their efforts to [contact our two U.S. Senators](#), Richard Lugar and Evan Bayh, and express the need to keep Indiana's electric rates AFFORDABLE!