

CLIMATE ISSUES

Carbon this and that: Understanding the new buzz words

As a new Congress and a new President go to work, you will begin to hear a lot about energy policy. President-elect Obama said throughout his campaign that a comprehensive New Energy Policy is a priority for his administration.

As this plan emerges, you will hear several new buzz words. The following definitions will hopefully explain the

meaning of these terms and will provide some insight on how they could affect your quality of life.

As you read these terms, you will find that carbon dioxide is considered a pollutant. Although scientists disagree on this fact, many of our elected officials in Washington D.C. accept that carbon dioxide is a pollutant and are drafting legislation accordingly.

A **carbon tax** is an environmental tax on emissions of carbon dioxide and other greenhouse gases.

If a limit on carbon dioxide is mandated, a carbon tax is a better option than a cap and trade system, because a carbon tax would be a predetermined amount and not subject to market fluctuations.

There are two concerns in taxing carbon dioxide. First, not all scientists agree that carbon dioxide is a pollutant. Further research should be done on carbon dioxide and its effects on the climate. Secondly, where does a carbon tax end? Does the government just tax

power plants, industries and automobiles, or are humans taxed for breathing since they exhale carbon dioxide?



Cap and trade works like an auction. Here is how it works. The U.S. government sets a national limit on the amount of carbon that can be released into the air. Coal Plant A emits more than the limit while Coal Plant B emits less than the limit. Coal Plant B sells its excess carbon credits to Coal Plant A. The problem is simply this. Speculators will set the cost for carbon credits, and if the number of credits available is limited, the price could be extremely high. A high price for carbon credits will result in higher energy costs for consumers.

Carbon capture and storage (CCS)

is an approach to capturing carbon dioxide (CO₂) from large point sources such as coal-fired power plants and storing it deep underground instead of releasing it into the atmosphere. Although CO₂ has been injected into geological formations for various purposes, the long term storage of CO₂ is a relatively untried concept.

The first pilot-scale CCS power plant began in September 2008 at the eastern German power plant Schwarze Pumpe in the hope of answering questions about technological feasibility and economic efficiency.



A federally mandated limit on carbon emissions, before research and development are complete on CCS, is a major concern. Without this technology tried and proven in the market place, electric energy wholesale providers may have to limit the output of coal plants to meet a federal mandate. This could limit the supply of electric energy, increasing the cost of electricity and limiting its availability.