

Closing Statement

Dog Days of Summer Getting Hotter



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President

The summer of 2010 has been bad news for the environment. The *Deepwater Horizon* drilling rig explosion and months of oil gushing into the Gulf of Mexico caused tragic loss of life and harm to the region's unique ecosystem and the livelihoods of many residents. Oil giant BP and its U.S. government overseers demonstrated a lack of foresight and competence, although the private and public sector responders went all out to control the damage once the explosion occurred.

An environmental disaster in the fossil fuel extraction sector had the perverse effect of distracting and not motivating the U.S. Senate to act on energy and climate legislation. The Senate may manage to approve legislation dealing with the oil spill liability regime and the organization of the Department of the Interior's oil and gas programs, but such issues are less important than the need to diversify the country's energy sources and mobilize the modern energy technology waiting for a price signal from a cap on carbon emissions.

A recent report by the National

Oceanic and Atmospheric Administration concludes that the last decade was the warmest since recordkeeping began in the 1880s. The difficulty of adopting a complex, market-based regulatory program in today's dismal economy explains but does not excuse abandonment of the climate issue by many senators who know better.

On the positive side, we are relearning old lessons about industrial safety and sharpening existing legal tools to reduce greenhouse gas emissions. The replacement of BP's CEO is the right response to leadership failures beyond public relations gaffes. Independent media report that the drilling operation was rushed and did not comply with the company's own procedures, ostensibly to save time and money.

These pressures are constant in industry and must be countered by the tone and priorities set by management, starting at the top. BP has had very serious accidents before. This time, the new guy needs to walk the talk.

It is also encouraging that the big four petroleum companies (other than BP) are investing \$1 billion to upgrade their joint capability to respond to future drilling accidents. Industry leaders were embarrassed by references to protecting walrus in a number of their gulf spill plans, clear evidence of their lack of attention to the contents. The companies deserve credit for marshaling their considerable expertise to develop and work with public sector experts on new plans tailored to the real risks of deep ocean drilling. And we are seeing new attention in policy circles to how the public process of environmental assessment can be strengthened to take better account of low probability, high impact risks in the ocean and other commons.

The goal of reducing greenhouse gas emissions is not lost. Federal legislation remains the most flexible and cost-effective framework for cutting emissions. But without it, there are still

plenty of policies and programs at all levels of government to move the U.S. closer to the goal of reducing emissions by 17 percent over 2005 levels by 2020. That is the House bill's objective and was endorsed by the president at Copenhagen last December.

A report from the World Resources Institute examines a set of scenarios relying on federal authorities to regulate air pollution and vehicle and product energy efficiency, among others, combined with state reduction targets and regional emission reduction plans. The authors, Franz Litz and Nicholas Bianco, conclude that a "go getter" scenario could yield a 14 percent reduction in emissions, without considering the impacts of programs like municipal building efficiency standards and changes in agriculture or forestry.

Action by EPA to regulate stationary source emissions is the boogie man for fossil fuel partisans. The agency will introduce carbon dioxide controls in permitting large new and modified sources early next year. Even if there were congressional action to delay all regulation of stationary source greenhouse gases, the agency's plans for other electric utility pollutants (sulfur dioxide, ozone, particulate matter, and mercury) should signal the end of the line for the 55 gigawatts of coal-fired plants that are over 50 years old and have few or no pollution controls.

Next year, the federal registry of greenhouse gas emissions will begin to reveal the size and distribution of the major emitters as they report their data. Shining light on the relative efficiency of various sources may be a less potent spur to reductions than the Toxics Release Inventory was for chemical pollutants, but this information will be of considerable interest to investors. They will join environmental activists, forward thinking companies, and the concerned public in pressing industry laggards to upgrade energy performance even if the Senate sits on the sidelines.