

Are power plants crying wolf over lawsuit?

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Published 2:15 am PDT Monday, August 2, 2004

As if environmental threats on his own turf weren't enough, Attorney General Bill Lockyer has enlisted California to combat global warming gases from power plants as distant as Kentucky and Florida.

The court battle barely has begun and already power industry officials are saying a win would damage the economy by driving up energy costs for manufacturers and consumers.

At issue are emissions of carbon dioxide, the primary heat-trapping gas that alters the Earth's temperature, and the nation's highest emitters of the gas - the old coal-fired power plants mainly in the Midwest and the South. Owners of 170 of them are singled out in a June 21 lawsuit brought by California, seven other states and New York City, all seeking a federal court order to cap and cut the carbon dioxide emissions.

The electric power industry argues that the technology to capture these gases in the plant doesn't yet exist, at least not at affordable prices.

The history of mandated pollution controls, however, suggests that the supposedly prohibitive costs of cutting the climate-altering gases won't materialize.

Several documented cases in the power and automotive industries show that ingenuity and adaptation - fueled by government mandates - spur the development of new technologies that cut industry's cost of environmental protection. They also capture fuel savings.

"No matter how good a job modelers do in trying to predict outcomes, smart people running real companies generally find cheaper ways to meet a goal once they actually need to, especially those (rules) that allow companies maximum flexibility," said David Doniger, director of climate change policy at the environmentalist Natural Resources Defense Council.

Still, it's a quantum leap for California to go from adding laws that put new pollution controls on industries and new cars sold here to attempting to persuade courts to cap emissions on factories in other states.

"Climate policy should be fashioned by policy-makers ... not by lawyers in the courtroom," said Thomas Kuhn, president of the Edison Electric Institute, the utility industry's main lobbying group.

The lawsuit seeks a court order requiring the nation's top five power producers to cut carbon dioxide emissions every year for at least a decade, by an amount to be determined later by the court.

The targets are far from California: American Electric Power Co. Inc. in Columbus, Ohio; Cinergy Corp. in Cincinnati; Xcel Energy Inc. of Minneapolis; the Tennessee Valley Authority; and the Southern Co. of Atlanta.

Though the targeted smokestacks are hundreds if not thousands of miles away, the lawsuit ties their emissions to the future economic, environmental and public well-being of California, Connecticut, Iowa, New Jersey, New York, Rhode Island, Vermont, Wisconsin and New York City.

The suit paints catastrophic scenarios from global warming, including increased flooding and water shortages brought on by a diminishing Sierra snowpack, and a doubling of heat-related deaths in the Los Angeles area. Power industry officials also predict dire consequences if the lawsuit somehow succeeds.

"Forcing utilities to reduce greenhouse gases, including CO₂, would cause electricity prices to skyrocket for every business and homeowner in America," said Jeffrey Marks, spokesman for the National Association of Manufacturers, which represents American Electric Power, Southern and Cinergy.

Some economists said, however, that power companies, auto manufacturers and other regulated industries routinely exaggerate the costs of environmental restrictions.

Case studies show that the environmental technology industry readily produces more efficient pollution controls in response to new and anticipated government mandates, and that costs and efficiencies improve as more companies adapt to the new rules.

"Costs almost always decline substantially once regulatory mandates are introduced and control technologies are commercialized," says a September 2000 study commissioned by the Northeast States for Coordinated Air Use Management, a government air pollution research and policy center. The report writers reviewed case studies of pollution controls for power plants and automobiles.

In 1989, for example, the industry-funded Electric Power Research Institute said the power industry would be paying \$4.7 billion to \$6.6 billion a year to comply with new Clean Air Act amendments to reduce acid rain, by cutting sulfur dioxide emissions at coal-fired plants. By 1997, the electric institute's estimate had fallen to \$1.5 billion to \$2.1 billion a year - "three to four times lower than the figures widely cited in the congressional debates that shaped the 1990 amendments," the study states.

Industry officials said the only feasible way to meaningfully cut carbon dioxide emissions would be to switch from coal to more expensive natural gas, which burns more cleanly than coal.

"It would be ludicrous to even consider limiting the use of coal and other fossil fuels when next-generation energy technologies aren't ready to drive our \$12 trillion U.S. economy," Marks said.

Some environmental policy analysts, however, said this view ignores the technology-driving impact of government-mandated pollution reductions.

An examination of the past 30 years' experience in controlling other major power plant emissions in the United States, Japan and Western Europe consistently shows costs and performance improving greatly over time as the cleanup technology matures, according to studies published this year by public policy scholars at Carnegie Mellon University in Pittsburgh and the University of California, Berkeley.

Lead researchers Edward Rubin and Margaret Taylor said their findings portend similar success for a new class of environmental technology that is not currently cost-effective but promises to significantly cut global warming emissions without abandoning coal.

Called "carbon capture and sequestration," the technology involves capturing carbon dioxide from coal combustion before it goes up the smokestack and storing the gases deep in the Earth - for example, in depleted underground oil and gas reservoirs. The technology is one of the leading options now being examined in climate policy studies.

Other, more readily available ways to reduce the climate-altering gases include industry investments in commercial and residential energy conservation, use of wind and solar power, using cleaner power plants more and dirtier plants less, and replacing the least-efficient plants.

Officials of companies named in the multistate lawsuit said they are achieving impressive emission reductions without government mandates.

States participating in the lawsuit, however, have said that voluntary actions and government financial incentives are inadequate.

Carbon dioxide emissions from U.S. electricity suppliers increased by more than 24 percent from 1990 to 2001, compared with a 16 percent increase in like emissions for the economy as a whole, according to the suit.

"Clearly, voluntary actions aren't going to cut it," said Tom Dresslar, a spokesman for California Attorney General Lockyer.

While industry focuses the debate on the increased costs of greenhouse gas controls to consumers, the government attorneys argue passionately about the incalculable costs of doing too little, too late to combat global climate change.

In California, those costs include a predicted worsening of smog and increased wildfire due to hotter summers and the further spread of West Nile virus by mosquitoes.

Most worrisome is the shrinking of the mountain snowpack many scientists attribute to global warming.

It is California's single largest source of drinking water, which is captured in reservoirs during the spring runoff and distributed to California's 34 million residents so they can get by during the six-month dry season.

"This process of reduced mountain snowpack, earlier melting and associated flooding and reduced summer stream flows already has begun," the lawsuit states.

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