



Energy, Environmental Policy and the Recession: Impacts of Proposed Federal Policies

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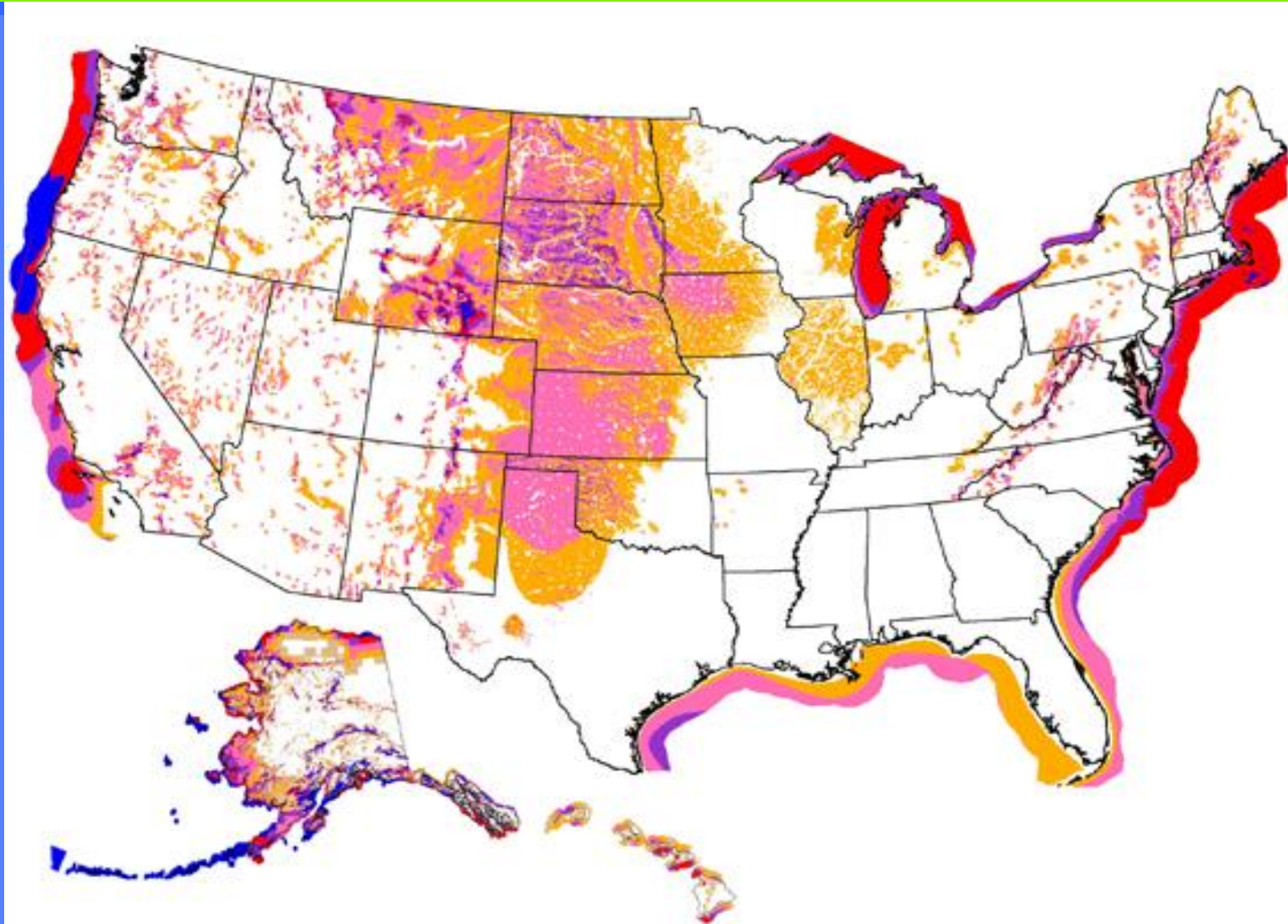
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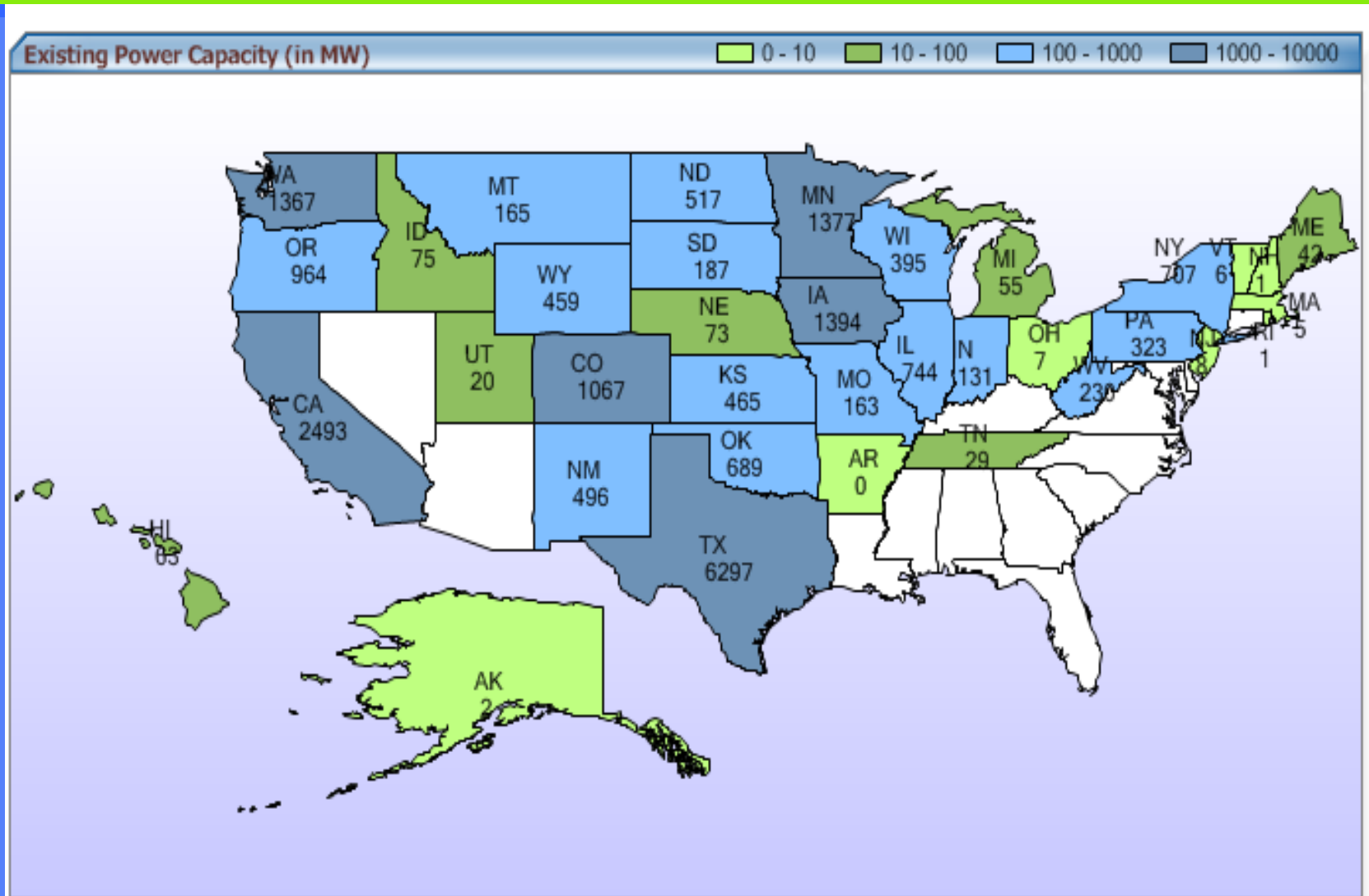
Electricity Generation in Illinois today

- More than 97% of the electricity generated in Illinois comes from **coal** (85% from out of state), **nuclear** (radioactive waste), and **natural gas** (volatile prices).
- Development of Illinois' renewable energy resources is a no-brainer: (1) good jobs are created, (2) the economy gains, (3) the environment benefits, (4) mitigates natural gas price volatility, (5) **keeps energy money in Illinois.**

United States Average Annual Wind Speed



Current Installed Wind Capacity – Fall 2008



The Federal Bills

- Bingaman – RES, EERS
- Markey – RES, EERS (H.R. 890)
- Waxman – Markey (Cap and Trade, RES, EERS)
- Udall – RES only

Bingaman – Renewable Energy Standard, Energy Efficiency Standard

- Renewable Energy Target: 4% by 2011, 20% by 2021
- Energy Efficiency: Up to 25% of renewables can come from EE.
- Eligible Resources: “Existing” in service before 1/1/2006: Solar, wind, geothermal, ocean, biomass, land fill gas “new” in service after 1/1/2006, incremental hydro.
- Distributed Generation: up to 1 MW on site.

Bingaman – Renewable Energy Standard, Energy Efficiency Standard

- Banking: 3 years
- Alternative Compliance Payment: \$30/MWh
- Enforcement: 200% of ACP

Markey – Renewable Energy Standard, Energy Efficiency Standard

- Renewable Energy Target: 6% by 2012, 17% by 2020, 25% by 2025.
- Energy Efficiency: Not eligible
- Eligible Resources: Wind, solar, geothermal, biomass or landfill gas, qualified hydro, marine and hydrokinetic
- Distributed Generation: up to 2 MW “at or near” site.

Markey – Renewable Energy Standard, Energy Efficiency Standard

- Banking: 3 years
- Alternative Compliance Payment:
\$50/MWh
- Enforcement: 200% of ACP

Waxman – Renewable Energy Standard, Energy Efficiency Standard

- Renewable Energy Target: 6% by 2012, 17% by 2020, 25% by 2025.
- Energy Efficiency: State may petition to reduce by 20% if utilities comply with separate EERS.
- Eligible Resources: Wind, solar, geothermal, biomass or landfill gas, qualified hydro, marine, hydrokinetic, and fuel cells
- Distributed Generation: up to 2 MW “at or near” site.

Waxman – Renewable Energy Standard, Energy Efficiency Standard

- Banking: 3 years
- Alternative Compliance Payment: lesser of avg. market value of federal RECs from previous year or \$50/MWh
- Enforcement: 200% of ACP

Udall – Renewable Energy Standard

- Renewable Energy Target: 6% by 2012, 17% by 2020, 25% by 2025.
- Energy Efficiency: Not included
- Eligible Resources: Wind, solar, ocean, tidal, geothermal, biomass or landfill gas, incremental hydro, and hydrokinetic.
- Distributed Generation: 1 MW on site, offsets customer electric use.

Udall – Renewable Energy Standard

- Banking: 3 years (borrowing for first 3 years)
- Alternative Compliance Payment: lesser of avg. market value of federal RECs from previous year or \$30/MWh
- Enforcement: None

Illinois - Renewable Energy Standard, Energy Efficiency Standard

- Renewable Energy Target: 2% by 2008, 10% by 2015, 25% by 2025.
- Energy Efficiency: 0.2% by 2008, 2.0% by 2015, doesn't interact with RES.
- Eligible Resources: Wind, solar electric, solar thermal, geothermal, biomass, landfill gas, existing hydro, biodiesel, trees and tree trimmings.
- Distributed Generation: Nothing specified.

Illinois - Renewable Energy Standard, Energy Efficiency Standard

- Banking: none at this time
- Alternative Compliance Payment: None at this time
- Enforcement: Illinois Power Agency

Economic Benefits of Federal RES and Cap and Trade

- Job creation – 297,000 new jobs from renewable energy development
- Economic Development - \$263 billion in new capital investment, \$13.5 billion to farmers and rural landowners, \$11.5 billion in new local tax revenue.

Economic Benefits of Federal RES and Cap and Trade

- Consumer Savings - \$64.3 billion in lower electric and natural gas bills, about \$67 per household per year. (\$95.5 billion by 2030)
- Projected Illinois savings by 2025 is \$3.28 billion per year.

*Cite: Union of Concerned Scientists using EIA modeling

Environmental Benefits of Federal RPS and Cap and Trade

- Avoided carbon emissions of 277 million metric tons annually by 2025
 - Equivalent to the annual output of 70 coal plants or 43 million cars.
 - Illinois' entire CO₂ emissions from the electric sector in 2006 was approximately 75 million metric tons.

Federal Legislation and Illinois Statute

- Federal Cap and Trade – Increases cost of coal production, increases value of renewable production, increases value of nuclear energy production
- Federal Renewable Energy Standard – Increases demand for Illinois renewable energy.
- Federal Energy Efficiency Standard – not clear but likely increases demand for energy efficiency products manufactured in Illinois.



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