

MINORITY RESPONSE TO CAT RECOMMENDATIONS

Released: January 22, 2008

Doing Our Share: A
Comprehensive Approach to
Reducing Greenhouse Gases in
Washington State

Recommendations of the
Washington Climate Advisory Team

Released: January 16, 2008

This Minority Response (Response) is submitted to address the Washington Climate Advisory Team's report, *Doing Our Share: A Comprehensive Approach to Reducing Greenhouse Gases in Washington State*, released January 16, 2008 (Report).

Individuals joining in this Response include: Sen. Jerome Delvin, *[add others]*

“While on a per capita basis transportation emissions are similar, emissions from electricity, RCI fuel use, and industrial processes are significantly lower than the U.S. average. This discrepancy . . . is attributable to the state’s abundant hydroelectric resources, and the limited presence of large, emissions-intensive industrial sources.”

- The Report, page 17

INTRODUCTION

The Climate Advisory Team (CAT) was created with an Executive Order signed by Governor Gregoire on February 7, 2007. The Department of Ecology (Ecology) and Department of Community, Trade and Economic Development (CTED) were charged with creating the CAT, which consists of leaders from business, academic, tribal, state and local government, religious and environmental leaders. CAT initially convened in March 2007 to advise the Directors of Ecology and CTED on the full range of policies and strategies that should be considered in order to achieve the goals of Governor Gregoire's Executive Order: reduce emissions, create clean energy jobs, and reduce expenditures on imported fuels. Resulting from their efforts, the Report seeks to identify areas for progress towards its goals, as well as means for achieving them.

This Response identifies inherent problems with the Report, along with the inadequateness of the Report in consideration of all relevant factors. More specifically, this Response succinctly highlights CAT's reliance upon bad science and its flagrant avoidance of alternative solutions that would better serve the citizens of Washington. It should be noted that this Response relies in part on an analysis from James M. Taylor,

Senior Fellow of Environmental Policy of The Heartland Institute, attached hereto as Exhibit A: *Analysis of Final Draft Recommendations of the Washington Climate Advisory Team*, released January 17, 2008.

BASIS OF THE REPORT

The Report begins its assessment of the problem with reports provided by the United Nation's Intergovernmental Panel on Climate Change (IPCC). The IPCC analysis is based on *global* concerns and potential *global* mitigation efforts. Notably, the IPCC does not conduct any of its own studies; it merely publishes those of self-appointed scientists who are undoubtedly motivated by acquisition of research dollars¹ and their own agendas. The IPCC was charged with creating both a problem and solution, for which they could be credited, to be implemented by individual countries. CAT's reliance upon *global* studies as a confirmation of a problem that needs to be addressed in Washington is misguided at best.

The scientific conclusions for Washington provided by CAT were not peer reviewed. The only contributors to the Report were directed to measure the problem, identify the aggravating factors, and recommend solutions – all of which assume there is a problem that Washington can favorably address beyond maintaining its stellar emissions status highlighted in the opening quote of this Response.

ECONOMIC CONSIDERATIONS

The Report asks: What Will Meeting the State's Goals Cost? (*see* Report, p. 7) In its feeble attempt to address that question, the Report only highlights the projected savings in the long-term future via greater fuel efficiency and lesser reliance on imported fuel sources, yet never makes any indication of the actual costs of implementation of the recommendations of the Report. For example, the Report addresses how many jobs will be created by following their recommendations, yet makes no mention of how many jobs will be lost in turn.

AVOIDANCE OF NECESSARY CONSIDERATIONS

Not surprisingly, the Report repeatedly calls for “establishing pricing transportation pricing mechanisms that raise the cost of single-occupant vehicle travel.” In other words, artificially control the consumer market for automobiles to the point that nobody can afford one through the use of tougher emissions standards, reporting requirements by manufacturers, and incentives for manufacturing cost-prohibitive electric cars. The lack of confidence in consumers and consumer-driven automobile manufacturers to address the changing concerns of society are ignored completely.

¹ To date, more than \$50 billion dollars has been spent on global warming research in the United States alone. Michael Duffy, *In Age of Reason, the Brouhaha over Global Warming Can Leave You Cold*, *The Sydney Morning Herald*, March 31, 2007, available at <http://www.smh.com.au/news/opinion/brouhaha-over-global-warming-can-leave-you-cold/2007/03/30/1174761750896.html> (last visited Jan. 21, 2008).

Further, the Report identifies the biggest contributing sector to greenhouse gases as “transportation,” yet no distinction is made between forms of transportation, other than the type of fuel used. For example, there is no discussion of airplane or ferry emissions, much less, what will be done to curb the same.

LACK OF ALTERNATIVES PRESENTED

The Report outlines twelve recommendations for mitigating the effects of climate change, none of which include alternate sources of energy except as pertaining to single-occupancy vehicles. This lack of consideration is erroneously predicated on the assumption that alternative fuels will sustain the energy consumption needs of the citizens of Washington and does not consider estimated population growth, merely current needs and alteration of current power supplies. For example, no consideration was given to the efficiency nuclear energy.

Not only is it a reckless miscalculation to not consider growth in projected needs, no consideration is given to changes in availability of current power sources. For example, the current abundance of hydropower may come to an end with the removal of any dams for better fish passage.

CONCLUSION

It is the belief of those concurring in this Response that the Report itself is fatally flawed due to its politically-motivated reliance on scientific conclusions that do not represent a consensus in the scientific community and its failure to consider alternative, mitigating factors in its attempts to mitigate the perceived harmful effects of climate change.

SIGNED, January 22, 2008:

Sen. Jerome Delvin

**James M. Taylor, Senior Fellow of Environment Policy,
The Heartland Institute**

**Analysis of
Final Draft Recommendations of the Washington Climate Advisory
Team**

January 17, 2008

The Final Draft Recommendations of the Washington Climate Advisory Team (CAT), released January 16, 2008, would impose significant economic hardship on the citizens of Washington while achieving virtually no real-world benefits. Even a full implementation of CAT's recommendations would have absolutely no real-world impact on global temperature, yet would take a tremendous negative toll on the economy, employment outlook, and standard of living of the citizens of Washington. Moreover, CAT relies on sloppy science (to put it charitably) to justify its prohibitively expensive, jobs-killing restrictions on the state's economy.

**I. CAT's Recommendations Would Have No Measurable Impact on
Temperatures**

Let us start with a very brief summary of CAT's ability -- or more accurately, inability -- to achieve its desired purpose of fighting global warming.

According to the U.S. Environmental Protection Agency (<http://www.epa.gov/climatechange/downloads/s1766analysispart1.pdf>), the U.S. accounts for merely a quarter of global greenhouse gas emissions related to energy use. If we measure total greenhouse gas emissions, rather than just energy-related greenhouse gas emissions, the U.S. accounts for merely one sixth - or 17% - of global greenhouse gas emissions (<http://www.epa.gov/climatechange/downloads/s1766analysispart1.pdf>). Moreover, our percentage contribution to global emissions is shrinking every year.

Simple mathematics tell us that CAT's proposals will have absolutely no measurable impact on global temperatures. Washington is just one of 50 states, and accounts for less than 2% of national emissions

(http://www.epa.gov/climatechange/emissions/downloads/CO2FFC_2004.pdf).

Accordingly, the state of Washington accounts for only 0.003% of global emissions. CAT aims to reduce the state's greenhouse gas emissions by 50% by the year 2050. It should be noted that CAT's proposals are highly unlikely to achieve this stated goal, but let us assume for the sake of argument that they can somehow be achieved. We see that even under the best of circumstances, CAT's recommendations will reduce global greenhouse gas emissions by only 0.0015% (50% of 0.003%).

What we are left with, therefore, is merely a symbolic statement – nothing more, nothing less. No matter what CAT, the renewable power industry, or any other special interest group claims, CAT’s recommendations will have absolutely no measureable impact on global temperature, either now or anytime in the future.

II. CAT’s Recommendations Would Cause Tremendous Economic Pain

The next pertinent question is, “How much does CAT demand the citizens of Washington pay for such a symbolic gesture?” The answer, unfortunately, is a substantial amount of money, a substantial amount of lost jobs, and a substantial reduction in our standard of living.

Numerous leading economists and economic institutions have analyzed the costs of addressing greenhouse gases, even under the most economically favorable terms, and virtually all have reached the same conclusion; reducing greenhouse gas emissions through the greater use of renewable power will have substantial negative repercussions on the economy and on our standard of living.

This paper’s Appendix provides brief summaries of many of these studies. The consensus of studies by such economic experts at such places as the Massachusetts Institute of Technology, Yale University, the Congressional Budget Office, and the U.S. Energy Information Administration report that electricity prices are likely to rise by roughly 40 percent, and American households are likely to see a reduced standard of living totaling \$2,000 to \$5,000 per year, as industry-wide higher energy costs are passed along to consumers.

It should especially be noted that economic experts at CRA International released a study in November 2007 finding that in Colorado, a state with a near identical amount of greenhouse gas emissions as Washington, greenhouse gas limits similar to those proposed by CAT would cost each state household \$1,182 per year, would result in 57,000 people losing their jobs, and would cause a 2.3% reduction in the state’s annual gross state product. Importantly, greenhouse gas reductions would be more expensive and harder to come by in Washington than in Colorado, because inexpensive hydroelectric power in Washington has already replaced much of the low-hanging fruit of potential greenhouse gas reductions.

CAT spends a great deal of time talking about the jobs its recommendations would create in the renewable power industry, yet fails to mention the far greater number of jobs its recommendations would destroy in other sectors of the economy. Moreover, CAT’s vague claims that heavy state subsidization of renewable power industries lacks any substantive supporting economic data. These glaring shortcomings are especially pronounced when viewed in comparison to the numerous economic studies, cited above and summarized in this paper’s Appendix, that conclusively show CAT’s recommendations would take a substantial and painful toll on the state’s economy and on citizens’ pocketbooks.

III. CAT Relies on Discredited Science to Justify Its Expensive, Ineffective Plan

While the claims of current and imminent negative climate impacts contained in CAT's recommendations are rendered largely academic by CAT's total inability to change them, scientific integrity demands a brief mention of some of the many misleading and outright false assertions contained in CAT's draft recommendations. Pages 13 and 14 alone contain an astounding number of misleading statements and outright falsehoods. Let us briefly examine some of them.

On page 13, CAT claims "Anthropogenic warming could lead to some impacts that are abrupt or irreversible." However, the most comprehensive survey of the world's leading climate scientists shows that less than half of climate scientists believe that climate change "will occur so suddenly that a lack of preparation could result in devastation of some areas of the world" (<http://downloads.heartland.org/2086111.pdf>).

On page 14, CAT asserts that global warming increases the risk of food shortages. However, the UN Intergovernmental Panel on Climate Change (IPCC) predicts that global warming will cause North American farm output to *increase* for at least the next several decades (<http://ipcc-wg1.ucar.edu/wg1/wg1-report.html>). Indeed, crop yields in the real world continue to break all-time records as global warming brings more frequent precipitation and longer growing seasons.

On page 14, CAT asserts that global warming increases the risk of severe weather. However, scientists at the National Hurricane Center (<http://www.newsdaily.com/TopNews/UPI-1-20070502-19042700-bc-us-hurricanes.xml>) and the National Oceanic and Atmospheric Administration (<http://www.magazine.noaa.gov/stories/mag184.htm>) report that global warming is causing no increase in hurricane activity. Moreover, IPCC reports no link between global warming and tornadoes (<http://ipcc-wg1.ucar.edu/wg1/wg1-report.html>).

On page 14, CAT reports that that "Observed changes in Washington State over the 20th century include warming of 1.5 degrees F." However, most of this warming occurred early in the 20th century, before anthropogenic greenhouse gases could have been the cause. Indeed, most Washington temperature stations manned by the U.S. Historical Climatology Network show either cooler temperatures or essentially steady temperatures over the past several decades.

On page 14, CAT claims "an approximately 30% overall decline in the lower Cascades spring snowpack (from 1950-1997)." However, this assertion relies on a flawed study, using cherry-picked data, that has been soundly refuted by University of Washington scientists. Cascade Mountain snowpack is only marginally lower, if at all, than it was in the 1940s. Moreover, Cascade Mountain snowpack has been growing since the 1970s (<http://www.heartland.org/Article.cfm?artId=21207>).

On page 14, CAT asserts a connection between global warming and droughts and forest fires. However, the overwhelming evidence is that droughts are becoming less frequent.

The July 2004 issue of *International Journal of Climatology* reports, “It is now clear that many places in the Northern Hemisphere, and in Australia, have become less arid.” The study concludes, “A good analogy to describe the changes in these places is that the terrestrial surface is literally becoming more like a gardener’s greenhouse” (http://www.rsbs.anu.edu.au/Profiles/Graham_Farquhar/documents/214RoderickAustpan2004_000.pdf).

The May 25, 2006 issue of *Geophysical Research Letters* reports that for 20th century soil moisture, “An increasing trend is apparent in both model soil moisture and runoff over much of the U.S.” The study adds, “This wetting trend is consistent with the general increase in precipitation in the latter half of the 20th century. Droughts have, for the most part, become shorter, less frequent, and cover a smaller portion of the country over the last century” (<http://www.agu.org/pubs/crossref/2006/2006GL025711.shtml>).

The National Oceanic and Atmospheric Administration reports, “A number of tree-ring records exist for the last two millennia which suggest that 20th century droughts may be mild when evaluated in the context of this longer time frame” (http://www.ncdc.noaa.gov/paleo/drought/drght_data.html).

On page 14, CAT asserts that global warming is causing increases in forest and crop pests. While CAT provides little documentation for this assertion, the truth is that global warming is causing a significant expansion in global forests (<http://www.gsfc.nasa.gov/topstory/20010904greenhouse.html> and <http://www.co2science.org/scripts/CO2ScienceB2C/articles/V5/N45/EDIT.jsp>), and crop production is breaking all-time records on a near-yearly basis. An increase in forest and crop pests, if true, would merely be reflective of an increase in forests and crops for them to feed on. Indeed, alarmist assertions that forest and crop pests are on the rise are disingenuous and designed to put the worst possible face on the fact that global warming is extending growing seasons and causing forests and crops to be healthier and more productive than ever.

IV. Conclusion

The Draft Recommendations of the Washington Climate Advisory Team (CAT) are an extremely costly set of policy recommendations that would have absolutely no impact on real world temperatures. In short, CAT is asking Washingtonians to sacrifice a substantial amount of jobs, income, and economic production for nothing more than a symbolic statement regarding global warming. It would appear that there are other, more cost-effective ways to make symbolic statements.

Additionally, and disturbingly, CAT substantially distorts the scientific record in order to build a case for its alarmingly costly recommendations. Washingtonians deserve a fair and impartial recitation of the science, rather than half truths and outright falsehoods, when being asked to consider public policy recommendations of the magnitude suggested by CAT.

APPENDIX

2007 Congressional Budget Office Study

According to a 2007 study conducted by the Congressional Budget Office (CBO) (http://www.cbo.gov/ftpdocs/80xx/doc8027/04-25-Cap_Trade.pdf), reducing greenhouse gas emissions by a mere 15 percent would cost the average household nearly 3 percent of its income. A family making \$50,000 per year would be forced to pay an extra \$1,400 every year for the same goods and services it purchases today.

"Most of the cost of meeting a cap on CO₂ emissions would be borne by consumers, who would face persistently higher prices for products such as electricity and gasoline. Those price increases would be regressive in that poorer households would bear a larger burden relative to their income than wealthier households would," CBO determined.

Moreover, "A CO₂ cap would worsen the negative effects" of "existing taxes that dampen economic activity--primarily taxes on labor, capital, or personal income, such as payroll taxes and individual or corporate income taxes," CBO reported. "The higher prices caused by the cap would lower real (inflation-adjusted) wages and real returns on capital, indirectly raising marginal tax rates on those sources of income."

2007 MIT Study

A 2007 study by the Massachusetts Institute of Technology (MIT) reached similar conclusions. According to the MIT study (http://web.mit.edu/globalchange/www/MITJPSPGC_Rpt146.pdf), mandatory greenhouse gas reduction schemes similar to those most popular in Congress and the state legislatures would cost typical families of four close to \$5,000 each and every year.

2007 Charles River Associates Study

A 2007 study by Charles Rivers Associates (http://www.crai.com/pubs/pub_7285.pdf) examined how reducing greenhouse gas emissions to 1990 levels by 2020, and how reducing emissions 80 percent by 2050, would impact California. According to the study, agricultural production, real wages, and the demand for labor will fall dramatically.

"The costs of GHG controls will worsen California's terms of trade," the study concludes. "For example, imposing GHG controls in California will increase in-state production costs thereby permitting out-of-state businesses to raise the prices that they charge California customers and still remain competitive. For California exporters, on the other hand, although GHG controls will increase their production costs, they will find it difficult to raise prices for their out-of-state customers, as long as their out-of-state competitors do not face the same policy-driven cost increases. These changes erode the purchasing power of Californians, which will decrease their consumption and economic well-being."

By 2050, the greenhouse gas reductions are expected to cost Californians \$500 billion in lost income.

2004 University of Colorado Study

Importantly, a 2004 study by economists with the U.S. International Trade Commission and the University of Colorado (<http://www.mines.edu/~ebalistr/Papers/CO2004.pdf>) found that it would be more costly for most other states to meet greenhouse gas restrictions than it would be for Californians. This is due in large part to the fact that California has more abundant and cost-effective solar, wind, hydro, and geothermal resources than do other states.

2004 Charles Rivers Associates Study

A 2004 study by Charles Rivers Associates (<http://www.crai.com/Showpubs.asp?Pubid=3694>) concluded that reducing greenhouse gas emissions to 1990 levels would force electricity prices up by 18 to 24 percent, resulting in families with \$200 per month electrical bills paying an extra \$480 per year in electricity costs. The same study found that reducing greenhouse gas emissions to 1990 levels would force a 32 to 45 percent rise in gasoline prices, resulting in \$3.00 per gallon gasoline being replaced by \$4.00 to \$5.40 per gallon gasoline.

The economy-wide effects of the mandatory greenhouse gas reductions would cost the average household \$1,200 per year by 2020, according to the study.

2003 Energy Information Administration Study

A 2003 study by the U.S. Energy Information Administration (EIA) (<http://www.eia.doe.gov/oiaf/servicerpt/ml/pdf/summary.pdf>) found that mandatory greenhouse gas reductions similar to the most frequently proposed federal and state legislation would result in a 27 percent increase in gasoline prices and a 46 percent rise in electricity prices.

2003 Heartland Institute Study

A 2003 state-specific analysis by The Heartland Institute (<http://downloads.heartland.org/11133.pdf>) made reached similar conclusions as the studies above, but additionally considered state-specific factors and broke down the expected costs on a state-by-state basis. The Heartland study found that cutting greenhouse gas emissions to 1990 levels would cost the average Ohio household more than \$7,000 per year.

2007 Nordhaus Study

In 2007, Yale University economics professor William Nordhaus conducted an analysis of numerous proposals to reduce greenhouse emissions (http://nordhaus.econ.yale.edu/dice_mss_072407_all.pdf). Nordhaus discovered that substantial near-term reductions in greenhouse gas emissions are extremely costly while achieving little measurable benefit. "Because the initial emissions reductions are so sharp in the ambitious proposals, they impose much higher costs than are required to attain the same environmental objective," Nordhaus concluded.

Even assuming alarmist projections of 3-degree Celsius warming in the upcoming century, “Climate change is unlikely to be catastrophic in the near term, but it has the potential for serious damages in the long run.” As a result, “the best approach is one that gradually introduces restraints on carbon emissions.”

In more tangible terms, Nordhaus observed that the optimal method of reducing greenhouse gas emissions would require only a 25 percent reduction by 2050, with more stringent reductions required – and more readily achievable – after that time.

2007 Wake Forest Survey

In 2007, Wake Forest University Economics Chair Robert Whaples surveyed a random selection of American Economic Association Ph.D. economists. Whaples asked the economists what the impact of projected global warming will be on U.S. Gross Domestic Product by the end of the 21st century. Fully 59 percent projected that even 100 years from now global warming will have a neutral or positive impact on the U.S. economy

2004 Mendelsohn Study

In 2004, Yale University economics professor Robert Mendelsohn (http://www.copenhagenconsensus.com/Admin/Public/DWSDownload.aspx?File=Files%2FFiler%2FCC%2FPapers%2FOpponent+notes%2FOpponent_Note_-_Climate_Change_-_Mendelsohn.pdf) concluded that the benefits of global warming will outweigh the harms until temperatures surpass 2.5 degrees Celsius warmer than they are today. Scientists do not expect temperatures to surpass 2.5 degrees Celsius until at least the 22nd century.

2007 IPCC Report

In 2007, the United Nations Intergovernmental Panel on Climate Change (http://www.ipcc.ch/WG1_SPM_17Apr07.pdf) analyzed agricultural output in a warming world and reached the same conclusion as Mendelsohn; agricultural production in places such as the American Midwest should experience a net benefit from projected global warming for at least the next several decades. Efforts to reduce greenhouse gas emissions will not only cost American farmers substantial money in out-of-pocket mitigation costs, but they will also cost American farmers substantial money in reduced agricultural output.

2004 Copenhagen Consensus

In 2004, the Danish government convened many of the world’s leading economists and presented them with the following scenario: Assuming a budget of tens of billions of dollar to address global health and environment concerns, where would the money best be spent? From a list of more than a dozen health and environmental issues, the world’s leading economists ranked addressing global warming as dead last in terms of benefits accrued per dollar spent, even assuming IPCC global warming scenarios. Significantly, the economists concluded that spending such money on preventing global warming actually did more harm than good, as the minimal human welfare benefits accrued by such expenditures failed to equal the human welfare benefits that are would accrue simply by leaving the money where it currently is.

