

BCSE CLIMATE CHANGE POLICY PRINCIPLES

Recommendations for a Federal Climate Change Policy



A national policy on climate change should consider the full impact of climate change and address greenhouse gas (GHG) emissions reductions and incorporate adaptation and resilience measures. Policies should also incentivize and leverage actions by state, local and tribal governments, as well as the public sector.

The Business Council for Sustainable Energy offers the following principles for a national policy on climate change to inform proposals under consideration by the 116th Congress. The industries represented by the BCSE – energy efficiency, natural gas, and renewable energy – have had a significant role in decarbonizing the U.S. economy, supporting economic development and spurring job growth across America, and they deserve thoughtful consideration in the formation of a national climate change policy.

RECOMMENDATIONS FOR A FEDERAL APPROACH TO GREENHOUSE GAS POLICY

- **Create a federal policy that is complementary to existing state and regional climate policies**

A federal policy is preferable to the current patchwork of state and regional programs, both regulatory and voluntary. A national scope would enlarge the pool of participants, thereby lowering compliance

costs, creating stronger price signals for clean energy options, while advancing national security objectives. Any national policy should, however, be complementary to existing state and regional climate policies.

- **Utilize targets and standards that are in line with scientific analysis and include a level of ambition that is necessary to avoid the worst effects of climate change**

It is critical that any greenhouse gas reduction policies are ambitious enough to effect real change in the energy sector specifically and the U.S. economy more broadly. The findings of Intergovernmental Panel on Climate Change's *Special Report on Global Warming of 1.5°C* should be considered when setting policies and timelines necessary to avoid the worst effects of climate change.

- **Inclusion of clear and sustained market signals that spur emissions reductions through investment in the full portfolio of clean energy technologies**

Any climate program should increase energy supply from the full range of already available clean energy technologies— including energy storage, renewable energy and natural gas, as well as carbon capture utilization and storage, among others. A federal climate program also should prioritize the use of energy efficiency to mitigate any growth in energy demand and fuel price volatility, and reward inclusion of energy efficiency in infrastructure investments.

- **Embrace market-based regulatory approaches that reduce costs and encourage competition and over-performance**

Market-based programs such as cap and trade, setting a carbon price and others create long-term market signals and compliance flexibility that is key to program success and economic growth.

- **Inclusion of provisions that enable states to link emissions reduction programs through regional markets**

Regional markets, such as the Regional Greenhouse Gas Initiative and the California market, provide a key opportunity to enhance national-level greenhouse gas related policies and should be considered early in the drafting of a federal program. These regional markets have a proven track-record of experience and offer a range of benefits, including larger emission reductions, expanded clean energy development, and opportunities to utilize offsets and other mechanisms to lower compliance costs and increase market efficiency.

- **Recognition and rewards for early action and investment in emissions reductions and clean energy technologies**

The Council believes early and voluntary investments in making greenhouse gas emissions reductions should be recognized in a federal climate program. Rewarding actors that make emissions reductions in advance of the enactment of a national program has the potential to generate even greater economic and environmental benefits, as well as advance further clean energy technology deployment.

Energy efficiency, natural gas and renewable energy have had a significant role in decarbonizing the economy, supporting economic development and spurring job growth.

- **Inclusion of provisions that support and fund research development and deployment programs for clean energy**

Research, development and deployment is critical to the technologies that are enabling rapid decarbonization of the US economy. A federal greenhouse gas policy must include continued support for the programs at the Department of Energy and Environmental Protection Agency that drive down costs and increase emissions reductions potential for the full suite of clean energy technologies.

- **In addition to GHG policy design, complementary policies will be necessary to effect real change in the energy sector**

Consideration of related policies such as resilience and reliability planning, infrastructure, tax policies, appropriations and others are critical to the success of any climate change plan.

WHY A NATIONAL APPROACH TO CLIMATE CHANGE IS IMPORTANT

The United States has made substantial progress over the past decade to decarbonize its energy sector, due to a mix of federal and state policy incentives, as well as market forces including falling technology costs and robust domestic supply of natural gas. The findings of the 2018 edition of the Sustainable Energy in America Factbook show that total U.S. GHG emissions are at a 26-year low, while the economy has grown 15% in the last ten years and primary energy consumption has declined 1%. U.S power sector emissions are on a steep decline, and as of year-end 2017 are at 28% below their 2005 peak.

U.S. GHG emissions are at a 26-year low, but significant action is still required to avoid the worst effects of climate change.

Despite this progress, even more significant action is required to avoid the worst effects of climate change. All U.S. sectors – including power, transportation, agriculture, industry and commercial and residential sectors – need to get on a decarbonization pathway to meet mid-century emissions targets that will prevent catastrophic damages to America and its economy. A national approach can direct this re-orientation.

For the U.S. energy sector, the broad portfolio of energy efficiency, natural gas and renewable energy have enabled dramatic reductions in GHG emissions to date. More importantly this clean energy transition has not increased the cost of energy, and these sectors now support over 3 million jobs across the country. Strong and consistent policy signals at the national level will ensure the continued expansion of clean energy and maximize the economic and environmental co-benefits.

CONCLUSION

The Council has long supported a federal-level, market-based approach to addressing climate change. Clear and stable policies are critical to achieving meaningful emissions reductions and driving the level of investment needed to avoid the worst impacts of climate change. America is better prepared now more than

ever to take its experience with state and local-level policies, as well as the private sector's experience with clean energy over the past decade, to take climate actions that drive real progress.

The Council's views on climate change are founded on the principle of sustainable development: economic development that meets the needs of present and future generations. BCSE members recognize that economic development and environmental protection are compatible goals and that clean energy and energy efficient technologies provide solutions to difficult environmental problems, including climate change.

ABOUT THE BCSE

The Business Council for Sustainable Energy (BCSE) is a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors. Established in 1992, the Council advocates for policies that expand the use of commercially-available clean energy technologies, products and services.