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TESTIMONY ON S.C.R. 15 ON FEDERAL CAP AND TRADE LEGISLATION

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Mr. Chairman, Ranking Member Miller, thank you for the opportunity to testify on the proposed Senate Resolution on Cap and Trade.

I am Wendy Patton, Senior Associate and federal policy liaison with Policy Matters Ohio. In 2005, we published a report called 'Generating Jobs, Generating Energy,' which showed how Ohio could be one of the top five states in job creation for clean and renewable energy. Job growth in these sectors is already occurring. A recent study by the Pew Charitable Trust fund found over 2000 firms with more than 32,000 workers already serving green markets in Ohio. This growth could accelerate. Last week we looked at Ohio firms who produce in sectors that could serve green energy markets. We found that over 3,000 existing firms that support a quarter of a million manufacturing jobs here in the state produce in the same sectors that could serve clean energy markets. Not all of these firms do produce for clean energy sectors, but they might, with increased demand, technical assistance and access to capital for retooling.

The climate legislation proposed on Capital Hill, the 'American Clean Energy and Security Act of 2009' could accelerate growth of clean energy jobs in Ohio. This legislation is based on existing mechanisms for pricing greenhouse gas emissions – the cap and trade – and includes federal renewable energy standards. We support these elements of the legislation for the following reasons:

- 1) **The world understands cap and trade as a mechanism for controlling greenhouse gas emissions.** The Regional Greenhouse Gas Initiative in the northeast and the Chicago Climate Exchange in the Midwest are cap and trade initiatives already in place in this country; the Western States Consortium is putting in place provisions for such an exchange, and The European Union has a cap and trade mechanism in place. This is the tool that the world recognizes for controlling carbon emissions. It drives demand for renewable energy and energy efficiency.
- 2) **America presents a vast market for clean energy production.** We want to simplify and unify our rules on clean energy to make it easier for our own manufacturers to capture new energy markets and to grow jobs here. One big, unified market is easier to serve than 50 small markets with different rules of the game.
- 3) **The federal government alone can provide the resources to assist our industrial base in retrofitting for energy efficiency and retooling to capture contracts in clean energy markets.** States, acting alone, cannot provide focus on rebuilding America's industrial base. This is a big job, a national job, that takes national mandates and support.

Yesterday the Federal EPA released an analysis of the impact of the American Clean Energy and Security Act. The analysis took into account all provisions of the bill, including provisions for mitigation of consumer impact. One such measure was recommended by the Climate Equity Alliance, a coalition of more than three dozen business, labor, philanthropic, environmental, advocacy and religious groups, to protect the lowest fifteen percent of households in terms of annual income by increasing benefits through electric benefits transfers, social security or veterans administration checks, or the earned income tax credit. The legislation directs a full thirty-five percent of the value of the greenhouse gas allowances to mitigation of price impact. The EPA analysis revealed that with the new mitigation measures in place, the cost of energy may be expected to rise between eighty to one-hundred and eleven dollars per year for households. Energy costs are projected to be seven percent lower by 2020 than they are today.

Measures to protect employers from price shocks, and/or to assist them in energy efficiency upgrades, include the following:

- Fifteen percent of allowances will be provided free to energy intensive manufacturing firms covered by the climate legislation.
- Nine percent of allowances will go to utilities to protect against price spikes in natural gas.
- Oil refiners receive two percent of allowances to enhance efficiency of domestic oil refining.
- States receive ten percent of allowances for investment in renewable energy and energy efficiency.
- The Clean Energy Deployment Administration will garner resources from throughout the federal government to assist firms in investing in energy efficiency.
- Senator Brown, has introduced legislation in the Senate that would provide up front money – fifteen billion dollars in 2010 and the same in 2011 - to help small and medium sized manufacturers move into green markets and retrofit for energy efficiency.

A new version of the American Clean Energy and Security Act of 2009 was released by the House Rules Committee today but remains to be summarized; we can provide an overview to you as that becomes available.

In sum, we are encouraged by the measures thus far included in the federal climate bill designed to protect households, small and medium sized businesses and energy intensive businesses. We will continue to promote investment to prevent job loss while new markets are secured and energy efficiency is put in place. The primary program we promote is the Apollo Alliance GreenMAP proposal, for federal investment in retooling for new green markets, federal support for energy efficiency, domestic content provisions to assure jobs come to American firms, technical assistance through expansion of the Manufacturing Extension Partnership, job training for new products in clean energy markets and lean manufacturing processes that enhance energy efficiency, and a presidential task to bring coordination and focus to the many programs designed to support the transition to a clean economy. Provisions of the GreenMAP proposal are described in more detail in the briefing paper I have attached to this testimony.

Ohio is already in the business of production for clean energy markets. We look to leadership to convey our capacity and enthusiasm for these new markets.

Thank you for this opportunity to testify.

