

## Cap-And-Trade

### Issue

So-called “cap and trade” legislation would have a devastating economic impact upon West Virginia’s energy producers and consumers, possibly more so than any other state in the nation.

### Background

The current climate change initiative (HR 2454) being proposed by President Obama and passed by the U.S. House of Representatives would stifle clean energy efforts and raise the cost of energy to levels that would severely curtail the nation’s economy in general – and West Virginia’s economy in particular. Among other things, this legislation would establish unreasoned and irrational “caps” on greenhouse gas emissions and force electric utilities to “trade” emission allowances in an artificial market at exorbitant prices. The practical affect of this ill-conceived bill would be to tax utility consumers through increased utility costs by an estimated 50% to 150%.

The legislation is in reality “cap and tax”! Senator (now President) Obama was quoted as stating, “You know, when I was asked earlier about the issue of coal, uh, you know. . . Under my plan of a cap and trade system, electricity rates would necessarily skyrocket. . . So, if somebody wants to build a coal plant, they can. . . it’s just that it will bankrupt them, because they are going to be charged a huge sum for all that greenhouse gas that’s being emitted.” San Francisco Gate interview, January 17, 2008.

House Speaker Nancy Pelosi (D, California) is quoted as stating in the January 22, 2009 San Francisco Chronicle as saying, “I believe we have to pass (cap and trade legislation) because we see that as a source of revenue.”

Representative John Dingell (D, Michigan), in a comment addressed to former Vice President Al Gore in an April 24, 2009 House Energy and Commerce Committee hearing, said “Nobody in this country realizes that cap and trade is a tax, and its a great big one.”

Energy production is the backbone of West Virginia’s economy. The state is a national leader in coal and electricity production, and leads the nation in interstate sales of electricity. The energy sector accounts for a substantial portion of state tax revenues, as well as jobs all across the state’s economy. Due to its heavy reliance on energy production, West Virginia would be negatively impacted more than any other state by the costs of the cap and trade legislation. The Chamber lauds the state’s congressional delegation – Alan Mollohan, Shelley Moore Capito and Nick Joe Rahall – for recognizing the bill’s severe impact upon the state, its businesses, its jobs and its citizens by voting against it.

### **The Chamber's Position**

The West Virginia Chamber of Commerce adamantly opposes HR 2454 and any other measures resembling it. The Chamber urges Congress to abandon further efforts on the bill and concentrate instead upon providing rational economic incentives for clean energy technologies.

The Chamber specifically calls upon Senators Byrd and Rockefeller to undertake efforts to stop HR 2454 in the United States Senate.