

CO2 bill could mean higher electricity costs, Rocky Mountain Power says

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While some controversial federal legislation may be aimed at cutting carbon emissions in a big way, the head of the Utah's largest electric utility said it might also cost customers big bucks.

Speaking to the Legislature's Utah Public Utilities and Technology Interim Committee on Wednesday, Rocky Mountain Power president and chief executive officer Richard Walje said if the American Clean Energy and Security Act of 2009 — the so-called Waxman-Markey Bill — is enacted by Congress, the result would be much higher electric bills for the average Utah consumer.

"The legislation that has currently been passed in the (U.S.) House of Representatives is going to impose large costs on our customers that we do not have any near-term way to avoid," he said. The measure, sponsored by Reps. Henry Waxman, D-Calif., and Ed Markey, D-Mass., is a 1,200-page bill that seeks to mitigate the effects of ongoing carbon dioxide emissions nationwide through the development of a federally run cap-and-trade market system that would allow companies, governments and other entities to purchase and sell carbon offsets.

One carbon offset represents the reduction of one metric ton of carbon dioxide, or its equivalent in other greenhouse gases.

Though some analysts have supported the idea of a federally regulated American carbon-trading market, critics have expressed concerns about how well such a program would work when put into practice.

Under the proposal, which narrowly passed in the House and is now under Senate review, states like Utah that use high-carbon-emitting fossil fuels such as coal will be penalized as local utilities are forced to purchase potentially costly carbon credits on the open market to offset their excess emissions.

Walje noted that companies such as Rocky Mountain Power would be forced to pass that expense on to customers in the form of higher electricity rates. During Wednesday's presentation, he said that projections indicate the possibility of up to 15 percent higher rates.

"When a 15 percent increase gets added to the prices we're going to need just to run our basic business, it's going to have a significant impact on customers," he told the Deseret News.

He said that the only method to reduce carbon dioxide emissions in the near term is "for people to use less electricity so that we don't have to generate as much (power) through fossil fuels."

Regarding the potential impact on Utah utility customers, the head of the state's consumer watchdog agency told the Deseret News that the Waxman-Markey Bill could definitely hit ratepayers hard, if passed into law.

"The studies that I've seen have been at the low end a 5 percent to 10 percent bill increase, up to maybe 20 percent ... for Western consumers," Michele Beck, executive director of the Utah Office of Consumer Services, said.

She noted that the concerns the agency has with the legislation is with the program design or proposed method of limiting carbon emissions, which would seem to disproportionately impact coal-reliant states like Utah.

"It's one thing if you want to cap CO2, then cap it," she said. "But the way Waxman-Markey is designed, one study ... showed that three-fourths of the total cost to consumers in the West (is) due to 'nonproductive costs' — just the cost of (implementing the program)."

Beck said that as proposed, "the program itself is going to cost consumers four times as much as we should have to pay for the same environmental results."

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