

<p>IN THIS ISSUE JUNE 2009</p>	<p>PROPOSED CO<sub>2</sub> CAP &amp; TRADE LEGISLATION WOULD BE DEVASTATING PAGE 1</p>	<p>ENERGY ASSISTANCE PAGE 3</p>
--	--	---



# PROPOSED CO<sub>2</sub> CAP AND TRADE TAX LEGISLATION WOULD BE DEVASTATING TO THE ECONOMY AND TO OUR QUALITY OF LIFE

The Heritage Foundation recently published a white paper reviewing the revised Waxman-Markey bill. Excerpts follow:

Representatives Henry Waxman (D-CA) and Ed Markey (D-MA) modified their global warming proposal from the draft version published on March 31. For the most part, the changes focused on the distribution of the allowance revenue—the equivalent of tax revenue.

There was also a slight easing of targeted emissions reductions for 2020, which resulted in a marginally lower economic impact. However, the new distribution of allowances created a less efficient pattern of government expenditures and more than offset the gain from the lower cap for 2020.

The economic impact of the new draft varies from that of the original draft in several major ways:

- Compared to no cap and trade, real GDP losses increase an additional \$2 trillion, from \$7.4 trillion under the

original draft to \$9.6 trillion under the new draft;

- Compared to no cap and trade, average unemployment increases an additional 261,000 jobs, from 844,000 lost jobs under the original draft to 1,105,000 lost jobs under the new draft; and

- Peak-year unemployment losses rise by 500,000 jobs, from 2 million under the original draft to 2.5 million under the new draft.

Though the proposed legislation would have little impact on world temperatures, it is a massive energy tax in disguise that promises job losses, income cuts, and a sharp left turn toward big government.

Ultimately, this bill would result in government-set caps on energy use that damage the economy and hobble growth—the very growth that supports investment and innovation.

*(continued on page 2)*

---

## CAP & TRADE . . .

### *Waxman-Markey Basics*

The bill discloses a basic two-pronged approach to cutting greenhouse gas emissions. The first prong is a set of mandates forcing efficiencies independent of any cost-benefit calculations on the part of industry or consumers. These mandates include a requirement for low-carbon motor fuels and a tenfold increase in the production of electricity from renewable sources.

The second prong is cap and trade. With cap and trade, absolute limits on total emissions of greenhouse gases are established. Before those in a covered sector can emit a greenhouse gas, they need to have the ration coupons (also known as pollution permits or allowances) for each ton emitted. Because the ration coupons will have a value, and therefore a cost, cap and trade becomes a tax on fossil fuels and the energy they generate.

The intent of cap and trade is to impose a cost on CO<sub>2</sub> and allow businesses and consumers to adapt as well as they can to this new cost. The mandates of the first parts of Waxman-Markey are counterproductive because they force choices on the economy that might not be the most efficient and inexpensive ways to cut CO<sub>2</sub>. That said, the paper's analysis looks at only the cost of a simple cap-and-trade approach. Consequently, the economic impact estimates reported here will likely be lower than the economic cost of cap and trade hobbled further by mandates.

**Is it worth it?** Is all of this economic pain justified by gains against global warming? Waxman-Markey

raises energy prices by 55 – 90 percent. These higher energy prices push unemployment up by 1,105,000 jobs on average, with peaks over 2,479,000. In aggregate, GDP drops by over \$9.6 trillion. The next generation will inherit a federal debt pumped up by \$29,150 per person. All of these costs accrue in the first 25 years of a 90-year program that, as calculated by climatologists, will lower temperatures by only hundredths of a degree in 2050 and no more than two-tenths of a degree by the end of the century.

The impact of Waxman-Markey on the next generation of families is \$1,500 per year in higher energy costs, over \$100,000 of additional federal debt (above and beyond the unconscionable increases already scheduled), a weaker economy, and more unemployment. Furthermore, the recently proposed modifications to Waxman-Markey only make these problems worse. By devising a less-efficient pattern of government expenditures, this new draft would more than offset the gains from the proposed slight easing of targeted emissions reductions for 2020.

We can end up with a severely impacted economy and significantly reduced quality of life. At present, each citizen emits an average of 20 tons of CO<sub>2</sub> annually. With a population increase and 80% reduction of CO<sub>2</sub>, the average output now reduces to two tons. The effect on quality of life would be staggering.

We will oppose any cap and trade tax legislation or any other scheme that drastically increases rates and destroys quality of life. Common sense must prevail.



Energy Outreach Colorado  
www.EnergyOutreach.org



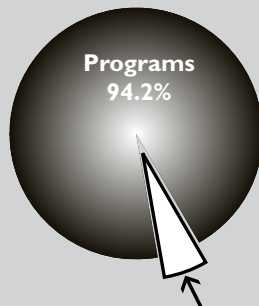
## TOGETHER WE GENERATE THE POWER TO HELP

Thanks to hundreds of IREA members who contributed last year to the Low-Income Energy Assistance Program, nearly 300 limited income IREA families, seniors and individuals with special health needs received energy assistance from Energy Outreach Colorado.

Thank you for joining with Energy Outreach Colorado to provide:

- Energy assistance funding for limited income seniors, families and disabled people
- Energy efficiency grants for affordable housing
- Energy conservation education and outreach
- Advocacy for energy policies to support safe, healthy and affordable housing

Energy Outreach Colorado is proud that more than 94 cents of each dollar you contribute goes to Colorado families in need.



General Administrative & Fundraising Expenses 5.8%

## HELPING ALL COLORADANS AFFORD HOME ENERGY.

It's easy to donate to Energy Outreach Colorado! Just fill out the donation slip on the back page – cut along the dotted line and enclose it with your bill payment envelope.

If you or someone you know needs assistance call toll-free  
**1-866-HEAT-HELP**  
**(1-866-432-8435).**



*(see contribution form on other side)*

## ALL COLORADANS DESERVE HEAT.

But not all can afford it. One in five Colorado households is considered low-income. Many rely on energy assistance to help pay their winter heating bills.

If you would like to help IREA members stay warm safe and healthy in their homes this winter, you can contribute directly through

your IREA bill. IREA will

add a separate line item on your monthly billing statement and transmit those funds to Energy Outreach Colorado, the only not-for-profit organization in Colorado that raises funds for energy assistance.

Once you sign up to donate, the amount designated by you will be added to your bill each month until you notify us in writing that you no longer wish to contribute.



**IREA is a long-time contributor to Energy Outreach Colorado and will match contributions up to \$75,000.**



(Cut along the dotted line and enclose in your bill payment envelope)



Name: \_\_\_\_\_ IREA Account #: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

One-time only contribution: \$ \_\_\_\_\_

Monthly voluntary contribution:  \$5       \$10       \$20      Other \$ \_\_\_\_\_

I agree the above amount will be added to my monthly IREA statement as a separate line item.

Signature: \_\_\_\_\_