

A Sustainable Environment: Our Obligation to Protect God's Gift

by
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We Need a Greater Effort from Congress to Mitigate Our Environmental Problems

In 1992, a major meeting was held in Rio de Janeiro, Brazil called the Rio Earth Summit. As a result of that meeting, five years later the Kyoto Protocol was adopted. It recognized that climate change was a result of greenhouse gases (GHG) created by human industrial activity. The idea was that rich nations, which had already benefited from industrialization, would reduce their greenhouse gas emissions in the first part of the treaty and developing nations would join in later. This 1997 treaty actually took effect in 2005 with a goal to reduce GHG 5% below 1990 levels by 2012. Instead, we increased GHG by 58% above 1990 levels as the Kyoto Protocol came to an end.

The most recent international meeting on climate change was held in Doha, Qatar in December 2012. The developing countries once again demanded, as they did in Kyoto in 1997, for the rich countries to make a commitment to set real targets for reducing their GHG output. The only commitment that came from the meeting was that these rich nations agreed to some guidelines on how to track progress toward meeting their commitments and set a path toward a stronger legal agreement in 2015. So basically, they were delaying doing anything for another three years. The question now becomes whether any agreement will be ratified by the various nations involved.

In President Obama's inauguration speech, he said, "We, the people, still believe that our obligations as Americans are not just to ourselves, but to all posterity. We will respond to the threat of climate change, knowing that the failure to do so would betray our children and future generations.... The path towards sustainable energy sources will be long and sometimes difficult. But America cannot resist this transition; we must lead it.... That is how we will preserve our planet, commanded to our care by God. That's what will lend meaning to the creed our fathers once declared." Our administration has refused to make any commitment to fight climate change since the 1997 Kyoto Protocol when we refused to ratify it. Time is running out, and we really need to do something immediately – we'll see.

While our administration talks about a path towards sustainable energy sources, that path has had many starts and stops. Critical to developing renewable sources is providing some kind of incentive like an investment tax credit (ITC) or a production tax credit (PTC). These incentives are important for the technology developers in order to grow the business and thus reduce the cost to the same level as non-renewable energy sources. The PTC was in effect for several years but was set to expire at the end of 2012. Consequently, no wind energy developer planned to start a new project in 2013 or later. However, on December 31, 2012 Congress was voting on a bill to avoid the "fiscal cliff", and a rider was inserted to extend the PTC for one more year. As the bill passed, the wind energy industry started immediately to develop new wind energy projects. A number of projects are being developed that will increase wind energy output by about 500 MW. That's great, but if a developer cannot start the project by the end of

2013, it won't be started at all because the PTC is set to expire again at the end of the year. This start-and-stop trend for a renewable energy industry is not good at all. It happened several times before when installed wind energy output dropped 93% in 2000 when the PTC expired in 1999, and dropped 73% in 2002 and 75% in 2004 when the PTC expired the previous year.

There is really no justification for Congress not taking the initiative to develop the renewable energy systems and not extending the PTC for four years rather than just one. The total wind industry could grow by 8-10 gigawatts (GW) per year, add 100,000 permanent jobs by 2016 with total investment of \$16 billion and a return on investment of over 85%.

Even with a one-year extension of the PTC there is a net benefit to the U.S. government. The PTC will cost the government about \$3.5 billion but it would realize a tax benefit of \$600 million during construction and another \$3.7 billion of tax benefits during its operations for a net benefit of about \$800 million. So why did Congress have to wait until the last day to extend the PTC and for only one year? This just doesn't make sense.

The U.S. government talks about mitigating climate change but is really not doing what needs to be done. For over 15 years since the Kyoto Protocol the U.S. has done nothing about fighting the climate change problem. Where one solution to mitigate the problem is the installation of wind energy, the government is not doing enough. A repetition of starts and stops is not an answer.