



Looking Forward: The Green Economy and the Obama Administration


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Defining Green Economy

By definition, the Green Economy is an emerging marketplace that seeks to optimize the synergy among three sets of values: social, environmental and financial.

- Environmentally sustainable
- Socially just and locally rooted
- Desired by consumers and investors



Today's Synergy: Climate Change, Jobs and Energy Security

“If we can get this right, then we can move in a direction not only of energy independence but we can create five million new jobs.” **BARACK OBAMA**

“If we don't take action on climate change, you can be sure that our economies will go down the drain in the next 30 years.” **PAUL VOLCKER**

“Green is not simply a new form of generating electric power, it is a new form of generating national power- period. **DAVID ROTHKOPF**

Climate Change: *Still* Happening and Human Related



“Human activity, including the burning of fossil fuels, is contributing to increased concentrations of greenhouse gases in the atmosphere that can lead to adverse changes in global climate.”

ConocoPhillips



“When 98% of scientists agree, who is Shell to say, ‘let’s debate the science’ [about global warming]?”

**Shell Oil
November 2006**

“Warming of the climate system is unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global mean sea level.” **United Nations IPCC Report 2007**



Obama Steadfast

Few challenges facing America - and the world - are more urgent than combating climate change. The science is beyond dispute and the facts are clear. Sea levels are rising. Coastlines are shrinking. We've seen record drought, spreading famine, and storms that are growing stronger with each passing hurricane season.

Climate change and our dependence on foreign oil, if left unaddressed, will continue to weaken our economy and threaten our national security.

Now is the time to confront this challenge once and for all. Delay is no longer an option. Denial is no longer an acceptable response. The stakes are too high. The consequences, too serious.



Appointments and Congressional Leadership

Secretary of Energy -Steven Chu

EPA Administrator - Lisa Jackson

White House Coordinator of Energy & Climate Policy – Carol Browner

White House Counsel on Environmental Quality - Nancy Sutley

Dept. of Interior Secretary – Ken Salazar

NOAA Administrator – Janet Lubchenko

Chair, House Energy and Commerce Committee- Rep. Henry
Waxman

Subcommittee Chair, Subcommittee on Energy and Environment
Rep. Edward Markey

Chair, Senate Environment and Public Works - Sen. Barbara Boxer

Chair, Senate Energy and Natural Resources – Sen. Jeff Bingaman



Components of Likely Legislation

“My presidency will mark a new chapter in America's leadership on climate change that will strengthen our security and create millions of new jobs in the process. That will start with a federal cap and trade system. We will establish strong annual targets that set us on a course to reduce emissions to their 1990 levels by 2020 and reduce them an additional 80% by 2050. Further, we will invest \$15 billion each year to catalyze private sector efforts to build a clean energy future.”

Obama - Biden



US CAP Emission Reduction Goals

Establish a mandatory, national economy-wide climate protection program that includes emission reduction targets for total U.S. emissions and for capped sectors that are:

- — 97%-102% of 2005 levels by 2012;1
- — 80%-86% of 2005 levels by 2020;
- — 58% of 2005 levels by 2030; and
- — 20% of 2005 levels by 2050.

Likely Sectors: Electricity Generation, Transportation, Industrial, Commercial, Residential and Agriculture



Cap and Trade Components

- **Point of Regulation** – determines who must hold the allowance; may vary by sector
- **National GHG Registry**
- **Allowances** – Companies are free to buy and sell allowances in order to continue operating in the most profitable manner available to them. Those that are able to reduce pollution at a low cost can sell their extra allowances to companies facing high costs. Each year the number of allowances will decline to match the required annual reduction targets.
- **Free or Auction Allowances** – 100% Auction
- **Cost Containment Measures** – Banking, Offsets, etc.
- **Periodic Assessment**



Cap and Invest Components

1. Clean energy technologies, energy efficiency and workforce development – 8.5 million workers to 40 million in 20 years.
2. Community and natural resource impact assistance
3. Low-income consumer assistance;
4. International assistance

Other Items: Create a Green Jobs Corps, Invest in Digital Smart Grid



The Bright Big Picture

- The \$6 trillion world-energy market is being swarmed by thousands of entrepreneurs peddling game-changing technologies in solar, wind, geothermal, batteries, electric ‘smart grids’ and plain old efficiency.
- The technologies are moving from the lab to the marketplace just as the political pressure mounts for companies to curb their GHG emissions. “It’s a perfect storm”.
- Employment specialists say ‘green-collar’ opportunities are sprouting in nearly every field, both for those in the work force and those looking to enter. “It’s definitely the wave of the future.”



Other Positive Benefits

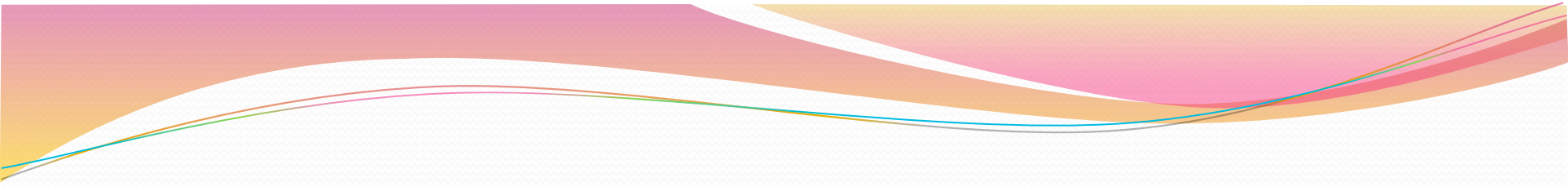
- Reduced overall air pollution
- Energy security
- Less traffic congestion
- Energy efficient buildings improve indoor air quality and job satisfaction
- Retaining forests as carbon sinks contributes to biodiversity and watershed conservation



The Scary Outlook

- Costs of inaction between 5 and 20% GDP, now and forever. 10% GDP is central prediction.
- Costs of action to stabilize climate at 550 ppm CO₂ is 1% of GDP in 2050.
- “Measure taken by the world’s governments to reduce GHG could cost 1% of world economic output but the cost of not taking those steps would be at least 5 times as much, hitting the developing world hardest.”

World Bank Senior Economist Nicholas Stern 2007



“ If there’s no action before 2012,
that’s too late. What we do in the
next two or three years will
determine our future. This is the
defining moment.”

Rajendra Pachauri, Chair of IPCC



Closing Thoughts

“ In our view, the climate change challenge will create more economic opportunities than risks for the U.S. economy.”

US CAP

“Treat the Earth well. It was not given to you by your parents; it was loaned to you by your children.”

Kenyan Proverb

“When the wind changes direction, there are those who build walls and those who build windmills.”

Chinese Proverb

Climate change is our next grand challenge. This challenge does not pit the haves against the have-nots but the present against the future—my generation versus my children’s generation. It is the challenge that future generations will judge us by. Confronting climate change is really a series of great social and economic opportunities presented as an environmental problem. It is time to build windmills and smart grids, not walls.

