

October 19, 2009

IOWA UTILITIES BOARD

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE:)
) DOCKET NO. NOI-2009-0002
THE AMERICAN CLEAN ENERGY)
AND SECURITY ACT OF 2009)

POST-HEARING COMMENTS

The Iowa Chapter of the Sierra Club hereby submits the following post-hearing comments in this Docket:

The stated purpose of this inquiry was to determine the effects of the Waxman-Markey climate change bill, HR2454, that passed the House of Representatives last summer. As noted in the Sierra Club's initial comments in this Docket, this inquiry may be a fruitless effort because the United States Senate had not at the time the inquiry was initiated addressed climate change legislation. It was noted that Senate action could change the nature of the issues dramatically.

Now, as predicted the Senate is considering two bills addressing climate change since the Board hearing in this case. A cap-and-trade bill has been introduced by Senators Boxer and Kerry. Although generally following the same strategy as the Waxman-Markey bill, the Boxer-Kerry bill has some significant differences in emphasis on energy efficiency and renewable energy and it proposes a more

aggressive emissions cap in the short term. There has been insufficient time to analyze this bill in detail, but it certainly would change many of the assumptions and arguments of the parties regarding Waxman-Markey.

In addition, more recently another Senate bill has been drafted by Senator Cantwell. This bill takes a fundamentally different approach than the cap-and-trade bills. Rather than focus on carbon emissions, the Cantwell bill concentrates on carbon inputs. The bill limits the quantity of carbon allowed to enter the U.S. economy. So rather than requiring a downstream power plant to reduce greenhouse gas emissions, the Cantwell bill requires the upstream coal, natural gas and oil companies that supply the power plant to limit their carbon production. Carbon producers would be required to buy 100 percent of the carbon shares they need and the bill puts limits on the trading of carbon. Most importantly, the bill makes consumer equity a central consideration. Three-quarters of the proceeds from the carbon auction will be refunded on an equal per capita basis to any legal resident of the United States. The remaining 25 percent will go into a fund that can be used for many purposes: clean energy development, compensation for dislocated workers, climate change mitigation and adaptation. Finally, the bill does not ban

the EPA from regulating greenhouse gas emissions, as does Waxman-Markey.

Given these recent developments in Congress, it is impossible to determine how federal climate change legislation will affect Iowa. So, at this point, it would be a fool's errand for the Board to make any sort of statement or finding.

Respectfully Submitted,

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