



# Light Reading



Volume 12 | Issue 7 | July 2009

## *The Risky Business of Cap-and-Trade*

The risks:

- Cap-and-trade is a hidden tax on your electric bill.
- Cap-and-trade could be used to generate additional federal revenue, essentially turning your electric co-op into a government tax collector.
- These taxes could be used to fund tax cuts and other programs.
- Through the auction, financial speculators could ultimately determine the price of carbon, directly impacting electricity bills. In the worse case, they could manipulate prices creating a crisis similar to the Enron situation or today's mortgage meltdown.
- The success of reducing emissions relies on technology that is currently limited, largely untested, and expensive. |

## *Climate Change Bill Could Add a Hidden Tax on Your Power Bill*

On June 26, 2009, the U.S. House of Representatives passed a climate change bill that would impose a cap-and-trade program for reducing greenhouse gas emissions.

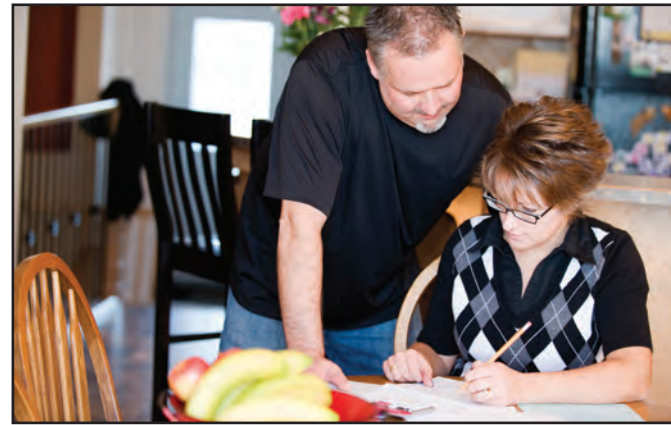
Cap-and-trade systems work by setting a specific limit on airborne pollutants from sources like power plants, factories, and refineries, and require those sources to account for all emissions with issued allowances.

Cap-and-trade has worked well during the past 15 years to reduce emissions of acid rain-causing sulfur dioxide nationwide and over the last decade to curb smog-creating nitrogen oxides in the eastern half of the country. However, this cap-and-trade tax bill for carbon dioxide contains a new twist: pricey allowances.

Allowances would be auctioned off at undetermined prices, leading to huge cost burdens for any source of carbon dioxide emissions. In the case of power plants, those costs would ultimately be passed on to consumers using the power.

In late February, there were some who pointed to such a system as a new, substantial source of revenue for the federal government—effectively muddying the initial environmental argument for regulating carbon dioxide.

Such a back door tax increase would force electric cooperatives to essentially become tax collectors for the federal government, and allow Wall Street investors to set allowance prices and determine how much you pay for electricity.



*Write your U.S. Senator and let her know it's important to address climate change in an affordable and environmentally responsible fashion.*

The bill is going before the Senate as early as late summer. We want to work with lawmakers to address climate change in an affordable and environmentally responsible fashion. National energy and climate change policy must focus on reducing emissions, not on "revenue enhancement" for federal government. Money generated, through a cap-and-trade tax or otherwise, must be used wisely: devoted to developing related technology or returned to those who foot the bill. And Congress should take the lead on climate change, not Wall Street speculators.

In unity with 42 million other electric co-op consumers around the country, urge your U.S. senators to keep electric bills affordable. Get involved in this effort by participating in the Our Energy, Our Future™ grassroots campaign at [www.ourenergy.coop](http://www.ourenergy.coop). |

## Irrigation Pipes and Electricity Do Not Mix

Follow these safety tips when cleaning or moving irrigation pipes:

- Always carry the pipes parallel with the ground and avoid moving them on a windy day.
- Position pipes at least 15 feet away from power lines.
- If an irrigation pipe comes in contact with a power line, stay away... do not try to remove it. Call our office immediately.
- Make sure no irrigation water has a chance to spray power lines.
- Store unused pipes far away from power lines or electrical equipment.

Visit [www.inlandpower.com](http://www.inlandpower.com) for more safety tips. |

## Ductless Heat Pumps...a cool idea!

If you have baseboard or wall heaters, and are using window air conditioners to cool your home, you are likely using more energy than is needed to heat and cool your home.

In fact, you could save 25 to 50 percent annually on your home heating bill with a ductless heat pump. You'd still enjoy the benefits of cooling and no longer need those unsightly window AC units.

We're helping qualifying households upgrade to a ductless heating and cooling system that uses considerably less energy while providing more comfort than many existing home systems.

Eligible homeowners will receive a \$1,500 rebate from Inland when they

have a system installed by a qualified installer before Oct. 31, 2009. An additional federal tax credit of up to \$1,500 may also be available.

To qualify, you are using electric baseboard heaters, wall units, or ceiling units as your primary source of heat. There is not a natural gas line running to your home. This is your primary residence, and you have occupied your home for at least a year.

Visit the Energy Star at [www.energystar.gov](http://www.energystar.gov) to learn more about the Federal Tax Credit.

For more information, visit [www.inlandpower.com](http://www.inlandpower.com). To receive a free estimate from a qualified installer go to [www.GoingDuctless.com](http://www.GoingDuctless.com). |

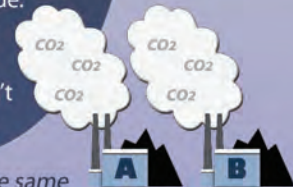
Catherine Markson  
Communications Manager  
[catherinem@inlandpower.com](mailto:catherinem@inlandpower.com)  
Inland Power and Light  
320 E. Second Ave  
Spokane WA 99202  
(509) 747-7151



Inland Power and Light Company is a member-owned, non-profit electric cooperative.

## The Cap-and-Trade Tax

Cap-and-trade systems have been used to successfully control certain power plant emissions in the past; one may soon be applied to carbon dioxide. In its most basic form, the process begins when a limit is set on the amount of CO<sub>2</sub> a source can emit over a given time. Allowances for emissions can be given for free or auctioned off; if auction prices aren't carefully regulated, high costs will be passed to consumers.



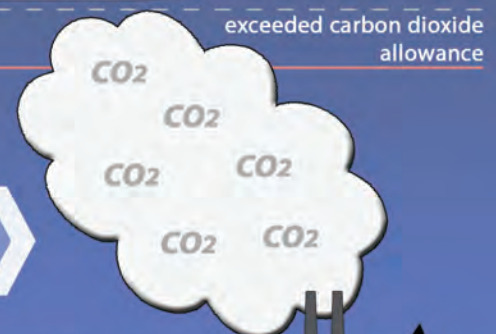
Plants A and B emit the same amount of carbon dioxide gas before the cap

After a cap is set, Plant A invests in technology to reduce its emissions; Plant B continues with business as usual...

**THE CAP**  
unused carbon dioxide allowance



**THE TRADE**  
Plant A reduced emissions to below the capped level, and now has extra allowances that can be sold, or "traded" ...



...to Plant B, which was unable to reduce emissions. Technology options for doing so are limited and expensive, and perhaps decades away from prime time.

Source: National Rural Electric Cooperative Association