

Sobering News Requires Immediate Action

A report from the United Nations Intergovernmental Panel on Climate Change (IPCC) issued earlier this month provides a sobering assessment of the impact global warming could have on the climate and has prompted government officials, environmentalists, and even some of the most skeptical conservatives to sit up and take notice.

The question on most everyone's mind seems to be shifting from a rhetorical one, "is global warming real," to one with a growing sense of urgency, "what should we do about global warming?"

While Gov. Jim Doyle is forming a Task Force on Global Warming to develop recommendations to deal with this global phenomenon here in the state of Wisconsin, the major problem is that there will be a significant time lag to develop a long-term plan to address a very immediate problem.

Fortunately, there are steps Wisconsin-based companies can take now to begin formulating a strategic plan to reduce greenhouse gas emissions, along with developing the means to measure, verify and certify the emissions reductions.

The IPCC report, which provides an assessment concluding that human activity is having a major influence on climate change, warns that "continued greenhouse gas emissions at or above current rates would cause further warming and induce many changes in the global climate system."

In response to the growing evidence of climate change, the European Union has begun a "cap-and-trade" system to reduce greenhouse gas emissions, which is the same approach used in the 1990s by the U.S. Environmental Protection Agency to significantly reduce the emissions causing acid rain.

Massachusetts, New Hampshire and, most recently, California are among the states in the establishing their own cap-and-trade programs. The cap-and-trade protocol controls a company's or utility's right to emit greenhouse gases by setting a cap or limit on emissions, but lets each entity trade emissions allowances to meet compliance caps. This system provides flexibility to participants with differing abilities to reduce emissions in a cost-effective manner.

The cap-and-trade approach works because it provides certainty -- companies have a specific emission target -- and because free markets are the most efficient way to reward innovation.

For Wisconsin companies, the Chicago Climate Exchange (CCX) offers a voluntary cap-and-trade system they can join that represents the only emissions registry, reduction, and trading system for all six greenhouse gases.

CCX is a self-regulatory, rules-based exchange designed and governed by CCX members representing business and industry across North America. Members make a voluntary, legally binding commitment to reduce emissions or to use the exchange to buy emission credits if they do not.

A market-based system like the cap and trade system used by the CCX has two added benefits: It creates new revenue sources for companies clean enough to sell credits, and it enables free markets to determine the best solutions, rather than having governments bet on the next big innovation or choose winners and losers among the available technologies.

Until a nationally mandated cap and trade system is in place, Wisconsin -- indeed, the entire Midwest -- needs to begin planning a strategy that helps mitigate the future risk of climate change. As Doyle has said, "you just can't pretend this isn't happening anymore."

Accordingly, the Governor's Task Force on Global Warming could serve just such a function by bringing together all of the energy stakeholders: legislators, utilities, regulators, environmental groups, large industrial companies, energy policy advisors, business groups and energy service providers.

Like the Energy Efficiency and Renewable Energy Task Force before it, the Task Force on Global Warming must develop a viable solution among our state's best thought leaders.

Foley and Lardner, Stora Enso and Orion Energy Systems are the only Wisconsin companies who are current members of the CCX. However, several large industrial companies in the state are considering joining.

In the meantime, Wisconsin companies are missing many large-scale emission-reduction opportunities that can be achieved cost effectively through pragmatic energy-efficiency initiatives.

Wisconsin's economic development and environmental future may very well depend on developing thoughtful plans to control greenhouse gases that include Wisconsin's energy stakeholders and the business community.

But waiting for a government mandate to act -- federal or otherwise -- will only continue to exacerbate the problem of global warming here in our home state.

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