

Global Climate Change Position Statement

by

Iowa's Electric and Natural Gas Utility Providers

Iowa's electricity and natural gas utilities, including investor-owned utilities, municipal utilities and rural electric cooperatives have provided safe, reliable and reasonably-priced energy to Iowans for more than a century. The issue of climate change presents significant challenges and opportunities for our customers and utilities, the magnitude of which has not been seen since we began providing energy to Iowans. The expertise to evaluate mankind's current and future impact on the global climate is not readily available at our utilities today. However, we must be an integral part of the policy dialogue on this issue since we proudly accept responsibility for providing the energy that drives Iowa's economy and our customers depend on every day. We are committed to working with policy-makers to address this issue, and believe the following points should be considered:

- Climate change policies should be at the national level, be economy wide, applying to all industry sectors and covering all greenhouse gases; they must recognize the many differences in energy providers, including: size; geographic location; customer profiles; generation mix; and, governance structure. Laws and regulations flowing from climate change policies must provide adequate flexibility so that utilities can develop solutions that are in their customers' best interests. A "one size fits all" approach would surely be counter-productive for many energy providers.
- We support the development of policy that addresses global climate change and we are all involved with efforts to develop policy that ensures reasonably priced energy for customers. The impact of bad decisions will be reflected in higher energy prices, not only negatively affecting Iowa business and industry, but with serious impacts on the poor, elderly and those on fixed incomes.
- In the short-term, we are continuing to invest in renewable generation sources and energy efficiency programs for customers to help meet new demand for electricity, while addressing environmental concerns. However, at this time, no cost-effective, commercial-scale technology is available to reduce greenhouse gas emissions from existing generation sources used to meet historical energy demand.
- To achieve the significant carbon emissions reductions by 2050 that policymakers desire, we need the vision and commitment Congress demonstrated with the Apollo program in 1961. In the next 10 years, a significant public and private investment must be made in research and development to create and field-test technologies that are commercially viable and that will accomplish carbon reductions. The technology then will be implemented over the following years so the desired reductions in carbon emissions can be realized by 2050.

- Technology investment should then be followed by a program to reduce carbon dioxide emissions. If carbon-reduction requirements are implemented prematurely, or in the specific case of a cap-and-trade program, if emissions reductions targets and timelines are out of synch with technology availability, then we will see increases in energy prices without accomplishing the policy's intended objective of reducing emissions. Near-term GHG reductions must assure compliance timelines consistent with the development and deployment of needed technology solutions and allow for cost recovery from utility customers. Without sufficient technology development, a carbon-reduction policy becomes nothing more than a tax on emissions, while allowing the same emission levels to exist.
- Such policies should employ market-mechanisms to secure cost-effective GHG reductions:
 - provide full credit for early reductions;
 - acknowledge use of a broad range of offsets; and,
 - include an economic safety valve provision for customers.
- Regional initiatives should focus on understanding the geographic differences in the potential to cost-effectively reduce greenhouse gas emissions. Such programs, if enacted, must be designed to align with the above principles in order to collect information that supports the development of national climate change policy.
- We believe this approach is the lowest-cost model capable of delivering the targeted carbon emissions reductions that have been adopted or discussed by lawmakers in Congress and in many states.
- Finally, we must keep in mind that this is a global issue, which requires global solutions. Iowa should not move forward with aggressive policies in isolation from other states or the federal government. To do so would have little or no impact on the global climate and could be very harmful to Iowa's economy.

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About the Iowa Association of Electric Cooperatives

The Iowa Association of Electric Cooperatives, www.iowarec.org, is the Des Moines-based statewide association, representing 37 distribution cooperatives in Iowa and six generation and transmission cooperatives. Phone: 515-276-5350.

About the Iowa Association of Municipal Utilities

The Iowa Association of Municipal Utilities, www.iamu.org, is a nonprofit organization whose members include 136 municipal electric and 49 municipal natural gas utilities. Phone: 515-289-1999.

About the Iowa Utility Association

The Iowa Utility Association, www.iowautility.org, is the state organization of investor-owned electric and natural gas companies with energy facilities in Iowa. Phone 515-282-2115.