EPA Q&A: What Cap-and-Trade Means To America

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A big meeting in Copenhagen. A cap-and-trade bill in Congress. And now, a determination by the Environmental Protection Agency that global warming pollution is a threat to public health — a move that clears the way for the first-ever federal regulations targeting climate-changing emissions.

Confused about the EPA's action on greenhouse gases?

Here are some questions and answers about what was announced by the EPA on Monday, and what it means for international climate negotiations, action in Congress and global warming in general:

Q: What did the EPA do exactly?

A: The EPA classified six greenhouse gases — carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride — as pollutants that threaten the health and welfare of the American people. This will compel the federal government — unless it is blocked by Congress — to regulate emissions of greenhouse gases for the first time under the 1970 Clean Air Act. The government already controls releases of sulfur dioxide, ground-level ozone, nitrogen oxides and carbon monoxide under the law.

Q: How do these six newly classified gases threaten us?

A: Unlike other pollutants, greenhouse gases threaten public health and welfare indirectly, by warming the planet rather than directly by having people breathe them in. In terms of health, the EPA expects global warming to expand the range of certain diseases such as Lyme disease, boost many allergens and worsen smog, which is known to trigger asthma attacks and cause lung damage. On the welfare front, a rise in sea level brought about by climate change could worsen flooding.

Q: Why did the EPA decide to do this?

A: A 2007 Supreme Court ruling declared that carbon dioxide and other greenhouse gases are air pollutants as defined by the Clean Air Act and that the EPA had the authority to regulate them if they are found to endanger public health and welfare. It directed the EPA to make that determination. The Bush administration never acted on the court order. By contrast, the Obama administration found the science overwhelming and announced it would set the first-ever greenhouse gas standards for automobiles and would move to control heat-trapping emissions from large industrial sources such as factories and power plants. The endangerment finding announced Monday was needed to make those proposed rules a reality.

Q: How does the EPA finding related to the climate negotiations now under way in

Copenhagen, Denmark?

A: It will allow the Obama administration to present another piece of evidence that the White House is tackling global warming in the absence of new legislation and convince other nations that the U.S. is taking climate change seriously. However, the emission reduction target of 17 percent by 2020 that Obama will propose in Denmark falls short of what European leaders wanted and scientists say is needed to avoid the worst consequences of global warming. The EPA's endangerment finding in itself produces no pollution reductions without actual regulations — and those have yet to be written.

Q: How would the EPA regulate greenhouse gases?

A: The agency has plans to do something similar to what it does for other pollutants, by requiring new and expanding factories and power plants to install best-available technology to reduce heat-trapping pollution. For automobiles, it has drafted the first-ever greenhouse gas emissions standards that would require automobiles to be more fuel-efficient than they are today. But industry worries that the EPA could go further — regulating greenhouse gases from small sources such as buildings, farms and small businesses. The Obama administration has said it does not intend to do that.

Q: What would these new regulations cost?

A: It's not yet clear. The cost for power producers, which would probably be passed onto electricity customers, would depend on what technology the EPA requires. Pollution reductions could come from installing carbon capture technology, reducing energy use through efficiencies or shifting away from fossil fuels. The EPA estimates it will cost automakers about $60 billion to meet planned fuel economy requirements. The cost to power plants and factories are likely to be more.

Q: Isn't Congress also trying to pass legislation to control greenhouse gas emissions?

A: Yes. In June, the House of Representatives passed a bill that would reduce greenhouse gas emissions by 17 percent by 2020 and about 80 percent by 2050. But the Senate, which has been tied up with legislation to reform health care, is not expected to vote on the bill until next spring. Both versions of the bill limit how the EPA can use the Clean Air Act to regulate emissions, but to differing degrees. The legislation would reduce greenhouse gases by setting a limit on heat-trapping pollution and by allowing companies to buy and sell pollution permits as long as they don't exceed the overall limit. This system, known as cap-and-trade, would be more flexible and would probably be cheaper than straight EPA regulation.

Q: Which would come quicker: EPA regulations or Congressional action?

A: It's hard to say. The decision by the EPA will set in motion a complex set of rules that could take years to draft and could be delayed by lawsuits from the business community and others. Congress faces its own challenges in getting a bill passed.

Many Republicans and moderate Democrats are worried cap-and-trade would increase energy prices and could result in job losses for those who work in energy-intensive industries. These concerns will only become magnified as midterm elections in November get closer.

Q: How will the EPA decision affect Congress?

A: Prominent politicians on both sides of the aisle have said the Clean Air Act was not designed to control greenhouse gases. Supporters of cap-and-trade will try to use the EPA's decision to jump-start action in Congress. But it could backfire. Earlier this year there were attempts to block the EPA from taking action and to buy more time for Congress to draft a bill. Look for efforts to try and block the EPA again.

Q: How can a gas we all exhale be considered a dangerous pollutant and be regulated?

A: Don't worry — the EPA has no plans to control breathing. But scientists say the widespread burning of fossil fuels and activities that reduce the natural absorption of carbon dioxide on earth have disrupted the natural carbon cycle. Growing concentrations of carbon dioxide and other greenhouse gases are creating a heat-trapping blanket in the atmosphere, thereby warming the earth. The EPA's focus is to reduce the flow of U.S. greenhouse gas emissions from human activities, many related to burning fossil fuels.

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