Introducing Citizens’ Climate Lobby and its contribution to biomass policy

Stefan Milkowski

Technical Session, SAF Yukon River Chapter
Wednesday, February 15, 6pm
Roundup Steakhouse classroom
CCL’s revenue-neutral fee and dividend

1. Impose a fee on fossil fuels at the mine, port, or wellhead, starting at $15/ton of CO2 and increasing $10/ton each year
2. Return all revenues from the fee to households, one share per person and one half share each for up to two kids, as monthly dividends
3. Impose a fee on imports from countries without a comparable tax and rebate fees to American manufacturers for exports to those countries
4. Continue to increase fee until emissions fall to 10 percent of 1990 levels
Reducing emissions without wrecking the economy

A revenue-neutral fee and dividend would:

• Reduce emissions 33 percent within 10 years, 52 percent within 20 years
• Add 2.1 million jobs after 10 years
• Prevent 13,000 premature deaths per year after 10 years

Most Alaskans would come out ahead

“Impact of CCL’s proposed carbon fee and dividend policy: A high-resolution analysis of the financial effect on U.S. households” by Kevin Ummel, Research Scholar, Energy Program, International Institute for Applied Systems Analysis
A large majority of rural Alaskans would come out ahead

- Both small and large households in every region would receive average dividends exceeding average fees in 2016. While there are undoubtedly financial winners and losers within each household group, it is reasonable to conclude that the vast majority of people in the study area stand to initially gain more in dividends than they would pay in fees.

- **Area studied:** Bethel Census Area, Kusilvak Census Area, Northwest Arctic Borough
- **Methodology:** Add allocated additional commercial and public fees to direct energy use
- **Key findings:** A family of four would receive an annual dividend of $900 in 2016 and more than $3,600 in 2025
- **Caveat:** “[N]et benefits would likely increase over time, but future outcomes will also very likely depend on further progress within the study area regions to increase energy efficiency and to displace diesel with low-carbon sources such as natural gas, propane, or renewables.”

*Benefits and Costs to Rural Alaska Households from a Carbon Fee and Dividend Program, Steve Colt, Institute of Social and Economic Research, University of Alaska Anchorage, August 2015*
CCL’s approach and goals

We Believe
Politicians don’t create political will; they respond to it.
We believe citizens who are well-trained, organized by Congressional district and with a good system of support can more than influence the political process.

Respect and appreciation
Citizens’ Climate Lobby has only one firm rule: To show genuine appreciation and respect to all people and points of view.

A policy that’s effective, simple, fair and transparent
Based on what climate scientists and economists tell us, our Carbon Fee and Dividend proposal is the best first step to reducing greenhouse gas emissions.

Respect, gratitude, and appreciation

- Non-profit
- Non-partisan
- 376 active chapters

Building political will:
- Lobbying
- Media
- Outreach (grassroots/grasstops)
Support for a revenue-neutral carbon tax

CCL Advisory Board
- George Shultz
- Dr. James Hansen
- Dr. Katharine Hayhoe
- Bob Inglis (republicEn)

Other supporters
- Bill McKibben
- ExxonMobil
Support for a revenue-neutral carbon tax (cont’d)
CCL’s fee and dividend does not tax biomass

Should Biofuels be Taxed? Laser Talk

A carbon fee is best understood as a fossil carbon fee.

Since the CO2 released from biofuels was in the atmosphere last year, it is not fossil carbon. While there are unresolved land-use and particulate issues with some biofuels, much of their carbon impact comes from fossil fuels burned in production, and thus their prices will already be rising due to the carbon tax.

So, to subject biofuels to a carbon fee is to double-tax them. This is unfair, especially since from a pure climate change perspective, biofuels are substantially better than coal, oil, or natural gas.

Pricing fossil fuels already puts carbon-intensive biofuels at a disadvantage. Issues with particulate emissions and land-use are significant, and must be dealt with. If they remain unresolved, this will put biofuels at a disadvantage to other technologies long-term, and the market or subsequent legislation/regulation will render them uncompetitive. But on the point of carbon emissions, they hold a clear advantage over fossil fuels, and so should not be subject to a carbon tax.

http://citizensclimatelobby.org/laser-talks/biofuels-taxed/
Biomass is already competitive for residential heating ...
... and would become more so with a carbon tax

Carbon tax year 1
Heating fuel goes up 15 cents per gallon to $2.65, or $24.62 per million BTU
Biomass goes up in relation to fossil-fuel inputs (20 percent of retail) to $298.54, or $23.34 per million BTU

Carbon tax year 2
Heating fuel goes up another 10 cents per gallon to $2.75, or $25.55 per million BTU
Biomass goes up to $300.90, or $23.52 per million BTU

Carbon tax year 3
Heating fuel reaches $2.85, or $26.48 per million BTU
Biomass reaches $303.26, or $23.71 per million BTU

Average Fairbanks home uses about 150 million BTU per year for space heating, or $3,500
Carbon tax year one, biomass savings of about $190
Carbon tax year two, biomass savings of about $300
Carbon tax year three, biomass savings of about $420

http://www.pelletheat.org/compare-fuel-costs
Biomass is also competitive for commercial/public heating

Alaska Energy Authority’s Renewable Energy Grant Fund has funded 53 biomass projects
• 14 wood heating systems currently in use
• 11 biomass systems in design and construction
• Wood or pellet boilers in use in Juneau, Tok, Coffman Cove, Craig, Gulkana, Elim, Thorne Bay, Haines, and Tanana

Volatile fuel prices have increased interest in using sawdust and wood wastes for lumber drying, heating, and small-scale power production

http://www.akenergyauthority.org/Programs/AEEE/Biomass
And even the utility scale

FNSB/ACEP biomass gasification combined heat and power
Aurora power plant
EU treatment of biomass

Volter 40 CHP System

- Result of 18 years of Biomass CHP development
- Fully Packaged and Automated
- Specifications:
  - 40kW Electric
  - 100kW Thermal
  - 30%-100% Range
  - 7800 hrs per year (89%)
  - 6 cubic yards of wood chips daily
But should biomass be considered carbon-neutral?

Carbon uptake and sequestration

Life cycle of GHGs
Cap and trade could provide a market for forest conservation

California Air Resources Board allows offsets for
- Reforestation
- Improved forest management
- Avoided conversion

Principles for effective offsets
- Additionality
- Leakage

How does a carbon tax compare to other approaches to mitigating climate change?

- Directed
- Economy-wide
- Efficient

Cap and trade
Carbon tax
Regulations/mandates
Subsidies
Is a revenue-neutral carbon tax consistent with SAF’s position on climate change?

Forest Management and Climate Change

SAF believes that climate change policies and actions should recognize the role that forests play in reducing greenhouse gas (GHG) emissions through 1) the substitution of wood products for nonrenewable building materials; 2) forest biomass substitution for fossil fuel-based energy sources; 3) reducing wildfire and other disturbance emissions; and 4) avoided land-use change. SAF also believes that sustainably managed forests can reduce GHG concentrations by sequestering atmospheric carbon in trees and soil, and by storing carbon in wood products made from the harvested trees. Finally, climate change policies can invest in sustainable forest management to achieve these benefits, and respond to the challenges and opportunities that a changing climate poses for forests.

http://www.eforester.org/Main/Issues_and_Advocacy/Statements/Forest_Management_and_Climate_Change.aspx
Are there ways to make it better?

• What criteria could be used to determine if biomass products should be considered carbon-neutral?

• How can incentives be added to maintain existing carbon stores or create new ones?

• What kind of provisions would encourage forest management practices that reduce GHG emissions?
Ways to get involved

CCL Fairbanks
• Meet with members of Congress, write letters, and communicate with staff
• Get the word out through letters to the editor, op-eds, and radio and TV interviews
• Build support from individuals, organizations, and community leaders

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Community Leader’s Letter to Congress
Organization/Individual Endorsing Carbon Fee & Dividend

WHEREAS...
The costs of climate change—including destabilized weather patterns, rising sea levels, extreme weather events, and other serious impacts—now pose a substantial threat to the health, prosperity, and security of Americans. The costs are real, they are growing, and they are already burdening businesses, taxpayers, municipal budgets, and families. Our economy, infrastructure, public safety, and health are directly at risk.

THEREFORE...
I/we urge Congress to support Carbon Fee & Dividend as a key element in reducing the risks of climate change. Carbon Fee & Dividend will significantly reduce carbon emissions, create jobs, grow the economy, save lives, and protect households from higher energy prices. Carbon Fee & Dividend will place a fee on fossil fuels at the source (at the well, mine, or port of entry), beginning at $15/metric ton CO2 equivalent emissions, and steadily increase annually at $10/metric ton. 100% of the net fees are returned to American households on a per-capita basis as a monthly dividend. Finally, a border adjustment assesses a fee or rebate on goods traded with countries without a comparable carbon price.

Enacting such a policy will:
• Send a clear price signal to entrepreneurs and existing businesses to invest in a clean-energy economy
• Protect lower and middle-income households, as two-thirds of families will break even or receive more in dividends than they would pay for in higher living expenses
• Create jobs, as the dividend puts money back into local economies
• Discourage domestic businesses from relocating where they can emit more CO2 and encourage other nations to adopt an equivalent price on carbon

*By signing, I affirm I have the authority to sign on behalf of the Endorser and understand that CCL may share the Endorser’s name with members of Congress and their staff, and, if not marked Private above, that the name of the Endorser (without contact information) may be listed publicly. CCL agrees that it will not share a Private endorsement publicly.

Thank you: Chad Schumacher, Ben Loeffler, Amanda Byrd, Logan Blair