

Guest Article

By Bill Fehrman, president, MidAmerican Energy Company

Let's cap and not trade

The U.S. House of Representatives is getting ready to vote on a massive energy bill that could raise MidAmerican Energy's costs by approximately \$280 million in 2012, with additional increases every year after that. This could increase customers' bills by at least 25 percent in 2012. The bill has two distinct components – cap and trade. MidAmerican supports sections of the bill that seek to reduce greenhouse gas emissions; however, the trading component is seriously flawed and will do nothing more than impose unfair and significant costs on customers.

The American Clean Energy and Security Act of 2009 (H.R. 2454), also known as the Waxman-Markey bill, claims reductions of greenhouse gas emissions – a goal MidAmerican Energy supports – however, the bill could end up penalizing area businesses, farmers and families. The primary problem is its trading scheme using greenhouse gas emission credits. Waxman-Markey allows these credits to be sold across the world, raising costs for our customers to the benefit of others outside the Midwest.

MidAmerican is committed to environmental responsibility and believes the electricity sector can meet the Waxman-Markey bill's cap of reducing greenhouse gas emissions to 83 percent below 2005 levels by 2050, but the bill's trading mechanism will impose a huge and unacceptable double cost on customers: first to pay for emission allowances, which will not reduce greenhouse gas emissions, and then for the construction of new low- and zero-carbon power plants and other actions that actually will reduce emissions.

MidAmerican works tirelessly to maintain fair and reasonable rates for our customers. We have not raised base electric rates since 1995 – a statistic that is almost unheard of in the utility industry. If passed, the Waxman-Markey bill would essentially shift control of our costs to Washington, D.C., and Wall Street-type traders.

This bill has the potential to cripple Iowa's economic growth. The rise in the cost of electricity across the Midwest could affect economic development as factories relocate overseas or to regions with more affordable energy, and new businesses bypass this area.

MidAmerican supports initiatives to protect our environment. In fact, MidAmerican is No. 1 in the nation in utility ownership of wind generation. In addition, MidAmerican has undertaken several projects to reduce emissions of criteria pollutants at its facilities. We have invested more than \$420 million in voluntary

emission reductions, while our customers have continued to have stable base electric rates since 1995.

While MidAmerican is committed to meeting the bill's 83 percent reduction target by 2050, we recognize that reaching that goal will require technologies that currently are not available on a commercial scale. The constraints to achieving emissions targets in the Waxman-Markey bill highlight the need to make the investments to develop and deploy new low-carbon technologies.

Congress is developing an energy and environmental policy that will impact this country for at least half a century. It is important to get the facts straight and to develop a policy that won't saddle customers with unnecessary and duplicative costs that provide them with absolutely no benefits.

It's time for Congress to set aside Washington politics and take a realistic approach to reducing emissions. Passing flawed policy that will hurt customers is not the answer. Let's cap and not trade.