

Written Testimony of
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Before the

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Perspectives
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Introduction

Thank you Chairman Boucher, Representative Hastert, and members of the committee for inviting me to testify today. My name is Ron Curry and I am the Cabinet Secretary of the New Mexico Environment Department in the administration of Governor Bill Richardson. New Mexico's entire Executive branch is committed to addressing climate change and the Environment Department has been working closely with Governor Richardson's office to coordinate these activities.

There is overwhelming scientific consensus that our greenhouse gas emissions are leading to a warmer planet. Climate change threatens our snowpack and our water. The West simply doesn't have any water to waste – it is our lifeblood and the basis for our economy – that is Governor Richardson has taken an aggressive leadership position on this issue.

Global climate change is an extremely important issue to New Mexico. Temperatures in New Mexico increased an average 2 degrees Fahrenheit over the past century and are expected to continue to rise (1). Severe weather events that may be exacerbated by global climate change are wreaking havoc in our state. Drought conditions are predicted to be more severe due to global climate change. Snow pack in the mountains, which supplies most of our water, is diminishing and running off earlier in the spring. New Mexico's water supply will be more vulnerable if temperatures increase and drought conditions continue. If any of you have ever been to New Mexico you know how little water we have to begin with. New Mexicans are well-versed in water conservation but if drought conditions persist due to global climate change, the quality of life for our citizens will be adversely impacted. Our natural resources, such as Rocky Mountain trout will be negatively impacted. It is estimated that up to 75% of suitable trout habitat will be lost due to climate change. We expect the warming trend to result in more extreme weather events, to reduce biodiversity and to increase air pollution, which will adversely affect New Mexico's infrastructure and economy. We cannot afford to wait to address climate change.

With these kinds of impacts it is no wonder that a recent poll shows that 59 percent of New Mexico voters, regardless of party, feel that global warming is a serious problem. This same poll showed that the majority of voters also thought that more must be done to address global warming.

The United States needs to enact and implement a mandatory market-based greenhouse gas reduction program that covers all major economic sectors. In the absence of such a program, states like New Mexico are taking the lead in setting greenhouse gas reduction targets and finding ways to reduce emissions while maintaining economic growth.

Under the leadership of Governor Richardson, New Mexico is leading the way. Governor Richardson has signed tough greenhouse gas reduction targets including a 75% cut in New Mexico's emissions by 2050. We are also the first state in the nation to join the

Chicago Climate Exchange -- a market-based cap-and-trade system -- where we joined industry leaders like Ford, DuPont and IBM.

Addressing climate change has not hindered our economy. On the contrary, it has created business opportunities. Governor Richardson put New Mexico in the lead on this issue in part because it is good for business. Our companies will develop the technologies needed to capture and reduce carbon dioxide emissions. This will make us a leader in the new carbon clean economy.

Governor Richardson's Climate Change Advisory Group

In the summer of 2005, Governor Bill Richardson issued an Executive Order setting greenhouse emissions reduction targets for New Mexico. The goals are to reduce greenhouse gas emissions to year 2000 levels by the year 2012, to reduce emissions 10 percent below 2000 levels by 2020 and 75 percent below 2000 levels by 2050. To meet the 2020 target, we will need to reduce emissions by about 26 million metric tons of CO₂ equivalent from the business as usual scenario or about 37% percent. Governor Richardson also established the New Mexico Climate Change Advisory Group. After a year and a half of hard work, this diverse group of 40 stakeholders from industry, environmental groups and local and tribal governments developed 69 greenhouse gas emissions reduction strategies to achieve the Governor's emissions reduction targets. The group voted unanimously on 67 of the recommendations. When we implement all the group's reduction recommendations, we will exceed the Governor's emissions reduction targets. I would like to share with you a copy of the final report from this work group (*New Mexico Climate Change Advisory Group: Final Report December 2006*).

Although the Advisory Group report was drafted only recently, we are moving ahead quickly to implement many of the group's recommendations. In December 2006, Governor Richardson issued an Executive Order instructing state agencies to begin implementing a number of specific recommendations, including green building codes and agricultural sector emissions reductions. Just last week, Governor Richardson signed legislation increasing the state's renewable portfolio standard (RPS) from 10 percent renewable energy required in 2011 to 15 percent by 2015 and 20 percent in 2020. The Governor also signed a bill creating the Renewable Energy Transmission Authority, a quasi-governmental agency that will facilitate the transmission of renewable energy within the state and to markets outside New Mexico. We hope the New Mexico Legislature will have many more clean energy bills before the Governor soon, including tax incentives for the development and construction of advanced coal generating facilities, tax credits for "green building construction" and biodiesel targets and tax incentives.

Many of the recommendations from the group focus on New Mexico's energy economy. New Mexico historically has been a fossil energy state. We are third in the nation for onshore gas production and fifth in oil production. We export about half the electrical power generated in the state, which is mostly from coal fired power plants. However, if we are to effectively address climate change, we must change and diversify our energy

economy to include energy production that is efficient, cost-effective and less polluting. In New Mexico, the number one source of greenhouse gas emissions is power production, while the number two source is production and processing in the oil and the gas sector. Those two industries combined account for nearly two-thirds of the greenhouse gas emissions produced in the state.

New Mexico Energy Policies

In 2004, Governor Bill Richardson declared New Mexico “the Clean Energy State.” We have enacted incentives like the renewable energy production tax incentives and a solar tax credit to help achieve that vision.

We will continue to set aggressive energy policies that make New Mexico a leader in clean energy production as we continue to reduce greenhouse gas emissions. During the coming year, New Mexico will adopt the California Clean Car Standard and develop low greenhouse gas emitting building codes. In addition, we will evaluate mechanisms for reducing greenhouse gas emissions in our oil and gas industry and develop rules and procedures for sequestering carbon dioxide. We expect to have a mandatory GHG emission reporting program and a voluntary registry program in place by the end of the year. The development of a registry and reporting programs will assist the state in tracking progress towards meeting greenhouse gas emissions reduction goals. The registry and reporting program will allow industry to track its greenhouse gas emissions and certify reductions that could have a credit value in a future market-based program.

Collateral Benefits

New Mexico has already begun to see positive effects on our economy because we are implementing the Governor’s targets in promoting and producing clean energy. We expect our energy economy to continue to grow. Some new clean energy businesses that have moved to the state include Advent Solar, a Tesla Motors electric car assembly plant, renewable fuels production facilities and about 500 megawatts of new wind generation constituting \$500 million in capitol investment and an economic boon for New Mexico ranchers. We are currently positioning ourselves to be a leader in the area of solar thermal power generation with an increase in the RPS, production tax credits and tax incentives for the development of centralized solar power production.

Another benefit to implementing many of these strategies is energy independence. Promoting renewable fuels and energy efficiency is not only good for the environment and the economy, it is crucial for national security. Clean energy also reduces air pollution that protects New Mexico’s air and maintains its beautiful vistas.

The Chicago Climate Exchange

Governor Richardson prescribes to market-based solutions for energy and environmental challenges. That approach can be low cost, flexible and effective if done properly. We signaled our commitment to market-based solutions in 2005 by becoming the first state to join the Chicago Climate Exchange. CCX is the nation’s only active and legally binding

greenhouse gas emissions reduction and trading system, a classic cap and trade program. CCX's membership includes more than 200 members representing a variety of industry leaders and other sectors, including Ford, DuPont, IBM, American Electric Power, Tampa Electric and the cities of Chicago and Oakland. The CCX trading program has been in effect since 2003 and the results are impressive. Total emissions from current members are approximately 270 million metric tons of CO₂ equivalent per year that is about equal to emissions from 10 percent of the stationary sources in the U.S. In 2005, CCX members reduced greenhouse gas emissions by 30 million metric tons of CO₂ equivalent or approximately the same amount of emissions from two huge, dirty coal-fired power plants.

Governor Richardson committed New Mexico state government, as a member of CCX, to reduce greenhouse gas emissions associated with its operations by 4 percent by 2006 and by an additional 2 percent by 2010. State government's primary sources of greenhouse gases are energy usage in office buildings and transportation. By joining CCX, New Mexico state government is setting an example it expects other states, local governments and businesses to follow.

The Western Regional Climate Action Initiative

In the absence of a strong national climate program, Governor Richardson is pushing for market-based solutions at the regional level. On February 26, 2007, he signed a memorandum of understanding with Governors Arnold Schwarzenegger of California, Janet Napolitano of Arizona, Chris Gregoire of Washington and Ted Kulongoski of Oregon creating the Western Regional Climate Action Initiative. The collaborative efforts of that group include setting a regional greenhouse gas emissions reduction goal, developing a regional market based program for achieving this goal, and participating in a multi-state greenhouse gas registry. The group will reach out to tribes, U.S. states, Mexican states and Canadian provinces to encourage them join the initiative. We expect the membership of the group to grow.

The Climate Registry

New Mexico is also working with other states to establish a common greenhouse gas emissions registry tool that all states can use. There are approximately 25 states and tribes involved in this effort through the Western Regional Air Partnership Program, the California Climate Action Registry, the Eastern Climate Registry and the Lake Michigan Air Directors Consortium. The purpose of The Climate Registry is to develop and implement a common repository for reporting greenhouse gas emissions and emissions reductions for member states and tribes. We expect to formally announce this new registry next month.

The importance of establishing this type of program cannot be overstated. Industry representatives in our state have told us many times that they want baseline protection that will allow them to register reductions if they reduce emissions now. That safeguard will protect participating industries from experiencing economic disadvantages compared to higher emitting competitors in a future cap and trade program.

Recommendations to Congress

New Mexico understands that we cannot stop the global warming trend on our own. Our greenhouse gas emissions account for only about 1.2 percent of the national total. But we feel like we have a moral obligation to do our part.

New Mexico intends to continue to show other states, regions and our nation how greenhouse gases can be reduced in an economically responsible manner. The federal government would benefit from implementing programs similar to New Mexico's to create reductions in greenhouse gas emissions to levels that will avoid the most severe effects of global climate change. Only when the federal government shows leadership on global climate change can we expect other nations to follow.

The United States needs a strong mandatory national program to achieve significant greenhouse gas emission reductions. Our country also must re-engage internationally to achieve greenhouse gas reductions around the world.

I encourage Congress to learn from the states, who are acting on behalf of the welfare of their citizens in taking a strong stance on global warming initiatives. Congress should develop similar national programs to reduce greenhouse gas emissions. Over the last 30 years of the Clean Air Act, the states have proven themselves as the laboratory for innovation and air pollution control. When the federal government has been unable or unwilling to act, the states have stepped in to protect air quality. We have seen this with air toxics, low emission vehicles, mercury and now climate change. New Mexico is one of a few states testifying before you today, but many other states are exploring and implementing greenhouse gas emissions reduction programs. I would like to share with you a document summarizing the programs to combat climate change in the other states. (*Chart of State Greenhouse Gas Actions*). We think it's important that federal legislation build upon these efforts and set a strong national reduction target so that all of us are contributing to solving this enormous challenge, but legislation should also contain flexibility for states and localities to take more aggressive action on global warming, to take account of their differing economic and environmental needs.

Congress should also provide EPA with adequate funding and authorization to develop a national greenhouse gas reporting and registry program that builds upon the work of current programs and efforts around the country including the California Climate Action Registry and the newly formed Climate Registry. Any federal program must assure baseline protection for companies who have registered emission reductions under state programs.

Nearly half of all greenhouse gas emissions are the result of energy used to operate and maintain buildings. To affectively address this issue, Congress should develop programs to support green buildings and improve energy efficiency in this sector.

Congress must improve CAFÉ standards. Nation wide, transportation is the second largest source of greenhouse gas emissions. The nation cannot adequately curb greenhouse gas emissions without improving CAFÉ standards.

Most importantly, as aptly stated in the 2005 *Sense of the Senate on Climate Change*, “Congress should enact a comprehensive and effective national program on mandatory, market-based limits on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions.” The emission caps in such a program should result in reductions at least as fast as the targets set by Governor Richardson – 2000 levels by 2012, 10 percent below that by 2020 and 75 percent below that by 2050. Several proposals before Congress would not achieve reductions on that scale and should be rejected. This national program should be premised upon the work already underway in the states and should not undermine the work being implemented at the state level to reduce greenhouse gas emissions. We must retain the option of going further than federal rules to address unique circumstances in our state.

Thank you for inviting me here today to testify on this important issue. I look forward to your questions.

(1) Analysis conducted with data from the National Oceanic and Atmospheric Administration by the Rocky Mountain Climate Change Organization.

Attachments

New Mexico Climate Change Advisory Group Report
Chart of State Greenhouse Gas Actions