

**Testimony to The Committee on Energy and Commerce
Subcommittee on Energy and Air Quality**

June 19, 2008

Mister Chairman, members of the subcommittee:

Good morning. My name is Doug Scott, and I am the Director of the Illinois Environmental Protection Agency. On behalf of Governor Rod Blagojevich, I appreciate the opportunity to speak for a few minutes concerning the role of the states in federal climate change legislation.

I have had the ability to work on the issues concerning climate change in a number of ways. First, as environmental commissioner in a state that has studied the issue through a task force that made recommendations to the Governor that collectively, are designed to reduce greenhouse gas emissions in Illinois to 1990 levels by the year 2020.

In addition, I have served as vice-chairmen of The Climate Registry, an organization of 39 states, nine Canadian provinces, six Mexican states and three Native American tribes which has established a uniform protocol for the voluntary registering of greenhouse gas emissions, and is establishing a framework for jurisdictions requiring mandatory reporting.

I chair the Air Committee for the Environmental Council of the States, which has passed a resolution on the states' role in federal climate change legislation.

And Illinois is part of the Midwestern Governors' Association Midwestern Greenhouse Gas Accord, in which six Midwestern states and the Canadian province of Manitoba are working to develop a Midwest cap-and-trade program, an initiative similar to that being developed in the Western states, and in the Regional Greenhouse Gas Initiative, comprised of Northeastern states.

Finally, Illinois was one of eighteen signatories to the Governors' Declaration on Climate Change that was presented two months ago at Yale University. This document sets forth some guiding principles to help develop a state-federal partnership on climate change.

I set out all of these initiatives as a means of demonstrating that the commitment of states to make a meaningful difference on greenhouse gas emissions is strong. And, instead of these efforts being in conflict with one another, they represent some unified themes.

Rather than getting into the details on particular bills, I would like to utilize the time allotted me to set forth some of the core principles that all of these efforts share.

First is the assertion that there needs to be a meaningful national greenhouse gas emission reduction plan, and for it to be effective, states will have to play a major partnership role with the federal government, and that role needs to be carefully and robustly delineated in the legislation. There is the practical necessity of having states implement pieces of the program, as has been the case with other major national environmental policies, and the reality that states and localities are uniquely situated to best implement portions of any plan. But in addition, there is also the realization that the federal cap-and-trade legislation that is being contemplated by itself may not go far enough to reach the levels of reductions that are ultimately to be needed. States will be in the position to implement complimentary programs to provide further reductions.

But beyond that, the states have been working on this issue, some of them for years, and have already developed programs that are working, and which can provide significant reductions. In addition, the debate on the Senate floor two weeks ago highlighted issues that have already been studied in the states. Many of us have researched what reduction strategies mean to us, to our economies, to our employment outlook, and all of this information can help to inform and shape the federal debate. For example, in Illinois modeling done in conjunction with our Climate Change Advisory Group demonstrated that implementing a comprehensive set of reduction strategies could provide economic gains as compared to a business as usual strategy.

Second, because there has been and continues to be so much effort by the states and regions, such as the Midwestern Governors Association (MWGA), Western Climate Initiative (WCI) and Regional Greenhouse Gas Initiative (RGGI), a national policy should reward that early action, and provide incentives to promote future state and local innovation and action. As the Governors' declaration from Yale explains, "There are a variety of ways these actions can be further strengthened, and more of them developed and implemented, with federal support." As a manner of achieving this goal, funding that results from revenues raised through a cap-and-trade system should in part be directed toward specifically targeted objectives that result in greenhouse gas reductions, be they implemented through the states or the federal government.

Third, funding for new and innovative technologies is critical. In Illinois, we have had the experience of dealing with FutureGen, a project that we have worked very hard to advance, only to have the funding pulled by the DOE after a location in Illinois was selected for construction. We obviously continue to be strong supporters of that project, and we are supporters of funding being targeted to help bring new technologies to commercial application. For instance, we have permitted an IGCC plant that is capable of carbon capture and sequestration, but to have commercial viability, other incentives will be necessary. I know that Chairman Boucher recognizes this need and last week introduced legislation to provide a funding mechanism for innovative technologies.

Fourth, a federal program should utilize the work of The Climate Registry in developing a greenhouse gas registry. A great deal of time and effort has gone into this registry, with a large stakeholder process. The members not only represent the vast majority of this country, but there are over 240 businesses and other entities that have already signed on as founding reporters, signaling that the work which has been done has been done well.

Finally, the legislation should acknowledge the ability of the states to go beyond federal requirements, a framework that has served us well in numerous major initiatives, including the Clean Air Act and the Clean Water Act. We believe this can be accomplished without interfering with federal cap and trade programs and other important federal greenhouse gas strategies. For example, states are not interested in having different currencies for greenhouse gases, nor are they interested in charging businesses twice for the same ton of greenhouse gas.

I thank you for allowing me to share these thoughts. We have a tremendous opportunity to build on the work of the states, and develop a federal greenhouse gas reduction program that sets out a substantial partnership role for the states; that acknowledges, supports and provides incentives for the work already done by the states; that provides funding for new and innovative technologies; that recognizes the work already done to establish a common currency by which to register greenhouse gases; and that does not undermine the states' traditional role of implementing environmental programs, while recognizing differences between states and regions. I look forward to the opportunity to work with you in this historic effort.