



P O L I C Y R E P O R T

Taxes, Subsidies, and Regulation

*A Guide to North Carolina's Proposed
Global Warming Policies*

DAREN BAKST
FEBRUARY 2008

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Introduction

In 2006, North Carolina's Department of Environment and Natural Resources (DENR) formed an advisory group called the Climate Action Plan Advisory Group (CAPAG).¹ This group's task was to "develop recommendations for specific actions to help reduce or prevent climate change."²

On October 16, 2007, CAPAG released a "final draft" of its 56 recommendations.³ One week later, these recommendations were presented to the Legislative Commission on Global Climate Change, a

legislative body that will develop a final report with findings and recommendations by April 15, 2008.⁴

This report translates each CAPAG recommendation into plain English so that the public and policymakers can understand what really is being proposed. The recommendations often are vague, overbroad, or even contain multiple options within one recommendation. The goal is to cut through the fog and identify the essence⁵ of each recommendation.

Big Picture: Three Major Assumptions

There are three major assumptions underlying the recommendations. First, there is an assumption that action needs to be taken to address global warming. There was never a discussion within CAPAG as to whether action is necessary. In fact, CAPAG expressly did not discuss the science of global warming.⁶

Instead, the Center for Climate Strategies (CCS), which ran every aspect of the advisory group process for DENR, provided CAPAG members a master list of more than 300 recommendations.⁷ Members of the advisory group then reduced the number of these pre-selected recommendations by eliminating some of them or simply combining several recommendations into one recommendation.⁸

Second, there is an assumption that reducing carbon dioxide (CO₂) emissions will affect climate change. It is well-established that there is nothing the United States could do to have any measurable effect on temperature.⁹ In fact, if every country that signed the Kyoto Protocol (the United Nations climate change treaty) complied with the treaty, there still would be no measurable effect on temperature, even after a century.¹⁰ This point is not even disputed by global warming alarmists.¹¹

While Kyoto would have reduced emissions to 7 percent below 1990 levels, the CAPAG proposals would reduce North Carolina's emissions to within 1 percent of 1990 levels.¹² In other words, if Kyoto is not going to have any impact on climate change, then the CAPAG approach, even if adopted by the whole globe, certainly is not going to have an impact.

It is not a coincidence that CAPAG does not identify the impact these recommendations would have on global climate change. CAPAG tries to get around the "temperature problem" by ignoring the fact that the goal is to reduce temperature. Since changing the global climate is not possible, the means become the ends – reducing CO₂ becomes the goal and reducing temperature is simply never mentioned again. CAPAG also undermines its own recommendations by not recommending nuclear energy, arguably the best approach to reducing CO₂ emissions.¹³

Third, there is an assumption that the only way to reduce carbon emissions is for the government to take action. There is not one recommendation that presumes individuals and other private actors will take action on their own. As a result, it is not surprising that new taxes (23 recommendations) and subsidies (32 recommendations) are recommended.

Many of the recommendations fail to respect consumer choice and personal freedoms (28 recommendations), and many are regressive – they impose a disproportionate harm on the poor (18 recommendations). There are recommendations that do not fall into one or more of these categories. Each of these recommendations, though, would increase spending in the state budget. Since the state is required to have a balanced budget,¹⁴ these increases would require new taxes or require

cuts in spending from other programs.

To highlight the nature of these recommendations, each may be classified as a tax, a subsidy, regressive, and/or failing to respect consumer choice and personal freedom (anti-consumer choice). The explanations of the recommendations also list these classifications.¹⁵ The table at the end of the report (pages 12–13) lists, at a glance, each recommendation with its classifications.

Classifying the CAPAG Recommendations

In classifying the CAPAG recommendations, the following terms and their definitions apply:

<i>Term</i>	<i>Definition</i>
Tax	A recommendation is considered to include a new tax if it imposes a direct government-mandated charge on consumers or a if it requires direct government mandate that would lead to extra costs for regulatory compliance.
Subsidy	A recommendation is considered to include a subsidy if there would be government payments or benefits directly made to private actors, tax breaks made available to private actors, or government mandates that would create more business for private actors.
Regressive	A recommendation is considered to be regressive if it would have a disproportionate effect on the poor – taxes on most consumption, and certainly energy use, would be regressive.
Anti-Consumer Choice	A recommendation is considered to be anti-consumer choice if it fails to respect consumer choice and personal freedoms – a recommendation that presumes that a private actor will not make “correct” choices, such as what to buy or where to live, would fall under this category.

Residential, Commercial, and Industrial Recommendations

<i>Recommendation</i>	<i>Explanation</i>
<p>Demand Side Management Programs for the Residential, Commercial, and Industrial Sectors (<i>Tax, Subsidy, Regressive, Anti-Consumer Choice</i>)</p>	<p>Utilities would be required to spend more money on programs to reduce demand for electricity from conventional sources of electricity (e.g., coal, nuclear). These types of programs include financial incentives to electricity customers, such as incentives for the purchase of energy-efficient appliances. The costs for running the programs would be passed on to electricity customers.¹⁶</p>
<p>Expand Energy Efficiency Funds (<i>Tax, Subsidy, Regressive, Anti-Consumer Choice</i>)</p>	<p>This recommendation would impose an extra charge on electricity customers based on energy use. This tax, called a public benefits charge, would go into a public benefits fund that would be run by a third-party administrator. The money would be used for renewable energy and energy efficiency programs.</p>
<p>Energy Efficiency Requirements for Government Buildings (<i>Subsidy</i>)</p>	<p>This recommendation places new minimum efficiency requirements on all government buildings. Specific energy technologies would be promoted through these requirements, such as solar panels.</p>
<p>Market Transformation and Technology Development Programs (<i>Subsidy, Anti-Consumer Choice</i>)</p>	<p>The state would try “to create a situation where the bulk of the private market automatically adopts or incorporates technologies or techniques that result in energy efficiency.”¹⁷ This includes increased government expenditures in developing, marketing, and subsidizing technologies.</p>
<p>Improved Appliance and Equipment Efficiency Standards (<i>Tax, Regressive, Anti-Consumer Choice</i>)</p>	<p>North Carolina would develop its own state-based standards for appliances and equipment (e.g., furnaces, DVD players), exceeding the federal standards.</p>
<p>Building Energy Codes (<i>Tax, Regressive, Anti-Consumer Choice</i>)</p>	<p>To increase energy efficiency, North Carolina would impose a more stringent building energy code by 2010 that would apply to new residences and commercial and industrial buildings.</p>
<p>“Beyond Code” Building Design Incentives and Targets, Incorporating Local Building Materials and Advanced Construction (<i>Tax, Subsidy, Regressive, Anti-Consumer Choice</i>)</p>	<p>Taxpayers would subsidize incentives that would go to developers who exceed building energy codes.</p>

<i>Recommendation</i>	<i>Explanation</i>
<p>Green Power Purchasing (Required for State Facilities) and Bulk Purchasing Programs for Energy Efficiency or Other Equipment <i>(Subsidy, Anti-Consumer Choice)</i></p>	<p>Besides the requirements listed in the title of this recommendation for the public sector, the government would try to organize bulk purchases, somehow, for the private sector. Taxpayers would subsidize incentives for, among other things, businesses to buy energy from renewable sources. The recommendation also would attempt to make it easier to build renewable energy projects, such as wind turbines in the mountains¹⁹ and on the coast.²⁰</p>
<p>Distributed Renewable and Clean Fossil Fuel Power Generation <i>(Subsidy, Anti-Consumer Choice)</i></p>	<p>The government would provide low-interest loans and financial incentives to promote distributed renewable generation and clean fossil-fuel power generation. Distributed generation refers to on-site electric generation at the consumer's home or business.</p>
<p>Residential, Commercial, and Industrial Energy and Emissions Technical Assistance and Recommended Measure Implementation <i>(Subsidy, Anti-Consumer Choice)</i></p>	<p>This recommendation envisions governmental and private entities providing technical assistance for energy consumers to reduce their fossil-fuel energy use. There would be incentives provided so that energy consumers would adopt the recommendations made by the technical advisors.</p>

Energy Supply Recommendations

<i>Recommendation</i>	<i>Explanation</i>
Renewable Energy Incentives (Biomass, Wind, Solar, Geothermal, Hydro) <i>(Subsidy, Anti-Consumer Choice)</i>	This recommendation would include financial incentives “to encourage investment in renewables by providing direct financial support.” ²¹
Environmental Portfolio Standard (Renewables and Energy Efficiency) with Renewable Energy Credit Trading <i>(Tax, Subsidy, Regressive, Anti-Consumer Choice)</i>	An “environmental portfolio standard” (EPS) is a name that the CAPAG report gives to a mandate for utilities to meet two distinct requirements. The first requirement is a renewable portfolio standard that requires utilities to provide a certain percentage of their electricity through renewable sources. A renewable energy credit allows utilities to purchase electricity from renewable energy providers, even from out-of-state providers that generate electricity for out-of-state residents only. ²² The second requirement mandates that utilities achieve energy efficiency savings – basically a reduction in expected energy use at some future date.
Removing Barriers and Providing Incentives to Combined Heat and Power (CHP) and Clean DG [Distributed Generation] <i>(Subsidy, Anti-Consumer Choice)</i>	This recommendation would change current regulations and provide incentives for electricity consumers (usually industrial consumers) to install equipment that would convert excess heat (such as heat generated in a manufacturing process) back into electricity. This allows consumers to “recycle” electricity because they are capturing energy that would otherwise be lost.
CO₂ Tax and/or Cap-and-Trade (Covering Sources Including Fossil, Renewable, and Nuclear on Life Cycle Basis) <i>(Tax, Regressive)</i>	The recommendation title lists both a CO ₂ tax and cap-and-trade program, but the recommendation description in the CAPAG report only focuses on a cap-and-trade program. In a CO ₂ cap-and-trade program, the government would cap the amount of total carbon dioxide emissions – it is an energy-rationing scheme that acts as an energy tax. Regulated parties would have to own a permit to emit each ton of CO ₂ . If a regulated entity does not have enough permits, it can buy permits from other regulated entities.

<i>Recommendation</i>	<i>Explanation</i>
Incentives for Advanced Coal <i>(Tax, Subsidy)</i>	<p>This recommendation includes incentives and mandates for utilities to adopt integrated gasification combined cycle (IGCC) technology. IGCC is a costly technology that could emit less CO₂ than conventional coal technology.</p>
Public Benefits Charge on Electric Bills to Support Energy Efficiency Programs <i>(Tax, Subsidy, Regressive, Anti-Consumer Choice)</i>	<p>This recommendation appears to be almost identical to the “Expand Energy Efficiency Funds” option. This recommendation would impose an extra charge based on energy use, in addition to the costs electricity customers already pay. This tax, called a public benefits charge, would go into a fund that would be run by a third-party administrator to subsidize renewable energy and energy efficiency measures.</p>
Waste to Energy	<p>This recommendation would provide direct state funding to municipal sewage treatment facilities in order to offset the additional costs of these facilities burning waste for the purpose of generating electricity.</p>
NC GreenPower Renewable Resources Program <i>(Subsidy, Anti-Consumer Choice)</i>	<p>This recommendation includes numerous incentives to be used to promote NC GreenPower. NC GreenPower is a nonprofit organization that provides a means for electricity consumers to support renewable energy voluntarily.</p>

Transportation and Land Use Planning Recommendations

<i>Recommendation</i>	<i>Explanation</i>
Land Development Planning <i>(Tax, Regressive, Anti-Consumer Choice)</i>	Transportation funds would be withheld from any municipality or county that does not develop a land use or development plan that meets state standards. High-density development (euphemistically known as “Smart Growth”) would be promoted through various means, including development impact fees (taxes on the sale of houses).
Multi-Modal Transportation and Promotion <i>(Anti-Consumer Choice)</i>	More funding would be provided for public transit, including rail. There also would be a focus on what is called “transit-oriented development,” which is grounded in the belief that communities should be developed to meet the needs of transit as opposed to transit meeting the needs of communities.
Surcharges to Raise Revenue <i>(Tax, Regressive, Anti-Consumer Choice)</i>	North Carolinians would pay a new tax when they register their vehicles based on a rating system that takes into account fuel efficiency and emissions. The tax would be higher for vehicles that have lower fuel efficiency and/or greater emissions.
Rebates/Feebates to Change Fleet Mix <i>(Tax, Regressive, Anti-Consumer Choice)</i>	This is another tax on vehicles. The tax would increase based on CO ₂ emissions, fuel consumption, “and/or other measures of a vehicle’s environmental impacts.” ²⁴ The purpose of this recommendation, unlike the “Surcharges to Raise Revenue,” is to change the types of cars that are purchased and sold – as a result, this tax likely would be higher than the “surcharge” recommendation.
Truckstop – and Places Where Trucks Stop – Electrification <i>(Subsidy)</i>	The state would fund and promote a pilot program to reduce emissions from idle heavy-duty diesel trucks. At locations such as truck stops, there would be electrical hook-ups to enable truck drivers to plug in engine heaters and other devices that are necessary when the trucks are stopped.
Tailpipe GHG Standards <i>(Tax, Regressive, Anti-Consumer Choice)</i>	This options appears to be moot now. North Carolina would have adopted California’s tailpipe emission standards. However, the United States Environmental Protection Agency (EPA) recently rejected California’s waiver under the Clean Air Act to implement these standards. Auto manufacturers estimated that vehicles would have cost about \$3,000 more per vehicle as a result of these standards. ²⁵

<i>Recommendation</i>	<i>Explanation</i>
Procure Efficient Fleets <i>(Tax, Subsidy, Regressive, Anti-Consumer Choice)</i>	<p>The government would be required to use more alternative fuel and purchase additional fuel-efficient vehicles. The CAPAG report’s recommendation description, though, is extremely unclear. While it focuses mostly on state-owned fleets, it lists private vehicle owners as “parties involved.”²⁷ It is not clear how or if private vehicle owners would be required to do anything as a result of this recommendation – though it appears that they would be.</p>
Idle Reduction/ Elimination Policies <i>(Tax, Anti-Consumer Choice)</i>	<p>There would be government restrictions on the hours of operation of heavy-duty trucks and public and private bus fleets.</p>
Diesel Retrofits/Retirement <i>(Subsidy)</i>	<p>Financial incentives would be provided to reduce diesel emissions from diesel trucks and schoolbuses. Reductions would be achieved through retiring buses and trucks and replacing them with more environment-friendly vehicles, or by retrofitting existing engines (for example, filters and ventilation systems that may reduce emissions).</p>
Pay-As-You Drive Insurance <i>(Tax, Regressive, Anti-Consumer Choice)</i>	<p>The state would require insurance companies to provide pay-as-you-drive (PAYD) insurance. It also would require all drivers eventually to have this type of insurance. PAYD insurance ties the cost of premiums to an individual’s amount of driving – the more you drive, the more you pay.</p>
Advanced Technology Incentives <i>(Subsidy)</i>	<p>This recommendation includes incentives to promote research into advanced automobile technology and to recruit related businesses to North Carolina.</p>
Buses – Clean Fuels	<p>The CAPAG report’s option description has very little explanation except that is an expansion of the “Procure Efficient Fleets” recommendation to include transit bus fleets. Presumably, the government would have to buy additional energy-efficient transit buses and use more alternative energy fuel. The “Procure Efficient Fleets” recommendation appeared to include this requirement already.</p>

Agriculture, Forestry, and Waste Management Recommendations

<i>Recommendation</i>	<i>Explanation</i>
Manure Digesters and Energy Utilization <i>(Tax, Subsidy, Regressive)</i>	As manure and other waste decompose, they emit methane. This recommendation is focused on “capturing” methane from animal operations and using the methane as an energy source. However, this is very expensive to do. As a result, the option recommends, among other things, allowing utilities to pay more than they currently can under existing law for electricity generated from manure digesters – electricity customers almost certainly would pay for this additional cost.
Biodiesel Production (Incentives for Feedstocks and Production Plants) <i>(Tax, Subsidy, Regressive, Anti-Consumer Choice)</i>	This recommendation is “linked” with the “Biofuels Bundle” recommendation that was part of the transportation and land use recommendations. ²⁸ The primary focus, though, is on in-state biodiesel production. Incentives and grants (i.e., subsidies) would be used to promote North Carolina’s biodiesel industry, with the goal that in-state production would offset 12.5 percent of the state’s diesel consumption by 2020.
Soil Carbon Management <i>(Subsidy)</i>	Certain soil management practices may help to sequester carbon dioxide. This option recommends subsidies and research and education programs to increase the use of some soil management practices.
Preservation of Working Land – Agricultural Land <i>(Subsidy)</i>	Development of farmland would be restricted through means such as paying farmers for conservation easements (i.e., paying them to keep a farm intact). An alleged benefit would be maintaining soil and biomass for carbon sequestration.
Preservation of Working Land – Forest Land <i>(Subsidy)</i>	Development of forest land would be restricted through means such as conservation easements (paying landowners to keep forest land intact). An alleged benefit would be carbon sequestration from the soil and presumably from the trees.
Agricultural Biomass Feedstocks for Electricity or Steam Production <i>(Subsidy)</i>	The use of biomass, such as poultry litter, to generate electricity would be promoted through means such as tax breaks and increased government spending for research and education.
Policies to Promote Ethanol Production <i>(Subsidy)</i>	The production and use of ethanol would be promoted through means such as tax breaks and increased government spending for research and education.

<i>Recommendation</i>	<i>Explanation</i>
Expanded Use of Forest Biomass and Better Forest Management <i>(Subsidy)</i>	<p>A major component of the recommendation is to increase the use of wood to generate biomass energy. This recommendation would increase funding for the North Carolina Forest Development Program by about \$228 million annually, or by about 88 times the current funding, which is about \$2.6 million.³⁰</p>
Landfill Methane and Biogas Energy Programs <i>(Subsidy)</i>	<p>This recommendation would create incentives, such as grants and tax credits, to increase the recovery of methane from landfills.</p>
Increased Recycling Infrastructure and Collection <i>(Subsidy)</i>	<p>This recommendation would increase government spending for grants, research, and education to increase the materials that are recycled and do not have to be put into landfills.</p>
Urban Forestry Measures <i>(Tax, Subsidy)</i>	<p>Shaded urban areas may require residents of homes in those areas to use less energy. There would be several new measures to promote urban tree cover. For example, developers would be required to maintain a certain percentage of trees on their urban-located property. Incentives also would be provided to developers to retain trees and green space. Tree ordinances, to preserve and protect trees, would be promoted throughout the state.</p>

Cross-Cutting Issues

<i>Recommendation</i>	<i>Explanation</i>
Greenhouse Gas Inventories and Forecasts	The Division of Air Quality would keep a complete inventory of all emission sources and sinks (“sinks” are natural and man-made sources that absorb carbon dioxide, such as trees). This inventory would be used to generate forecasts of future emission rates.
State Greenhouse Gas Reporting <i>(Tax)</i>	This recommendation would mandate public and private entities across all sectors of the economy to quantify and report their greenhouse gas emission levels. This, purportedly, would establish a “baseline” and is “typically a precursor for sources to participate in GHG [greenhouse gas] reduction programs.” ³¹
State Greenhouse Gas Registry	A greenhouse gas registry would track greenhouse gas reductions across the state and would “support tracking, management, and ownership of emission reductions.” ³²
State Climate Public Education and Outreach <i>(Anti-Consumer Choice)</i>	A public education campaign about greenhouse gas emissions would target policymakers and state agencies, educators and students, community leaders and local organizations, industry, and the general public. CAPAG recommends that public education “efforts should commence as rapidly as possible.” ³³
State Climate Change Adaptation Strategy <i>(Subsidy, Anti-Consumer Choice)</i>	This recommendation would establish a “blue ribbon” committee to develop a “Climate Change Adaptation Plan.” ³⁴ This committee would characterize the potential risks of inaction and perform a cost-benefit analysis to recommend measures for North Carolina to adapt to the potential effects of climate change. The recommendation also would “establish financial structures and create markets that are likely to thrive under anticipated climate impacts.” ³⁵
Options for State Greenhouse Gas Goals or Targets (for CAPAG in support of LCGCC)	This recommendation would establish a voluntary target for greenhouse gas emission levels. The goal would be to reduce emissions to a level of some baseline year.

Appendix

Summary of CAPAG Recommendations by Classification

Summary of CAPAG Recommendations By Classification

<i>Recommendation</i>	<i>Tax</i>	<i>Subsidy</i>	<i>Regressive</i>	<i>Anti-Consumer Choice</i>
Residential, Commercial, and Industrial				
Demand Side Management	X	X	X	X
Expand Energy Efficiency Funds	X	X	X	X
Energy Efficiency for Government		X		
Market Transformation		X		X
Improved Appliance Standards	X		X	X
Building Energy Codes	X		X	X
“Beyond Code” Building Design	X	X	X	X
Education	X			X
Green Power Purchasing		X		X
Distributed Renewable Generation		X		X
RCI Technical Assistance		X		X
Energy Supply				
Renewable Energy Incentives		X		X
Environmental Portfolio Standard	X	X	X	X
Combined Heat and Power		X		X
CO ₂ Tax and/or Cap-and-Trade	X		X	
Regulatory/Rate Reform	X		X	X
Incentives for Advanced Coal	X	X		
Public Benefits Charge	X	X	X	X
Waste to Energy				
NC GreenPower		X		X
Cross-Cutting Issues				
Greenhouse Gas Inventories				
Greenhouse Gas Reporting	X			
Greenhouse Gas Registry				
Climate Public Education				X
Climate Change Adaptation		X		X
Options for State GHG Goals				

<i>Recommendations</i>	<i>Tax</i>	<i>Subsidy</i>	<i>Regressive</i>	<i>Anti-Consumer Choice</i>
Transportation and Land Use Planning				
Land Development Planning	X		X	X
Multi-Modal Transportation				X
Surcharges	X		X	X
Rebates/Feebates	X		X	X
Truckstop Electrification		X		
Tailpipe GHG Standards	X		X	X
Biofuels Bundle	X	X	X	X
Procure Efficient Fleets	X	X	X	X
Idle Reduction/Elimination	X			X
Diesel Retrofits/Retirement		X		
Pay-As-You Drive Insurance	X		X	X
Advanced Technology Incentives		X		
Buses – Clean Fuels				
Agriculture, Forestry, and Waste Management				
Manure Digesters	X	X	X	
Biodiesel Production	X	X	X	X
Soil Carbon Management		X		
Preservation of Agricultural Land		X		
Preservation of Forest Land		X		
Agricultural Biomass Feedstocks		X		
Promote Ethanol Production		X		
Afforestation and/or Restoration		X		
Expand Use of Forest Biomass		X		
Landfill Methane		X		
Recycling		X		
Urban Forestry Measures	X	X		

Notes

1. “Climate Action Plan Group to Hold Initial Meeting,” North Carolina Department of Environment and Natural Resources press release, February 10, 2006, at www.ncair.org/news/pr/2006/CAPAG.shtml.
2. *Ibid.*
3. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, www.ncclimatechange.us/capag.cfm. There are supposed to be 56 recommendations – this paper addresses the recommendations as listed in the “detailed” recommendation descriptions of the CAPAG report – Appendices E-I. The total number of options is 51 – the discrepancy likely can be attributed to some of the options being combined into single options.
4. S.L. 2006-73, www.ncleg.net/documentsites/committees/LCGCC/Authorizing%20Legislation/SL%202006-73%20LCGCC%20ext%20auth.pdf; see also S.L. 2005-442, www.ncleg.net/documentsites/committees/LCGCC/Authorizing%20Legislation/S.L.%202005-442.pdf.
5. In determining the “essence” of each option, the more detailed descriptions of each recommendation were reviewed. These recommendation descriptions can be found in Appendices E-I of the CAPAG report.
6. *Op. cit.*, note 1.
7. See, e.g., North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, Preface, www.ncclimatechange.us/ewebeditpro/items/O120F13611.pdf, CAPAG documents can be found on the main CAPAG web site at www.ncclimatechange.us.
8. See the CAPAG web site at www.ncclimatechange.us.
9. Thomas Wigley, “The Kyoto Protocol: CO₂, CH₄ and Climate Implications,” *Geophysical Research Letters*, July 1, 1998; see also Roy Cordato, “The Science is Settled: North Carolina can have no impact on climate change,” *Spotlight* No. 304, John Locke Foundation, December 10, 2006, www.johnlocke.org/spotlights/display_story.html?id=151.
10. *Ibid.*
11. *Ibid.*
12. See, e.g., North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, Executive Summary at ES-2, www.ncclimatechange.us/ewebeditpro/items/O120F13652.pdf; see also “Climate Action Plan Group to Hold Initial Meeting,” North Carolina Department of Environment and Natural Resources press release, October 12, 2007, www.ncair.org/news/pr/2007/capag_10122007.shtml.
13. “Whether or not nuclear power can solve the greenhouse gas problem has been (and will probably continue to be) debated but nuclear power clearly can significantly reduce emissions levels when it replaces fossil fuels. Unlike fossil fuels, nuclear emits no carbon dioxide (CO₂) or other greenhouse gases.” Ronald E. Hagen, John R. Moens, and Zdenek D. Nikodem, “Impact of U.S. Nuclear Generation,” Energy Information Administration, United States Department of Energy (2001), www.eia.doe.gov/cneaf/nuclear/page/analysis/ghg.pdf.
14. North Carolina Constitution, Art. III § 5(3), www.ncga.state.nc.us/Legislation/constitution/article3.html.
15. This analysis has an element of subjectivity because the recommendations often are vague, overbroad, or inconsistent.
16. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007 Appendix E, at E-5, www.ncclimatechange.us/ewebeditpro/items/O120F13438.pdf. The recommendation states that utilities would be able to recover for these costs through rates or through a separate surcharge. It is worth noting that the controversial renewable energy bill, S.B. 3 (S.L. 2007-397), which was enacted last session, allows utilities to recover costs from electricity customers for demand-side management programs, www.ncga.state.nc.us/gascripts/BillLookUp/BillLookUp.pl?Session=2007&BillID=s3.
17. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007 Appendix E, at E-20.

18. *Ibid.* at E-38.

19. *Ibid.* at E-44. This recommendation would attempt to ease the legal prohibition against the construction of most tall structures in the mountains so that massive industrial wind turbines could be built. Specifically, it would amend the Mountain Ridge Protection Act (known as the Ridge Law), N.C. Gen. Stat. § 113A-205 *et seq.*, www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_113A/Article_14.html. Industrial wind turbines can be as tall as 400 feet or about the height of 40-story skyscrapers.

20. *Ibid.* According to this recommendation, the state could work with the military to make it easier to develop wind energy on the coast.

21. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, Appendix F, at F-2, www.ncclimatechange.us/ewebeditpro/items/O120F13440.pdf.

22. Legislation passed last session, S.B. 3, allows public utilities to purchase “renewable energy credits” in order to satisfy part of their requirements for providing energy through renewable sources. The renewable energy represented by these credits is not likely to be used by North Carolina residents – in other words, North Carolinians will be forced to pay for the electricity of out-of-state individuals. See, *e.g.*, Daren Bakst, “Electric Shock: North Carolinians Would Be Required to Pay for Electricity in Other States,” *Spotlight* No. 329, John Locke Foundation, August 6, 2007, www.johnlocke.org/spotlights/display_story.html?id=178.

23. *Op. cit.*, note 21, at F-26.

24. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, Appendix G, at G-20, www.ncclimatechange.us/ewebeditpro/items/O120F13625.pdf.

25 Regarding the rejection of California’s waiver, please see, *e.g.*, “America Receives a National Solution for Vehicle Greenhouse Gas Emissions,” United States Environmental Protection Agency press release, December 19, 2007, yosemite.epa.gov/opa/admpress.nsf/d0cf6618525a9efb85257359003fb69d/

41b4663d8d3807c5852573b6008141e5!OpenDocument.

Regarding the cost estimate, refer to Appendix G at G-27, *op. cit.*, note 24.

26. An RFS (renewable fuel standard) would increase consumer prices for gasoline, among other things. See “Energy and Economic Impacts of Implementing Both a 25-Percent Renewable Portfolio Standard and a 25-Percent Renewable Fuel Standard by 2025,” Energy Information Administration, United States Department of Energy, August 2007, [www.eia.doe.gov/oiaf/servicerpt/eim/pdf/sroi\(2007\)05.pdf](http://www.eia.doe.gov/oiaf/servicerpt/eim/pdf/sroi(2007)05.pdf).

27. *Op. cit.*, note 24, at G-35.

28. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, Appendix H, at H-8, www.ncclimatechange.us/ewebeditpro/items/O120F13441.pdf.

29. *Ibid.* at H-42.

30. *Ibid.* at H-46.

31. North Carolina Climate Action Plan Advisory Group, Draft Final Report, October 16, 2007, Appendix I, at I-5, www.ncclimatechange.us/ewebeditpro/items/O120F13442.pdf.

32. *Ibid.* at I-8.

33. *Ibid.* at I-11.

34. *Ibid.* at I-13.

35. *Ibid.* at I-15.

About the Author

Daren Bakst, J.D., LL.M. is the Legal & Regulatory Policy Analyst for the John Locke Foundation. In this position, he analyzes numerous public-policy issues affecting North Carolinians, including environmental and energy issues, property rights, and governmental reform. Regarding environmental policy, he has made a wide range of media appearances and presentations to organizations, and produced numerous reports and op-eds that have appeared in newspapers across the state. Of relevance to this specific report, Bakst served on a transportation and land use technical working group that assisted the Climate Action Plan Advisory Group (CAPAG).

Prior to joining the Foundation, Bakst was Policy Counsel for the National Legal Center for the Public Interest, a Washington, D.C., think tank that focused primarily on business regulation. The organization recently became part of the American Enterprise Institute, one of the foremost national think tanks in the country. He also worked in government relations in Washington, D.C., and founded and still is President of the national non-profit organization, Council on Law in Higher Education, which provides policy and legal analysis for colleges and universities – the organization is celebrating its 10th anniversary.

Bakst serves on the Federalist Society’s Administrative Law and Regulation’s Executive Committee and is a member of the American Legislative Exchange Council’s Task Force on Commerce, Insurance, and Economic Development. A licensed attorney, Bakst earned his J.D. from the University of Miami and his LL.M. in Law and Government from American University, Washington College of Law. Both his B.A. and M.B.A. are from The George Washington University.

About the John Locke Foundation

The John Locke Foundation is a nonprofit, nonpartisan policy institute based in Raleigh. Its mission is to develop and promote solutions to the state's most critical challenges. The Locke Foundation seeks to transform state and local government through the principles of competition, innovation, personal freedom, and personal responsibility in order to strike a better balance between the public sector and private institutions of family, faith, community, and enterprise.

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The Foundation is a 501(c)(3) public charity, tax-exempt education foundation and is funded solely from voluntary contributions from individuals, corporations, and charitable foundations. It was founded in 1990. For more information, visit www.JohnLocke.org.

*“To prejudge other men’s notions
before we have looked into them
is not to show their darkness
but to put out our own eyes.”*

JOHN LOCKE (1632–1704)

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