



# CENTRAL ELECTRIC COOPERATIVE, INC.

## President's Quarterly Newsletter

October 2009

To our members:

Federal legislation surrounding climate change is moving closer than ever to becoming law. In June, the US House of Representatives passed an energy and climate change bill that contains a "cap and trade" program. This House bill would cap the overall amount of greenhouse gas emissions in the United States at 17 percent below 2005 levels by 2020 and decline to 83 percent below 2005 levels by 2050.

The concept of a cap and trade system means "capping" the emissions of carbon dioxide and other greenhouse gases that can be emitted. This cap would decline over time to accomplish emission reduction goals. The government would allocate emission allowances that business and industry would be required to have in hand to legally emit carbon dioxide and other greenhouse gases. Emitters will be free to sell or "trade" allocations amongst themselves or on the open market. Because these allowances will have tremendous value, their allocation has proven to be a major focus of the debate.

The outcome of this debate will affect Northwest electric utilities including Central Electric because of the limitations of the carbon-free federal hydropower system and the growing demand for electricity which will require new generation resources that will be both renewable and carbon emitting. There could be opportunities for market manipulation under a cap and trade program and a trading scheme could create price volatility.

This fall the Senate will begin deliberation on a cap and trade program using the House bill as a model. We will continue our work with a broad coalition of consumer-owned and public power entities from the Northwest on this and other issues such as limiting overall costs to consumers and ensuring appropriate incentives for our aggressive energy efficiency and conservation efforts.

As the debate on cap and trade goes on, Central Electric will continue to work on behalf of its members.

Sincerely,



Dave Markham  
President/CEO