



Cap-and-Trade, with or without Nuclear Title, is an Energy Tax

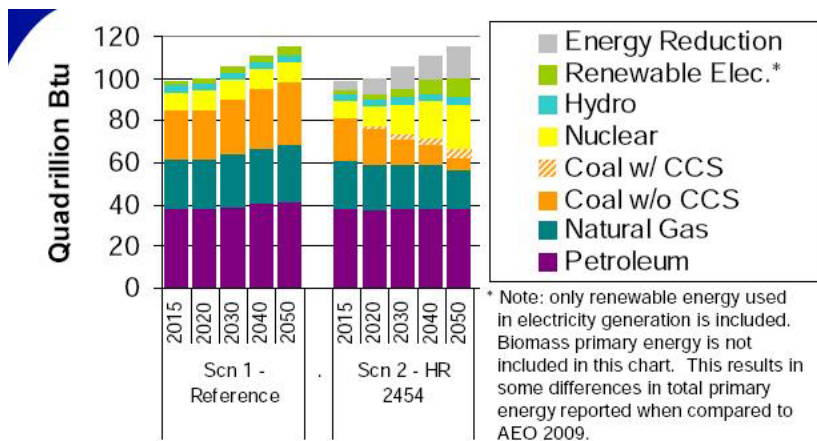
Despite the new national energy tax that cap-and-trade proposals will impose on the American people, its sponsors are hoping that adding a more robust nuclear title will mask the higher taxes and co-opt support from those who support expansion of nuclear-generated power.

Nuclear power has wide support among Senate Republicans who understand that nuclear power, the nation's biggest source of zero-emissions electric power, needs to be part of America's diversified, clean energy future.

But even if a nuclear title is included in a cap-and-trade bill that becomes law, the American people will still face a new energy tax that will destroy jobs.

Cap-and-trade legislation with a major expansion of nuclear power would still cost every family in America more than \$1,200 a year, according to a recent Environmental Protection Agency (EPA) analysis.ⁱ EPA assumed a massive increase in nuclear generation of 150 percent from today's levels in one of its scenarios (#2).ⁱⁱ That would mean about 150 additional nuclear plants plus replacement of the vast majority of the 104ⁱⁱⁱ current, aging plants. This would be a major change in policy since the United States has not ordered even one new nuclear power plant since 1978.^{iv}

The graph below shows the significant increase in nuclear power in EPA's scenario #2.^v Even with aggressive nuclear expansion, scenario #2 would still end up costing American households up to \$1,287 in 2050.^{vi}



It is hard to conceive of any nuclear title that could result in more nuclear power plants than this, given construction and time constraints. Thus, we already know from the EPA that nuclear power incentives, while good policy in isolation, cannot make up for imposing a huge new job-killing energy tax on Americans.

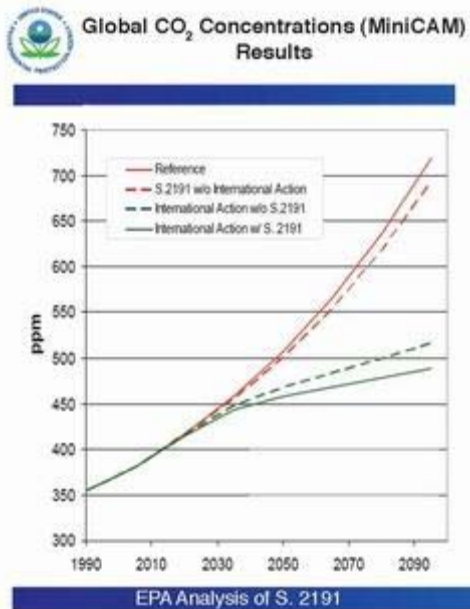
A robust nuclear title would not solve other problems with the Kerry-Boxer bill^{vii}:

1) **Transportation fuels.** The Energy Information Administration projects that gasoline prices would skyrocket under cap-and-trade (Waxman-Markey^{viii}), reaching up to \$5.10 per gallon in 2030 (\$5.61 per gallon diesel).^{ix}

2) **Expensive.** Kerry-Boxer is more stringent, and thus likely more expensive, than the House passed Waxman-Markey bill. It has a more aggressive greenhouse gas reduction of 20 percent below 2005 levels by 2020 (Waxman-Markey had a 17 percent reduction), and it would restrict international offsets to half the level in

Waxman-Markey.^x The EPA noted that without international offsets, allowance prices would increase by 89 percent.^{xi} EPA has not yet modeled Kerry-Boxer.

3) **Manufacturing & Jobs.** Manufacturing is harmed under cap-and-trade both by having to obtain permits and by higher input costs. Adding more nuclear to the energy mix could help somewhat with input costs, but it will not help those entities that will be required to obtain allowances. Multiple studies have looked at the job losses caused by cap-and-trade and concluded that America could have millions fewer jobs, even accounting for new green jobs. For more information, see RPC Fact Sheet, “[Cap-and-Trade Destroys Jobs](#).”^{xii}



4) **Still all pain for no gain.** During last year’s debate on cap-and-trade, EPA published a chart showing that a U.S. cap-and-trade scheme, adopted without international action, would do little to stop (or even slow) the accumulation of global CO₂ concentrations. (See chart at left: the red line is without U.S. or international action and the red dotted line is with U.S. cap-and-trade but no international action).^{xiii} EPA Administrator Lisa Jackson recently confirmed that observation at a Senate hearing, saying, “I believe the central parts of the [EPA] chart are that U.S. action alone will not impact world CO₂ levels[.]”^{xiv} For more information see RPC Fact Sheet “[U.S. Cap-and-Trade Without International Action: All Pain and No Gain](#).”^{xv}

Bottom Line: Cap-and-trade, even with a robust nuclear title, is still a massive energy tax.

ⁱ “EPA Analysis of the American Clean Energy and Security Act of 2009, H.R. 2454 in the 111th Congress,” June 23, 2009 (“EPA study”). Available here: http://www.epa.gov/climatechange/economics/pdfs/HR2454_Analysis.pdf.

ⁱⁱ EPA Study, p. 10.

ⁱⁱⁱ CRS Report RL33558 “Nuclear Energy Policy,” April 6, 2009. (“CRS Report”) Available here: <http://www.crs.gov/Pages/Reports.aspx?ProdCode=RL33558>.

^{iv} CRS Report.

^v EPA study, p. 10.

^{vi} EPA study, p. 13.

^{vii} S. 1733, The Clean Energy Jobs and American Power Act.

^{viii} H.R. 2454, the American Clean Energy and Security Act of 2009.

^{ix} “Energy Market and Economic Impacts of H.R. 2454, the American Clean Energy and Security Act of 2009,” August 2009, p. 14. Available here: [http://www.eia.doe.gov/oiaf/servicert/hr2454/pdf/sroiaf\(2009\)05.pdf](http://www.eia.doe.gov/oiaf/servicert/hr2454/pdf/sroiaf(2009)05.pdf).

^x “A Summary of the Clean Energy Jobs and American Power Act,” by EPW majority staff, p. 10. Available here: http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=fbc5a0e4-96b6-401d-9b25-7d585bf39e7a

^{xi} EPA study, p. 40.

^{xii} Available here: http://rpc.senate.gov/public/_files/CapandTradeDestroysJobs.pdf.

^{xiii} “EPA Analysis of the [Lieberman-Warner] Climate Security Act of 2008,” p. 192. Available here: http://www.epa.gov/climatechange/downloads/s2191_EPA_Analysis.pdf.

^{xiv} Before the Senate Environment and Public Works Committee. See EPW minority staff press releases: http://epw.senate.gov/public/index.cfm?FuseAction=Minority.PressReleases&ContentRecord_id=564ed42f-802a-23ad-4570-3399477b1393&Region_id=&Issue_id= and http://epw.senate.gov/public/index.cfm?FuseAction=Minority.PressReleases&ContentRecord_id=5c511c3c-802a-23ad-4fbc-c237ea9d5aca&Region_id=&Issue_id=.

^{xv} Available here: http://rpc.senate.gov/public/_files/EnergyFactsInternationalAction.pdf.