Inside Energy

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RE: Don't Open the Champagne
DATE : 8/9/19 **David T. Stevenson, Director**

The Governor ordered the Department of Natural Resources and Environmental Control to reduce in-state carbon dioxide emissions by 28 percent from 2005 levels by 2025. The 2025 goal was likely met in 2018. Don't open the champagne. Most of the reduction resulted in shipping emissions to other places, basically outsourcing global warming.

Emissions have fallen almost 5 million tons a year from the 2005 peak. Three quarters of the reduction was lower emissions from electric generation. An emissions tax, and regulatory pressure shifted a third of in-state electric generation to other states. The Delaware City oil refinery shifted electric generation fuel from gasified petroleum coke, a refinery waste product, to natural gas which reduced emissions. The petroleum coke now ships to China where it is burned in a dirtier electric generation process. High energy prices have contributed to half Delaware's energy intensive businesses leaving the state for other states, and Canada. Most of the 5 million tons no longer emitted in Delaware have been exported.

The US Constitution delegates approval of treaties to the federal government. President Obama negotiated the Paris Accord to reduce carbon dioxide emissions, but never submitted it, as required, to the Senate for advice and consent. President Trump decided to withdraw from the agreement as proscribed in the treaty terms. Ignoring the Constitution, the governors of twenty-four states, including Delaware, have signed onto the Climate Alliance to abide by the terms of the Paris Accord, as if they had treaty authority.

To meet the goal DNREC has extended an emission allowance trading program that acts as a tax on electricity that may add up to $60 a year on residential electric bills by 2030. DNREC is looking to add a similar tax on gasoline and diesel fuel next year that could raise gasoline prices 25 cents per gallon. The electricity program has been around for a decade and studies show the emission tax has done nothing to reduce carbon dioxide emissions compared to states without such taxes.

Now DNREC has sent out a request for quotes to research companies to outline how and whether Delaware can meet the goal. I can save the money on the project and give the results right now. The US Energy Information Agency assembles emission data, but has a two year lag time in releasing data so the most recent state emission data is from 2016, which totaled 13.4 million tons. However, we do receive recent information from the electric industry from the allowance trading program. From 2016 to 2018 electric industry emissions fell 1.3 million tons, and non-electric emissions likely fell by 0.2 million tons, yielding an estimate of 11.9 million tons of carbon dioxide emissions in 2018. That is a 29 percent reduction from 2005, beating the 28 percent goal.

We can save half a billion to a billion dollars in taxes over the next decade by ending the carbon dioxide emission tax on electric generation right now, a tax that we know doesn't work. We can avoid future tax increases by not instituting a similar tax on gasoline and diesel fuel next year, a tax program the Governor supports, that could add 25 cents a gallon to gasoline prices.