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Cap-and-trade proponents try to rally from Copenhanger, but doubts growing

By [Jay Hodgkins](#)

Folks are a little bit down in the climate change community these days.

Many of the panelists at an April 15-16 carbon conference in San Francisco admitted that the global community of carbon cap-and-trade advocates is still trying to get over the "Copenhagen hangover" or "Copenhagen depression" that has lingered since the United Nations climate conference in December 2009 failed to result in an international treaty to reduce CO2 emissions.

International Emissions Trading Association President and CEO Henry Derwent kicked off the conference with a keynote address by bluntly stating that it is foolish not to acknowledge the storm clouds over the future prospects for cap-and-trade markets as opponents are now battering proposals from the left and the right.

Thanks mainly to the struggles of the global economy in the last 18 months, Derwent said progress to fight climate change has backtracked. Where governments were seeking to take climate action, Derwent said they are now backing away, saying their economies cannot afford it. Where cap and trade had nearly reached consensus as the most effective way to combat the problem, Derwent said now fierce opposition is steering policy back toward carbon taxes and command-and-control regulations. Where the United States wanted new green jobs to drive the new clean energy economy, now Derwent said voices are calling to save all of the same old jobs and businesses to keep from rocking the status quo. Worst, Derwent said, where there was acknowledgement of a scientific consensus on the reality of climate change, now the "climategate" scandal has many saying that scientists may be wrong, despite a U.K. government review of the leaked e-mail scandal that determined the e-mails do not undermine the scientific conclusions that CO2 emissions are causing climate change.

Derwent said he believes all of this last-minute backtracking is really a "failure of nerves," but that the climate community is not doing a strong enough job in its depressed state to combat the countermovement.

Calling on every proponent of climate change action, Derwent said the climate community must "confront and shame" these attempts to stop strong federal and global action.

Despite Derwent's strong call, the problem the climate community now faces is not just opposition from those suffering from a failure of nerves, but those who have the nerve to take action and are no longer confident that carbon cap and trade is the right path to take.

During a session where panelists were panning former Alaska Gov. Sarah Palin for opposing a free market-based approach such as cap and trade, and saying the real motivating factor of critics like her was to just quash all attempts at climate change action, [Calpine Corp.](#) Vice President of Federal Legislative Affairs Yvonne McIntyre spoke to the panel from the crowd, saying there were legitimate climate action proponents such as Sen. Maria Cantwell, D-Wash., who just want a method that is less complex than cap and trade.

Lisa Margonelli, energy policy initiative director at the New America Foundation, said cap and trade is not dead in America, but that the financial crisis did kill the country's belief that financial market mechanisms like CO2 allowances can solve our problems.

"The financial crisis killed people's appetite for letting financiers do things for us," Margonelli said. "People don't

want to feel like [\[Goldman Sachs Group Inc.\]](#) is in there monkeying around. There is a fundamental distrust."

Margonelli's April 15 comments were made only more poignant April 16 when the SEC charged Goldman with defrauding investors through its sale of complex collateralized debt obligations tied to the performance of subprime mortgages.

While almost all of the attendees within the carbon conference were cap-and-trade proponents, left-wing cap-and-trade opponents who support alternative action to fight climate change waged a two-day fight to infiltrate the conference and spread their message that CO2 allowance trading is a "counterproductive, false solution to the climate crisis." Shortly after conference attendees were allowed back into the San Francisco Marriott Marquis after a suspiciously timed false fire alarm April 16, a single protestor who had snuck in with the returning crowd stood up to begin shouting about the folly of cap and trade.

The activists used the prevailing fear that Wall Street will game any carbon market through fraud and unethical profiteering to press their message, passing out a March 30 Reuters story from Madrid that Spanish police recently arrested nine people for avoiding millions in taxes linked to trading carbon credits.

Peter Miller, senior scientist at the Natural Resources Defense Council, combated the fear of Wall Street argument by saying that people will always want to make money and succumb to greed, but that is no reason not to try the most effective method to fight climate change. Instead, Miller said, the United States just needs good government oversight to create an effective market where people cannot take advantage like they did preceding the financial market meltdown.

Worries about carbon following on the heels of subprime mortgage securities as the next derivative instrument to blow up into a major crisis are not the only concerns about the current direction of climate policy, however. James Butler, director of the National Oceanic and Atmospheric Administration's global monitoring division at the Earth Systems Research Laboratory, said the lab recently coined the phrase "green chaos" to describe a scenario where there would be so many piecemeal efforts to fight climate change internationally that scientists would have no way to keep up and verify whether those efforts were actually producing emissions reductions.

Based on Butler's description of green chaos, several of his fellow panelists, including Steve Corneli, [NRG Energy Inc.](#)'s senior vice president of market and climate policy, said it sounds like green chaos is already a reality.

While worries about fraudulent carbon trading activity, right-wing arguments against taking any climate action and fears that emissions reductions cannot be verified have slammed the effort to advance climate change action in the United States and abroad, [PG&E Corp.](#) Chairman, President and CEO Peter Darbee encapsulated the strongest shared conviction at the event that it is time for cap-and-trade advocates to pick back up and push their message harder than ever.