

# Obama Retreats From Goal of Cap-Trade Bill

Elizabeth Williamson, Wall Street Journal, 2-3-10

NASHUA, N.H.—President Barack Obama said for the first time Tuesday that legislation that would require industries to pay for emissions of greenhouse gases may need to be separated from a more popular "green jobs" bill in the Senate, a maneuver that could kill what once had been one of the administration's top policy priorities.

Answering a participant in a town-hall meeting in Nashua who asked about green jobs—those connected to renewable energy—and so-called cap-and-trade legislation, Mr. Obama said, "The only thing I would say about it is this: We may be able to separate these things out. And it's possible that that's where the Senate ends up."

Until now, the Obama administration has refused to entertain in public the idea that lawmakers might have to split up the climate bill. The shift by the president is another sign that the White House is rethinking strategy on big first-year agenda items such as health care and climate legislation, after public dissatisfaction with its focus on those issues helped cost Democrats their filibuster-proof hold on the Senate last month.

The idea behind the cap-and-trade aspect of the climate bill is to create a market in permits that confer the right to emit greenhouse gases, which are believed to contribute to global warming. Businesses would be required to hold these permits, and over time the government would curtail the supply of permits to reduce the total amount of gases produced.

A White House spokesman downplayed the president's comments, saying Mr. Obama still favored a bill that would combine measures to encourage jobs in green-energy fields with the establishment of a trading mechanism for emissions.

Isolating the cap-and-trade proposal would make it easier for Democrats who oppose putting a price on greenhouse-gas emissions to set that part of the climate bill aside, and vote for the more popular jobs incentives now contained in the wide-ranging measure.

Mr. Obama pushed in his State of the Union speech last week for "a comprehensive energy and climate bill with incentives that will finally make clean energy the profitable kind of energy in America."

The climate bill in the Senate is opposed by legislators from both parties whose local economies rely on fossil fuels, and smokestack industries like steel mills and coal-fired utilities. These lawmakers worry a cap-and-trade system will burden these industries with new costs.

Mr. Obama's comments on Tuesday came amid new signs of resistance by some fellow Democrats to his administration's efforts to combat climate change.

On Tuesday, two senior House Democrats—Reps. Ike Skelton of Missouri, chairman of the House Armed Services Committee, and Collin Peterson of Minnesota, chairman of the House Agriculture Committee—introduced legislation to prohibit the Environmental Protection Agency from regulating greenhouse-gas emissions under the Clean Air Act. In a written statement, Mr. Skelton called for setting aside legislation already passed by the House to cap greenhouse-gas emissions, and instead passing "scaled-back energy legislation" that could command greater support in both parties.

"We cannot tolerate turning over the regulation of greenhouse-gas emissions to unelected bureaucrats at EPA," Mr. Skelton said.

One possibility for Senate Democrats is to push forward with a bill already approved by the Senate Committee on Energy and Natural Resources that would require electric utilities nationwide to generate 15% of their electricity supplies through renewable resources, with some portion met by energy efficiency measures, by 2021. The bill would also open the Eastern Gulf of Mexico to leasing and exploration for oil and gas, and establish energy efficiency standard for table and floor lamps.