

**U.S. Senate Committee on Environment and Public Works
Committee Hearing regarding State, Regional, and
Local Perspectives on Global Warming**

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**Testimony of State Representative Dennis Adkins
Oklahoma House District 75
Chairman, House Committee on Energy and Technology**

Good morning, Madam Chairman, Ranking Member Inhofe, and Members of the Environment and Public Works Committee. I am Dennis Adkins, and I am an Oklahoma State Representative for District 75 that includes parts of the cities of Tulsa and Broken Arrow, Oklahoma. I am also the chairman of the Oklahoma House Committee on Energy and Technology and have served in that capacity since 2005. The Committee on Energy and Technology has jurisdiction on all state legislation affecting the oil and gas industry in Oklahoma and utility regulation. In addition to serving in the state legislature, I am involved in the American Legislative Exchange Council (ALEC) and the Energy Council. Both ALEC and the Energy Council are organizations comprised of state legislators from throughout the country.

Oklahoma is an energy state. We have 10 percent of this nation's proven reserves of natural gas. The oil and gas industry as a whole in Oklahoma has produced energy valued in excess of \$10 billion for the past two years representing more than 10 percent of our gross state product. During the past 15 years, Oklahoma's oil and natural gas producers have paid gross production taxes averaging more than \$400 million annually, and in the most recent fiscal year that figure increased to \$1 billion. This tax revenue from the energy industry funds schools, roads, health care and other vital state services. No other industry in Oklahoma provides such a significant portion of the state's revenue sources.

Additionally, the energy sector employs more than 55,000 Oklahomans. In the past 24 months, this industry has created more than 4,000 jobs. Oil and natural gas workers are paid more than double the average salary for Oklahoma workers.

In electricity generation, Oklahoman's heavily rely on coal and natural gas. Roughly 56 percent of total electricity generation is coal based followed by roughly 38 percent of natural gas based generation with a growing wind power sector as well. These percentages of electricity generation sources, of course, can and do vary greatly state to state as, for example, hydroelectric and nuclear sources are very viable in certain other parts of the nation.

Like the rest of the country, we in Oklahoma see the many scientific, government, and media reports on climate change, and we are interested in knowing the facts.

Respected people on both sides of the issue present seemingly very compelling facts about their particular point of view.

I am not a scientist by profession, and do not intend to testify from that perspective. I am a state legislator. I believe it is my job to work to pass legislation to deal with problems facing my state based on the best available information and facts. Therefore, I am greatly concerned by one clear fact. That fact is that there does not seem to be agreement on the issue of climate change, and yet there seems to be a great rush to action.

Without the facts, I think it would be very possible to pass federal legislation or legislation in the states that might cost people substantially. I do not wish to be misunderstood and simply labeled as a naysayer, but a rush to pass legislation addressing climate change may make it appear that we, as elected officials, are doing something to address a problem, but in reality, not accomplish anything meaningful toward solving climate change. I understand that even if all industrialized nations would have faithfully followed the caps implemented by the Kyoto Protocol, the result would only shave a fraction of a degree Celsius of earth's temperatures. After all, what we are principally talking about is controlling carbon dioxide emissions. However, this gas is non-toxic to humans. It does not impair visibility. It does not foul the air we breathe, neither does it cause respiratory diseases, all of which hardly are characteristics of a bona fide pollutant. In fact, I have even heard it argued that moderate warming from 0.5 to 1.5 degree Celsius might enhance agricultural productivity, which is also extremely important to my state and other states like Oklahoma.

We already have seen at least a couple of examples of what states have developed or enacted into state law addressing greenhouse gas emissions. With Assembly Bill 32, the California Global Warming Solutions Act of 2006, California will require monitoring and annual reporting from the state's most significant contributors to greenhouse gas emissions. The legislation seeks to reduce carbon dioxide emissions to 1990 levels by 2020 and achieve additional reductions into the future. The Regional Greenhouse Gas Initiative (RGGI), an agreement among some Northeastern states, seeks to develop a northeastern regional cap and trade program covering carbon dioxide emissions from power plants in that region, placing a cap on current carbon dioxide levels, and reducing carbon dioxide emissions levels by 10 percent by 2019.

The States represented here today will capably comment on what their state is doing or what their state is doing in conjunction with other states to address greenhouse gas emission controls. The representatives from these states certainly understand their states' energy profiles, needs, and economic impacts perhaps better than I would. Instead of me describing what California and what states in the Regional Greenhouse Gas Initiative in the northeast may have done wrong or right, which may simply be my opinion, perhaps it would be more productive to use my time to describe what I think a state like Oklahoma will be concerned about as any legislation addressing climate change is considered.

First and foremost, we would be concerned about the impact on Oklahomans. We would want to carefully weigh the proposed benefits of any action to the impact it will have on our citizens' pocketbooks, our economy, as well as on the environment.

Oklahoma is blessed to have an abundant supply of electricity at rates below the national average. Unfortunately, we are not as blessed when it comes to cool summers. Oklahoma can get hot in the summertime driving up power consumption as a result and that translates into high electric bills. I know because I hear from my constituents, and I am a ratepayer too.

Frankly, while I am aware of polling that suggests that many Americans are concerned about climate change, I am not sure they have calculated the impact the cost of addressing it will have on them.

As state and federal legislators, we all heard the public uproar when the cost of gasoline began climbing. A few winters ago, we heard loud and clear that citizens were not at all pleased with the increase in natural gas prices. Now, we are talking about taking steps that could drive energy prices even higher without a clearly articulated benefit.

I suppose the easy thing to do would be to pass legislation federally or in the states to attempt to address climate change. But if we do, absent the facts surrounding the cost and benefit, I do not believe we have served our constituents very well.

If I have ever heard of an issue that needs more comprehensive study, climate change is it. I think our nation is poised to make massive investment on the backs of consumers, not knowing if the proper technology even exists and if those investments will even help.

Generally speaking, measures such as carbon caps, cap and trade systems, and emission allowances would inevitably raise energy prices, raise costs of consumer products and services, reduce profits, impair productivity and may not achieve global reductions of greenhouse gas emissions. For example, under the Kyoto Protocol, emissions reductions are imposed on developed countries, while developing countries such as India and China, which will ultimately surpass the United States in carbon dioxide emissions, are left out.

I have read forecasts estimating various costs from compliance with carbon dioxide caps. For instance, I have read that implementing the Kyoto Protocol would have cost the entire U.S. economy over \$300 billion by 2010 and implementing the standards in Kyoto would have resulted in an annual lost of nearly \$3,000 per household by 2010. Information published by the U.S. Energy Information Administration estimated that cutting carbon emissions five percent below 1990 levels, as required in the Kyoto Protocol, would have reduced the U.S. Gross Domestic Product to up to \$340 billion by 2012 which it estimated would translate into a cost of \$4,500 for every family of four. There have been many proposals circulating in Congress for the past number of years,

and they all address greenhouse gas emission reductions from various industrial sectors in various manners. I am not going to pretend to be an expert on each proposal and their forecasted reductions and costs. However, what they all seemingly have in common are substantially increased energy costs for consumers.

Our own Senator Inhofe, who is a national leader especially on the issue of climate change, I understand has said that carbon cap proposals would be the largest single tax increase to date costing the American public \$300 billion dollars annually.

Does that mean we in Oklahoma are simply taking the posture of standing still in the meantime, of course not.

In Oklahoma, for example, our utilities are becoming leaders in wind power. Without mandates, our state has over 500 megaWatts of wind power. Although I realize this falls behind larger states that have developed their infrastructure over a longer period of time, over the last three years, Oklahoma now has the fifth largest wind generation base in the country. In fact, as transmission costs climb to \$1 million per mile, our largest problem is transmission of this energy from the western portion of the state throughout the rest state.

Pending in the Oklahoma Legislature presently is a measure that will establish the Oklahoma Bio-fuels Center over the next four years. Oklahoma will invest \$40 million in a consortium among the University of Oklahoma, Oklahoma State University, and the Noble Foundation to engage in research developing the bio-fuels sector focusing on cellulosic feedstock.

At the same time, while the majority of the electricity capacity in Oklahoma is natural gas fired at roughly 58 percent, I know the utility sector is presently investing in building a new coal-fired plant in the central part of the state, and they are going above and beyond the standard technology. We are planning to build a cutting edge plant that will reduce greenhouse gases and other emissions.

However, regardless of the investments in renewable fuels, renewables continue only to provide a small part of the total U.S. electric power. Oklahomans realize we need a diverse energy supply making use of clean coal, natural gas, and renewable sources with limited constraints on development and economic impacts.

I appreciate the opportunity to testify before the Committee this morning and appreciate this Committee allowing a representative from an energy state like Oklahoma to share their views.

Thank you.