



# BIG BEND ELECTRIC COOPERATIVE, INC.

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## Manager's Message

# Climate Change Plan Could Shortchange Our Cooperative

Legislators continue to move forward with plans to reduce greenhouse gas emissions in an effort to mitigate climate change.

Federal legislation being considered has a goal of reducing our nation's carbon dioxide (CO<sub>2</sub>) emissions to 70 percent below current levels by 2050. State legislation already passed has a target of reducing Washington's emissions to 50 percent below 1990 levels by 2050.

These are awesome goals certain to impact electric rates.

Methods to achieve these goals could include incentives or carbon taxes. The most prevalent being considered is a "cap-and-trade" plan.

Under such a plan, CO<sub>2</sub> emitters must obtain "allowances" in order to release CO<sub>2</sub> into the atmosphere. A cap on CO<sub>2</sub> would be created by limiting the allowances available. Allowances would be sold or traded in the marketplace, just like other commodities.

A debate under way involves how CO<sub>2</sub> emission allowances should be distributed initially. One method could be to sell allowances at a marketplace auction. This could result in speculators or investors acquiring allowances to turn a profit later. Another method, preferred by large CO<sub>2</sub> emitters, is to have allowances distributed to emitters at low or no cost based on current levels of "pollution." If large emitters reduce their emissions, they could sell their unused allowances in the marketplace.

Neither method gives consideration to utilities such as your Co-op, which obtains power from resources with almost no CO<sub>2</sub> emissions. That's why, if legislators desire to pursue a cap-and-trade plan, your Co-op prefers a third method for initially distributing emission allowances. We believe allowances should be allocated based on retail load served. That would give recognition to all utilities, including those with low emissions such as your Co-op, rather than favoring utilities with high emissions or investors with large pocketbooks.

Under any climate change plan, your Co-op should receive recognition for the decades of emissions-free power we have purchased, rather than end up shortchanged by a plan that favors others.

### Basic Questions to Ask Your Elected Leaders

- ◆ What is your plan to make sure we have the electricity we will need in the future?
- ◆ What are you doing to fund the research needed to make emissions-free electric plants an affordable reality?
- ◆ How much is mitigating the effects of climate change going to increase my electric bill, and what will you do to make it affordable?

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