



In Wednesday's [New York Times](#), Felicia Barringer reports on pocketbook concerns related to the Waxman-Markey carbon cap and trade proposal as expressed by parishioners at St. Louis' Greater Mount Carmel Baptist Church. The article contains the following statement, attributed to a representative from the local electric utility:

"Jaime Haro, Ameren UE's director of asset management and trading, said his company paid \$30 to produce a megawatt of electricity. The coal burned emits roughly a ton of carbon dioxide. If federal legislation effectively prices emissions at \$30 a ton — estimates have varied from \$20 to \$115 — "my costs could double," Mr. Haro said."

A doubling of costs? If the utility does nothing but sit back and burn coal and pay for it with credits, then maybe the cost of coal power would double. But behaving that way would hardly make good business sense, if there were less expensive ways to cut carbon emissions. Reducing demand through cost-effective energy efficiency programs is one strategy that comes to mind. Rather than leading to an additional \$30 per megawatt cost, efficiency gains could reduce costs below current levels. But the statement from Ameren UE and the article in which it appears could leave one with the impression that with \$30 per ton carbon credits, customers' bills would double. This is hardly the case. Here are the numbers:

[Ameren UE](#) Winter Residential Rates: \$7.25 customer charge, plus 6.12 cents per kilowatt hour

Ameren UE Summer Residential Rates: \$7.25 customer charge, plus 8.63 cents per kilowatt hour

What would the rate impact of purchasing a carbon credit be, using the company's own numbers (\$30/ton carbon, 1 ton per megawatt)? Assume a customer using 500 kilowatt

hours per month. As I see it, the bills would look like this:

Winter bill without Cap and Trade: \$37.85

**Winter bill with Cap and Trade: \$50.35**

**Increase: 30%**

Summer bill without Cap and Trade: \$50.35

**Summer bill with Cap and Trade: \$62.40**

**Increase: 24%**

So the bills would not be anywhere close to doubled. They would be less than a third higher in the winter, and a quarter higher in the summer.

The New York Times talks about a customer with much higher current bills: \$160 per month in winter, and \$250 in summer. That customer is using a lot more than 500 kilowatt hours per month. Yet no matter how much electricity a customer usually consumes in a given month, the customer's bill increase with a \$30 carbon credit could not exceed 40% in the winter, and 28% in the summer.

These numbers are certainly not insignificant, but let's try to keep the debate honest. Next time, the reporter might like to bring along a calculator.