

Carnegie Mellon

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Media Advisory:
**Carnegie Mellon's Lester Lave Joins Expert Panel To Discuss
Controversial Cap and Trade Efficiency Mandates**

Event: Carnegie Mellon University's Lester Lave joins a panel of experts to discuss the interrelationships, and often contradictions, between cap and trade policies, renewable electricity generation standards and efficiency standards, all contained in the Waxman-Markey proposed energy legislation.

In particular, Lave, a University Professor of Economics at the Tepper School of Business and co-director of the Electricity Industry Center at Carnegie Mellon, will argue first that we need to clarify our goals. He'll argue that we need an electricity system that is reliable, sustainable, environmentally acceptable, and whose costs do not penalize consumers or the economy. Some groups embrace only one or two of these goals to the detriment of good social policy.

The virtue of a cap and trade system is to give a greater role to the marketplace with regulations getting a lesser role. However, the renewable portfolio and efficiency standards contradict the basic thrust of cap and trade by emphasizing the role of regulation, rather than the marketplace.

Under a cap and trade policy, the number of annual permits to emit carbon dioxide are limited or "capped." The permits are allocated to companies producing fossil fuels or releasing carbon to the atmosphere that can trade any extra permits they have with companies that need more. The cap and trade system for sulfur-dioxide mandated in the 1990 Clean Air Act achieved the goals of reducing emissions

Page 2 of 2 / Carnegie Mellon's Lester Lave Joins Expert Panel To Discuss Controversial Cap and Trade Efficiency Mandates both more quickly and at lower cost than had been predicted. The experience led Congress away from regulation and toward greater use of market incentives.

“A cap and trade system puts a price on carbon emission,” Lave said. “This gives us a better indication of the social cost of electricity from a variety of energy sources including both renewables and fossil fuels.”

Other panel members include Tim Brennan, a senior fellow at Resources for the Future and a professor of public policy and economics at the University of Maryland in Baltimore County; Rich Glick, director of government affairs at Iberdrola Renewables; Thomas Lenard, president of Technology Policy Institute, a Washington, D.C.-based think tank that focuses on the economics of innovation, technological change and related regulation in the United States and globally; and Scott Wallsten, panel moderator and vice president of research at the Technology Policy Institute.

When: Noon to 2 p.m., Friday, June 12.

Where: Rayburn House Office Building, Room B369, Washington, D.C. 20515.

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About Carnegie Mellon: Carnegie Mellon (www.cmu.edu) is a private, internationally ranked research university with programs in areas ranging from science, technology and business, to public policy, the humanities and the fine arts. More than 11,000 students in the university's seven schools and colleges benefit from a small student-to-faculty ratio and an education characterized by its focus on creating and implementing solutions for real problems, interdisciplinary collaboration and innovation. A global university, Carnegie Mellon's main campus in the United States is in Pittsburgh, Pa. It has campuses in California's Silicon Valley and Qatar, and programs in Asia, Australia and Europe. The university is in the midst of a \$1 billion comprehensive campaign, titled “Inspire Innovation: The Campaign for Carnegie Mellon University,” which aims to build its endowment, support faculty, students and innovative research, and enhance the physical campus with equipment and facility improvements. For more about Carnegie Mellon, visit <http://www.cmu.edu/about/>.