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Businesses in U.S. Brace for New Rules on Emissions



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Smoke stacks at American Electric Power's coal power plant in New Haven, W.Va.

By JAD MOUAWAD
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The nation's corporations have long been bracing for the day when they would be required to carry out sharp cuts in the emissions that cause [global warming](#). That day seemed to move a bit closer on Wednesday, when [President Obama outlined a national target](#) for such reductions.

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Much of corporate America has already been thinking about how to comply. Many businesses concluded years ago that such limits were inevitable, and they have been calling on Congress to define the exact rules they will need to follow.

Already, many companies are recording their emissions and analyzing the results. Some

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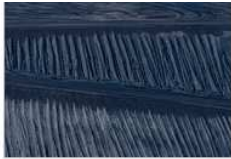
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A coal scraper machine at a power plant. Coal accounts for half of the nation's electric generation.

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have set voluntary targets for reductions and are claiming substantial progress in meeting them. Sustainability — a notion mostly heard in environmental circles only a decade ago — has become a mainstream idea to which some companies are committed and many are paying lip service.

Major corporations, including [General Electric](#), the [Ford Motor Company](#) and [PepsiCo](#), have teamed up with environmental groups to set up the United States Climate Action Partnership, a wide-ranging [coalition](#) trying to find ways to cut emissions throughout the economy.

[Wal-Mart](#), the nation's top retailer, has outlined strict goals to reduce energy consumption at its stores and has instructed hundreds of thousands of suppliers to report their

In the energy sector, some corporations have also been vocal in demanding clarity on emissions. James E. Rogers, the chief executive of [Duke Energy](#), a large power company and a major emitter of carbon dioxide, says that clear rules are needed to ensure that companies relying on [coal](#)-fired power plants can finance their transition to lower-carbon fuels, like natural gas or nuclear power. Coal accounts for half of the nation's electric generation.

"A well-designed cap will provide a smooth transition to clean electricity," Mr. Rogers said in an ad that ran over the summer.

Eileen Claussen, president of the [Pew Center on Global Climate Change](#), said, "Industry needs certainty, and without a very strong role played by the administration, they are not likely to get it." She added, "Real leadership from the White House is the only way to get a bill through the Senate, and a bill is how we will get certainty."

Until now, the United States had been the only industrialized economy to shun hard targets for reducing greenhouse gas emissions. The nation has been overtaken by China as the top emitter of carbon dioxide, but Americans are bigger carbon polluters per person than citizens of other countries.

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The White House said on Wednesday that the president would present a provisional target at the Copenhagen summit meeting on climate next month to reduce greenhouse gas emissions. It will be “in the range” of 17 percent below 2005 levels by 2020, and 83 percent below by 2050, the White House said.

That target reflects the goals specified by legislation that was passed in the House in June. A similar bill is bogged down in the Senate, which would set cuts of 20 percent by 2020.

Limiting the growth in greenhouse gas emissions, let alone cutting them, will require a radical transformation of the nation’s energy consumption and fuels that will most likely take decades. It is bound to hurt some energy-intensive businesses, like petroleum refiners and coal-fired power plants, and some manufacturers, while bolstering the development of alternative power industries like solar and wind.

To reduce emissions, Congress has been looking at a mechanism called [cap and trade](#), in which legislators would set a limit on the nation’s emissions and it would decline each year. They would also assign pollution permits that companies could then buy and sell depending on their needs.

Much of the legislative horse-trading in recent months centered on which sectors of the economy would receive these carbon allowances free, as a subsidy to switch to low-carbon fuels or to invest in carbon-abating technologies, and which industries must pay for them.

Corporate America is by no means unanimous in embracing the idea of emission limits. Larger corporations, especially those operating in both the United States and Europe, have gone furthest in tackling their emissions. By contrast, many small businesses and domestic manufacturers have made little headway, and they are worried about the higher energy costs that an attack on global warming would require.

Oil producers have opposed the current climate legislation being debated in Congress. Refiners and producers claim the bill would result in higher gasoline bills, lower domestic output and an increase in fuel imports.

“In the midst of a severe [recession](#) with 10.2 percent national unemployment, our economy, the creation of jobs and consumer impact should take much greater precedence over attempts to impress international bureaucrats during an annual convention,” Charles T. Drevna, the president of the National Petrochemical and Refiners

Association, wrote on a [recent blog post](#), referring to the Copenhagen meeting.

Some of the nation's biggest trade groups, including the powerful United States Chamber of Commerce and the American Farm Bureau Federation, have also been fighting the climate legislation through ads and a protracted lobbying battle on Capital Hill.

The [National Association of Manufacturers](#) said recently that a climate bill would result in job losses and slower economic growth. The Senate bill, it said, represents a "significant technological and economic challenge to manufacturers while resulting in little benefit to the environment."

But the chamber's attacks against climate policy have also led to a wave of well-publicized resignations from the trade group — by prominent companies like Apple and [Nike](#), and the utilities Pacific Gas and Electric, [Exelon](#) and PNM Resources. All of them assailed the chamber's climate policy as counterproductive.

"Nike believes that climate change is an urgent issue affecting the world today and that businesses and their representative associations need to take an active role to invest in sustainable business practices and innovative solutions to address the issue," the company said after quitting the chamber in September.

Since coming into office, the Obama administration has encouraged the development of lower-carbon technologies and has sought to increase the [fuel efficiency](#) of motor vehicles. [Venture capital](#) firms have also been pouring billions of dollars into alternative energy projects, car companies are working on [electric vehicles](#), and some power utilities have welcomed incentives to switch to low-carbon sources of energy.

Adam Sieminski, the chief energy economist at [Deutsche Bank](#), said that setting a goal was a constructive step, but that much more work remains to map out ways the country can actually meet the president's target. That includes increasing the use of natural gas to replace coal in the short term, in his view, and adding more nuclear power in the long run.

"We have a lot of ideas on the table," he said. "But no one has actually agreed to the blueprint that would allow us to get to the goal that the president has outlined."

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