

# Energy Crisis

## Emission Regulation Places Industry in Peril

by Bill Yanek

**C**onsider this recent press release from Congress: “Today, Congress began debate on a bill that would enact permit costs on flat glass manufacturers that would more than wipe out profits.”

The previous release was fiction (sort of), but if it was real would there be an outcry from the flat glass industry? Would proponents of solar energy in need of large amounts of flat glass stand up for our industry? (I hope so!)

Yet, in early June the U.S. Senate debated just such permit costs as part of The Lieberman-Warner America’s Climate Security Act. With a slowing economy and high gas prices, the Senate (and its constituents) was in no mood for a “knock-down, drag-out” fight over energy that would mean increased costs for business.

However, the issue will be back. Both remaining candidates for president support greenhouse gas (GHG) regulation. According to the candidates’ campaign positions, Senator John McCain supports a cap-and-trade system that would set limits on greenhouse gas emissions. Under Senator McCain’s plan, GHG emissions will be capped at 60-percent below 1990 levels by 2050. Senator Barack Obama supports implementation of a market-based cap-and-trade system to reduce carbon emissions by 80-percent below 1990 levels by 2050. For comparison, The Lieberman-Warner America’s Climate Security Act, which is expected to frame the Congressional debate in 2009, proposes a market-based cap-and-trade system to reduce carbon emissions by 65-percent below 1990 levels by 2050.

Any cap-and-trade regime instituted is expected to include an auctioning of

GHG emission credits (i.e. permit costs). The cost of these credits will unduly burden high GHG emitting industries such as the flat glass industry (and could wipe out profits).

It is important to note that GHG regulation through a cap-and-trade regime has yet to be successful in Europe, an often cited example for what should happen in the United States with regard to GHG regulation.

The Pew Center on Global Climate Change reported in May 2008 that the EU cap-and-trade system, even after three years of development, is still finding it difficult to achieve significant reductions in GHG emissions. The EU effort is showing that economic conditions, such as the high price of natural gas, significantly impact the operation of cap-and-trade regimes. The EU example certainly demonstrates that the United States must tread carefully with regard to GHG regulation in its economic times. Additionally, it appears that it will be years before any GHG reductions will occur under such a regime while the negative economic impacts on businesses may be more immediate.

### INDUSTRY VOICES

So how can the flat glass industry get involved?

The first step we must take is to educate legislative decision makers on the uniqueness of the flat glass production process. The Glass Association of North America (GANA) is bringing this message directly to Capitol Hill through its Flat Glass Manufacturer Division’s (FGMD) Climate Change Committee. This committee drafted a set of considerations that will form the basis of the GANA case to energy issue stakeholders:

- The flat glass industry is energy intensive. It takes 6-7,000 cubic feet of natural gas to produce one ton of flat glass. Approximately 5.7 million tons of flat glass will be produced in the United States in 2008—implying industry-wide consumption of 34 to 40 billion cubic feet of natural gas. The industry also uses nearly 2 billion kWh of electricity annually.
- Despite recent improvements in reducing emissions, the technology needed to make dramatic further improvements is not on the horizon. Furnace design has been optimized for energy savings and significant future reductions in energy consumption are uncertain. Furnace efficiencies of more than 50 percent have been achieved on float furnaces, compared to about 30 percent in the 1970’s. Heat recovery is being explored to improve furnace efficiencies.
- Flat glass is critical to achieving greater energy efficiency in buildings. Low emissivity coatings keep heat inside buildings in the winter and reflect solar heat in the summer, dramatically reducing both heating and cooling costs (and related GHG emissions). Coatings also reduce glare to allow maximum daylighting. Double-paned insulating glass units more than double the thermal efficiency of windows. Flat glass is also vital to the solar power industry. ■

### the author



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