Executive Summary

"Climate change is our generation's greatest environmental challenge. It threatens our economy, our Western way of life and our future. It will change every facet of our existence, and unless we address it and adapt to it, the results will be catastrophic for generations to come." Governor Bill Ritter, November 2007.

With alarming rhetoric, Governor Bill Ritter unveiled his Climate Change Action Plan, an ambitious 32-page call to action outlining his goals and strategies for reducing "harmful greenhouse gas emissions," much of which would be enacted via executive order.

Governor Ritter's plan comes from the collaborative work of the Rocky Mountain Climate Organization and the Center for Climate Strategies (CCS), a Pennsylvania-based nonprofit mostly funded by left-leaning environmental grant makers like the Rockefeller Brothers Fund. They formed the Colorado Climate Project and established the Climate Action Panel (CAP) "to develop recommendations for actions that can be taken in Colorado by the state government, local governments, water providers, the private sector, and individuals to reduce the state's contribution and vulnerability to a changed climate." (Appendix A, P.1, www.coloradoclimate.org) Colorado financial contributors include Pat Stryker and Denver Water.

According to the "Description of the Colorado Climate Project and the Climate Action Panel Process" the recommendations were to be compatible with a robust Colorado economy while achieving statewide reductions in the amount of greenhouse gases emitted. In addition the recommendations were to be part of any international, national or regional efforts that would reduce Colorado's contribution and vulnerability to climate change. (Appendix A, P.1)

Governor Ritter and others buy into the "indisputable science" side of the global warming discussion, which says the world is on a collision course with climate calamity. Even if that were true, can they demonstrate that these initiatives will do anything to improve the situation and not compromise Colorado's economy? Research reveals the answer is no.

The purpose of this Peer Review is to examine the economics that were the foundation of the CAP report that ultimately resulted in Governor Ritter's Climate Change Action Plan.

Research reveals:

- The same flawed methodology found in other states that collaborated with CCS.
- No dollar value is placed on reducing GHG therefore making it impossible to quantify the cost savings.
- Net savings from recommendations do not include net costs.
- Failure to recognize market forces. If the recommendations truly did result in savings, then consumers already would be taking advantage of them.
- Reports of commuter benefits programs making Colorado $1.14 billion wealthier are grossly

overstated.

- Surcharges for high energy usage will not create the estimated $1.1 billion plus in savings for the Colorado economy.

- The CAP report, on which Governor Ritter relied for his Climate Change Action Plan, offers no worthwhile guidance for policy makers.

Unfortunately for Colorado policy makers, these problems plague the CAP study, rendering it unsuitable for making any informed policy decisions. Unless the governor has quantified the dollar value of reduced GHG emissions resulting from these policies and incorporated that value into the cost savings estimates, we believe the economic estimates suffer from many of the same analytical flaws that we identified in the CAP report. A real cost benefit analysis, using realistic assumptions about costs and benefits, should be conducted before Colorado policymakers act on *any* recommendations to reduce statewide GHG emissions.