



## President Obama's climate speech: 10 takeaways

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President Barack Obama outlined a wide-ranging climate plan Tuesday that's centered on greenhouse gas regulations for power plants — while making a surprise mention of the Keystone XL oil pipeline and defending his increasingly embattled nominee for EPA administrator.

“The question now is whether we will have the courage to act before it is too late,” Obama said in a lengthy speech at Georgetown University that formally introduced his second-term climate agenda. “And how we answer will have a profound impact on the world we leave behind not just to you but to your children and your grandchildren. As a president, as a father and as an American, I am here to say we need to act.”

Here's what you need to know about the speech and Obama's [climate plan](#):

([WATCH: Obama's full speech on climate change](#))

### 1. Obama dropped a Keystone bombshell

Despite expectations that the president would steer clear of mentioning Keystone — and the fact that the White House plan never mentions the project — Obama announced that he would support building the pipeline only if it won't “significantly” increase greenhouse gas emissions.

Obama didn't say if he thinks Keystone can meet that standard, although a draft State Department study issued in March called the project's environmental impact negligible.

“Our national interest will be served only if this project does not significantly exacerbate the problem of carbon pollution,” Obama said. “The net effects of the pipeline's impact on our climate will be absolutely critical to determining whether this project is allowed to go forward.”

In its [draft study](#) in March, the State Department downplayed worries that Keystone would inspire a huge, carbon-spewing increase in oil production from Canada's tar sands region — arguing that Canadians will tap that supply “with or without the proposed project,” and that the crude could be exported by rail. Greens disagree, saying the pipeline is critical to whether Canada has any incentive to ramp up production.

Both supporters and opponents of the pipeline issued statements during the speech calling Obama's words favorable for their side.

([Also on POLITICO: Obama urges action on climate change](#))

### 2. The president went to bat for McCarthy

Obama reserved special praise for Gina McCarthy, his nominee to head the Environmental Protection Agency. McCarthy's nomination was already being held up by Senate Republicans' complaints that the agency is secretive, and Obama's climate push has prompted some top GOP lawmakers to warn that she faces [even more trouble](#).

"The Senate should confirm her without any further obstruction or delay," Obama said, noting that McCarthy, who currently heads the EPA's air office, has worked for past Republican governors.

And he took a few shots at Republicans who question climate science.

"We don't have time for a meeting of the Flat Earth Society," Obama said. "Sticking your head in the sand might make you feel safer, but it's not going to protect you from the coming storm."

[\(Also on POLITICO: Coal industry no fan of President Obama plan\)](#)

### 3. Obama is done waiting for Congress

Obama tried to get a cap-and-trade bill through Congress during his first term, and in this year's State of the Union address he gave lawmakers one final ultimatum.

"If Congress won't act soon to protect future generations, I will," [he said in the February speech](#). "I will direct my Cabinet to come up with executive actions we can take, now and in the future, to reduce pollution, prepare our communities for the consequences of climate change and speed the transition to more sustainable sources of energy."

But even at the time, the [universal expectation](#) was that Congress had zero chance of passing any serious climate legislation. His rollout Tuesday acknowledged that reality.

Now, the president is directing agencies from the Department of Agriculture to the EPA to take action — with the main onus falling on the EPA.

[\(Also on POLITICO: Experts' verdict: Plan is not enough\)](#)

### 4. The plan won't target all parts of the economy

The days when it seemed possible to impose an economywide cap on greenhouse gas emissions are long gone. Instead, the president is taking a piecemeal approach that focuses on one sector of the economy at a time.

In his first term, he tackled transportation, which accounts for about 30 percent of the country's greenhouse gas output, by imposing tough standards to reduce vehicles' emissions and increase fuel economy.

Now, the administration is going after the power sector, the largest source of greenhouse emissions at about 40 percent of the U.S. total. The president's speech outlined a plan to limit emissions from both future and existing plants.

But the plan makes no mention of another big carbon source: petroleum refineries. The EPA entered into a settlement agreement in 2010 to issue climate regulations for refineries, but administration officials have recently backed off those plans.

### 5. Yes, (West) Virginia, this will hit coal hard

Coal-fired power plants are most likely to take the biggest hit under the president's plan.

While the full toll won't be clear until the EPA unveils the specifics of its rules, the regulation for existing power plants is expected to require coal facilities to take potentially costly actions to reduce their emissions. That will have wide-ranging effects on the coal industry, which generates about 40 percent of U.S. electricity.

The plan also says the administration will encourage coal plants to switch to natural gas and call for ending U.S. support for publicly financing traditional coal plants overseas — a threat to the coal export market.

## **6. The price tag and effects on jobs are unclear**

The fallout from the EPA regulations won't become clear until we see more specifics from the agency. But expect environmental groups and industry to clash in the coming months over the rules' cost and whether they will destroy or create jobs.

The EPA will eventually conduct a cost-benefit analysis of its regulations, which will be picked apart by outside experts. The EPA's analysis will be informed by the administration's recent decision to increase the "social cost of carbon" — an obscure but important factor in calculating the costs and benefits of any future greenhouse gas regulations.

Various groups have put forward their own blizzard of cost estimates. The Natural Resources Defense Council has [proposed a climate plan](#) similar to Obama's that the environmental group says would cost \$4 billion in 2020 but would save Americans \$25 billion to \$60 billion by saving lives, preventing illness and averting damage from climate change.

Industry groups have offered more dire predictions.

"This is going to be a legacy issue for the president, a legacy of higher energy costs, lost jobs and a shattered economy," Mike Duncan, president of the American Coalition for Clean Coal Electricity, said in a statement. "If the Obama administration fails to recognize the environmental progress the industry has made and continues to adopt more regulations, coal power could cease to exist, which would be devastating for our economy."

## **7. The plan is not just for tree-huggers**

Greens won't be thrilled with everything in the plan.

Examples: The plan says the administration will "continue to promote the safe and secure use of nuclear power worldwide" as well as development of a "global market" for natural gas — steps unlikely to please anti-nuclear and anti-fracking activists. It also continues Obama's traditional support for "clean coal" technology, a phrase that sets many environmentalists' teeth on edge.

## **8. Republicans are furious, but their options are limited**

Republicans and coal-state Democrats are in attack mode, reviving their long-standing accusation that the president is "declaring war on coal."

While Republicans have few options for overturning the regulations, they could pursue a challenge under the Congressional Review Act, a seldom-invoked law that allows Congress to reject regulations. But lawmakers can't pursue that option until the regulation is nearing the finish line, which probably won't be until 2015. And Obama still has the

option to veto any CRA resolution rejecting the climate regulations.

## 9. The EPA process will take years

Don't expect to feel the effect of the climate change regulations tomorrow. Obama's speech marks the beginning of a long and complicated rule-making process that will face major court challenges.

The president will issue a memo that directs the EPA to issue a draft rule for existing plants by next June, finish a rule by June 2015 and then work with states to implement the rule. He will also direct the EPA to propose a new rule for future power plants by September.

The regulations have to be crafted to withstand inevitable legal challenges from states and industry groups.

One expert [told POLITICO on Monday](#) that the U.S. may not see the effects of the power plant regulations until 2018.

## 10. The world is watching

In addition to pleasing his liberal base and showing that he's taking the lead on global warming, the president's speech is meant to send a clear message to the world that the U.S. is serious about upcoming international climate change talks.

The U.S. never ratified the last major climate pact — the 1997 Kyoto Protocol — leading to widespread criticism from other nations that Americans do nothing more than talk a big game on global warming. Now the president and his team have more leverage as they seek to commit to a still-to-be-negotiated global climate accord by 2015, the schedule set at last year's talks in Doha, Qatar.

But Obama made sure to put pressure on other countries to take significant action to tackle climate change.

"They're watching what we do, but we've got to make sure that they're stepping up to the plate as well," Obama said during the speech.

*Erica Martinson and Darren Goode contributed to this report.*

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