

Remarks of J. Wayne Leonard
Given June 19, 2009

Good morning. My name is Wayne Leonard, and I am CEO of Entergy Corporation. We are a domestic electric utility and power generation company headquartered in New Orleans, and we are a strong advocate for starting now on the path to significant reductions in greenhouse gas emissions by mid-century.

As CEO of one of the cleanest utilities in the U.S., and with less than 10 percent of our capacity in coal-fired generation, it may surprise you to learn that we would sponsor a symposium on retrofitting coal-fired power plants.

The reason for this is simple -- We cannot have an effective, sustainable response to climate change without finding a way to clean up emissions from existing coal plants.

- Coal plants account for over a third of U.S. CO₂ emissions and are also the largest growth engine for international CO₂ emissions, with no letup in sight
- China alone has built the equivalent of the entire U.S. coal fleet in the last several years, and is poised to do it at least one more time, and perhaps twice. Even if we were to zero out all the GHG emissions from the U.S. electric sector, we won't make meaningful progress on climate change if we don't get at the emissions from coal plants in the developing world.
- Coal plants have high capital costs, but once they are built the operating costs are low and the plants are extremely durable. They have very long economic lives. It would be very expensive for the U.S. to reduce CO₂ emissions by shutting its existing coal plants down and replacing them with anything else. It will be prohibitively expensive for China and the developing world to shut their coal plants and replace them. We should not count on them doing so.

So, I am genuinely concerned that without technology to address CO2 emissions from existing coal plants, even if we pass cap and trade legislation, our prospects for accomplishing what we set out to achieve -- real worldwide emission-reduction goals -- are bleak. Our approach to climate change in this country must pass what we call “the China test”: we must develop solutions that work for them.

Recent press reports only serve to underscore the urgency of finding such a solution. Todd Stern, the U.S. climate change envoy, reported on his return from China that ...

- China is insisting on US reductions by 2020 that go well beyond Waxman-Markey, pointing to our disproportionate responsibility for CO2 already in the atmosphere
- China is resisting any hard caps for itself, pointing out that its per capita emissions are far lower than ours

China’s logic is understandable – most of the CO2 in the atmosphere did come from the developed world, and we do emit more per capita than they do. At the same time, many in this country ask why we should go to all this effort and spend all this money on capping our emissions before China agrees to act. And in fact if we cannot find common ground on an agreement to control their rapidly growing emissions, unilateral action on our part to address climate change may turn out to have been money better spent on adaptation.

But it is premature to declare defeat. We are at an impasse, but the fact is that we haven’t yet done enough to break the impasse. The technology that has the potential to help break this impasse is simply retrofitting existing plants with a CO2 scrubber (for lack of a better name). If we can develop it – and the MIT report affirms that we can – we will at once have a means to significantly reduce our own emissions, while offering an option to the Chinese that does not force them to choose between economic growth and lower emissions. Coal retrofit technology – if it can be made affordable -- is the “game

changer” that we are looking for.

So that is why we turned to MIT to put together the retrofit symposium. And the result is their MIT report, the most comprehensive and up-to-date analysis of retrofit technology and development issues.

First, the report reinforces that we need a durable price signal that gives individuals and companies the incentive to invest in technology. Therefore it is vital that we institute a cap-and-trade program, and do so quickly.

Second, the report concludes that retrofit technology is feasible, but that our level of effort is nowhere near what it needs to be when it comes to research and to deployment. The report says that even current retrofit technology is applicable to up to 60 percent of our coal fleet. I believe it will be applicable to a much greater percentage of the developing world’s fleet which is on average much newer than ours. We should be leading the world in investments in this technology for cleaning up conventional coal plants; and we are not.

And third, the report includes findings on what we need to do to get from where we are to where we need to be in terms of research and deployment. For instance, we should be spending an order of magnitude more than we are on technology applicable to existing coal plants. These recommendations are actionable.

In closing, as you read the report, I hope you will think about it in an international context – especially the China test. In the U.S., coal is the reality. But in China and India, it is the *future*. The U.S. cannot dictate to the rest of the world what they do or how they do it. For the developing world, economic growth is paramount. I would expect telling them to shut down their coal plants would be a short conversation. But offering them a technology solution, a solution that we are actively developing and deploying ourselves on our own coal plants, would be something that has a far better chance of success in getting them to act.

I was heartened that Secretary Clinton returned recently from China and identified climate as her most pressing agenda topic

there. We need to reach out to these nations and be their partner in developing the kinds of technology the MIT report discusses. In fact, our shared mission to manage the issue of coal and climate change could be one of the building blocks of a new, cooperative relationship between the two giants of the climate problem, the U.S. and China.

I want to express my thanks and appreciation to Ernie Moniz and Melanie Kenderdine of the MIT Energy Initiative as well as Professor John Deutch of MIT, and to all the symposium participants. I commend this report to you for careful reading. We look forward to working with the Administration and Congress to implement its recommendations.

Thank you