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Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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March 27, 2009

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We represent different regions of the country and approach energy issues from different perspectives, but we are united in the view that now is the time for Congress to pass comprehensive energy and climate legislation. And we are working together to meet that goal.

Three imperatives — our energy, environment, and economic needs — drive our commitment to action. The energy imperative we face is to diversify the nation's energy supplies and reduce our foreign dependence, especially on oil from the Middle East, which imperils our national security. The environmental imperative is to protect the planet from global warming. As scientists learn about the dangers of "tipping points" in the global ecosystem and their potentially disastrous consequences, the need for decisive efforts grows increasingly urgent.

And the economic imperative is to provide an engine to drive the nation out of the recession. The economic recovery package is an important step because it invests billions of dollars in clean energy technologies. But government can't force a transition to a clean economy by itself. At most, it can serve as a catalyst for investment by the private sector.

Unfortunately, the private sector is frozen because of uncertainty. Our power companies are caught in a dilemma: they are reluctant to invest in old polluting technologies because they know that tougher regulations are inevitable, but they can't invest in new, cleaner technologies until they know what Congress is going to require. Automobile manufacturers and oil companies are delivering the same message: tell us what the ground rules will be so we can plan sensible investments.

While there are many details to be resolved, the contours for building a political consensus are evident. In January, a coalition of electric utilities, manufacturers, energy

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companies, and car makers joined with environmental groups in the U.S. Climate Action Partnership to recommend a market-based solution that builds on the approach used successfully in the Clean Air Act to reduce acid rain. Their proposal establishes a ceiling on global warming pollution that declines gradually over time, providing environmental and economic certainty while giving industry flexibility to implement the lowest-cost pollution control measures.

An essential part of the legislation will be building a bridge to our clean energy future. We will need to make investments in new clean energy technologies, find ways to spur the development of carbon capture and sequestration, prevent the dislocation of industrial sectors including those vulnerable to trade, mitigate the effects on consumers, and assure that the costs of the program are economically sustainable. These objectives can be achieved if we are smart about overall program design and the allocation of tradable emission allowances.

Energy and environment issues have a unique regional component. Solutions that make sense in Southern California can impose large costs in Southwest Virginia. We can overcome these geographic differences, but using the budget reconciliation process, which curtails Senate filibuster rights, could arouse regional distrust and make reaching agreement harder. Hearings, markups, and regular order are the best way to forge the compromises that will unite members from all parts of the country. As we work to achieve this consensus, we hope Republican members of our committee and of the full House will join the process too, so that truly bipartisan answers can be developed.

We believe comprehensive energy legislation is both economically and politically achievable. The costs of significant reductions in carbon emissions have been estimated to be in the range of \$40 to \$80 billion per year over the next ten years. Twenty years ago, when we were debating the Clean Air Act, compliance costs were projected by industry to be over \$100 billion per year. Yet Congress succeeded in crafting strong clean air legislation that passed the House 401 to 25.

The Clean Air Act experience shows that Congress, through the committee process and regular order, can successfully resolve seemingly intractable environmental problems. When Congress debated capping the sulphur dioxide emissions from power plants that cause acid rain, we were told achieving reductions in these emissions would cost up to \$1,500 per ton. In fact, the market-based mechanisms we enacted cut emissions in half at a cost of less than \$250 per ton. We are determined to find similar solutions to our energy and climate challenges and enact an economically responsible emissions reduction law.

Our districts could hardly be more different: one is rural, coal producing with a predominance of basic industry; one is urban, affluent, and a growing market for solar and wind energy; one is suburban, with a mix of working families and high tech energy innovators; and one is suburban, middle-class with a large manufacturing workforce and many union members. But our districts — and the entire nation — urgently need comprehensive energy legislation that

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provides a pathway to private sector energy investments, energy independence, and a safe climate.

As we proceed, we look forward to working closely with you, senior Administration officials, and our colleagues in the House and the Senate to build broad support for this effort. We thank you for your leadership in addressing these challenges.

Sincerely,



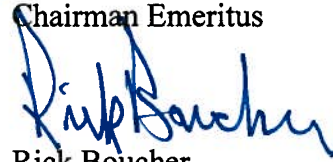
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Chairman



John Dingell
Chairman Emeritus



Edward J. Markey
Chairman
Subcommittee on Energy
and Environment



Rick Boucher
Chairman
Subcommittee on Communications,
Technology, and the Internet

cc: The Honorable Nancy Pelosi
Speaker of the House of Representatives

The Honorable Steny Hoyer
Majority Leader