

THE WHITE HOUSE

WASHINGTON

October 15, 2007

The Honorable Nancy Pelosi
Speaker of the United States
House of Representatives
Washington, D.C. 20515

Dear Madam Speaker:

I write you to reiterate the Administration's commitment to work with Congress to produce balanced energy legislation that improves the Nation's energy and economic security and protects the environment.

The Administration submitted "Twenty in Ten" legislation to Congress earlier this year. Passage of that legislation would result in a 20 percent decrease in U.S. gasoline consumption by 2017 and a significant reduction in projected greenhouse gas emissions. While we prefer that this legislation be passed by Congress, the Administration is concurrently developing regulations to implement these goals. In this context, we offer a basic framework for an energy bill that would not compel the President's senior advisors to recommend a veto. Such a bill would:

- Contain an ambitious alternative fuel standard comparable to that proposed by the President in his 2007 State of the Union.
- Reform and strengthen the fuel economy standard for cars, and maintain separate, attribute-based standards for cars and light trucks, based on sound science, safety, and cost-benefit analysis.
- Not reduce but instead increase domestic energy production.
- Not raise taxes nor use the tax code to single out specific industries.
- Not contain provisions (such as the NOPEC provision) that encourage retaliation against American businesses abroad, discourage job-creating investment in the U.S. economy, and injure U.S. relations with other countries.
- Not impose price controls that could bring back long gas station lines reminiscent of the 1970s.
- Not expand the application of Davis-Bacon Act prevailing wage requirements.
- Not contain a mandatory Renewable Portfolio Standard.

Statements of Administration Policy describe additional concerns with the energy legislation. The Administration would like to work with Congress to resolve these concerns. Two years ago, the President signed into law energy legislation that was crafted in a bipartisan manner. We hope for the opportunity to work with you in a similar fashion to move America toward a stronger, cleaner energy future.

Sincerely



Allan B. Hubbard
Assistant to the President for Economic Policy and
Director, National Economic Council

cc: Committee Chairs and Ranking Members