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United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

July 7, 2009

The Honorable Barbara Boxer
Chairman
Committee on Environment and Public Works
United States Senate
Washington, DC 20510

Dear Chairman Boxer,

On June 4th we wrote to you requesting hearings on the climate legislation our committee will mark-up. To date we have received no response from you and that is a very troubling and discouraging start to this process. Climate legislation poses sweeping changes to our nation's energy and environmental laws, and involves complex issues affecting different sectors of the economy and different regions of the country. President Obama himself said that electricity rates will "necessarily skyrocket" under such legislation, and we fear the pain that this will impose on our families and workers in the form of higher energy prices and lost jobs. We applaud you for your decision to hold hearings on general climate policy and look forward to participating in this process. However, our constituents have a right to know specifically how this legislation will affect them and this requires hearings on the specific legislation and provisions we will consider.

As you know, even administrative changes in a bill of this nature can have sweeping impacts on costs, especially when many cost containment tools all hinge on the development of new and uncertain regulatory processes at different Agencies. In the House, critical components of their bill were not made public and transparent for review until hours before the final vote on the floor, and only a few days before final vote in the Committee. Certainly you would agree with us that the American people and their elected representatives deserve a public, transparent, and thorough review of this legislation. Recognizing this complexity and the magnitude of this legislation, we request you hold several legislative hearings on the text of legislation that you will mark-up in the Committee. In particular, we would like to see legislative hearings focusing on the following areas:

- **Cost and Cost containment:** Members should have a complete understanding of the range of cost estimates of your bill, so that they can address the following

questions: What is the cost of your bill's cap-and-trade scheme? How will your bill ensure that those costs don't harm consumers, the economy, and American jobs? What cost containment mechanisms, such as a safety valve and cost collar, an allowance reserve funds, and offsets, are included in your bill? How would they protect consumers under you cap-and-trade scheme?

- **Regional inequalities:** Because cap-and-trade legislation benefits the East and West Coasts at the expense of the Midwest, Great Plains, and the South, a hearing should examine how your legislation will remedy these inequities. What provisions in your bill will protect consumers in states that rely on coal-fired electricity? What provisions will help states whose economies depend on agriculture and energy-intensive manufacturing?
- **U.S. manufacturing competitiveness and carbon leakage:** Cap-and-trade legislation could seriously undermine America's global competitiveness, relative to countries such as China and India, which have refused to accept carbon constraints on their economies. How will rebates to manufacturers, border adjustment schemes, or other international provisions in your bill help to level the playing field for American workers? How will those provisions prevent American jobs from going overseas to China and India?
- **Technological feasibility and fuel switching:** There are no commercially available technologies on a large scale that can remove and sequester greenhouse gases. How, then, will your bill incentivize new technologies to help meet aggressive emissions targets and timetables? In the absence of those technologies, and under circumstances in which international and domestic offsets are not available, how will your bill prevent massive fuel switching to natural gas to comply with emissions targets?

Additionally, we request a change to the make-up of these hearings. This year, Committee hearings on climate change have included four witnesses per panel, at a 3 to 1 ratio. In our view, maintaining that hearing format forecloses a broader, more complete discussion and understanding of your bill and how it will impact the American economy. Therefore, we request that in the upcoming hearings, you allow for six witnesses, with a 4 to 2 ratio.

In addition, without adequate time to read legislative text and with no analysis of the bill's impacts, Members' and the public will not understand how the bill works and what it ultimately means for their states, for their jobs, for the economy, and for global competitiveness. Because of this, we request that:

- Legislative hearings should not commence until we have this information;
- You join with us in requesting that EPA provide an expedited analysis of the economic impacts of the House-passed bill, as well as legislation you intend to move through Committee. That analysis must be based on reasonable assumptions about, among other things, future growth in nuclear power generation, CCS commercialization and deployment, and offset availability.

Again, we appreciate your call for legislative hearings on cap-and-trade legislation and look forward to a substantive discussion on your climate change bill. We hope that your legislative process will be fair, open, and transparent.

Sincerely,

Ben Rayburn

George V. Kenovich

Dil Vitter

Ruff Bond

Mike Croy John Barrasso

Lamar Alexander