BUILDING THE CLEAN ENERGY ECONOMY

WAXMAN-MARKEY: AMERICAN CLEAN ENERGY AND SECURITY ACT

jobs • security • savings

OFFICES OF SPEAKER PELOSI, LEADER HOYER, THE COMMITTEE ON ENERGY AND COMMERCE,THE SELECT COMMITTEE ON ENERGY INDEPENDENCE AND GLOBAL WARMING

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Key Message

The American Clean Energy and Security Act will revitalize our economy by creating millions of new jobs, increase our national security by reducing our dependence on foreign oil, and preserve our planet by reducing the pollution that causes global warming.

Doing nothing is not an option. During the Bush-Cheney years, our dependence on foreign oil increased, average American household energy costs went up $1,100, American job growth was the slowest of any administration in 75 years, and carbon pollution was ignored for far too long.

CREATING AND SAVING JOBS

- Unleashing private sector investment in clean energy to create millions of new jobs that can't be shipped overseas and making America the global innovation leader. Clean energy technology – made in America.
- Protecting jobs now, and helping energy-intensive industries like the steel, iron, and paper industries transition to a cleaner, more profitable future.
- Making farmers and ranchers a part of the solution, with carbon-offsetting crops and forests, and biofuel and wind farms to repower America.

MAKING US MORE ENERGY INDEPENDENT

- Cutting our use of foreign oil by more than 5 million barrels a day in 2030 – as much as we currently import from the Middle East and Venezuela – when combined with vehicle efficiency and biofuel standards enacted in 2007 and updated by President Obama.
- Promoting all forms of American clean energy, including: wind, solar, geothermal, biomass; support for private investments in nuclear power; new clean energy and energy efficiency technologies; cleaner coal technology with carbon capture and sequestration; and efficient vehicles.

REDUCING POLLUTION

- Reducing pollution that causes climate change by limiting emissions from electric utilities, oil refineries, and other major sources, and rewarding companies as they use cleaner technology. These limits are ambitious, achievable, and will be fairly enforced.
- Using what works, with the same market-based, American solution we put in place to successfully fight Acid Rain in the bipartisan Clean Air Act in 1990 - after which electricity rates fell 10 percent and the U.S. economy added 16 million new jobs.

KEEPING COSTS LOW

- Transitioning off foreign oil and creating millions of jobs will have minimal impact on average households—just 22 to 30 cents a day—less than a postage stamp – or $80 to $111 per year [EPA]. The bill helps all consumers with price spike protection, and with additional monthly energy refunds so those in need will see no cost.
- Investing in energy efficiency technology will save the average American household more than $4,000 by 2030 [ACEEE].
- Ensuring fiscal responsibility. CBO says the bill meets PAYGO requirements and will not increase the deficit.

The bill takes a balanced approach that has received broad support from members of Congress from all regions of the country. The legislation is backed by a coalition that includes electric utilities, consumer groups, car companies, manufacturers, environmental organizations, labor organizations, among many others.

Clean American Power

Transitioning to a clean energy economy is vital to creating jobs and increasing our national security. The Waxman-Markey bill will help stop the flow of U.S. gas dollars to the Middle East, and invest in a diverse, comprehensive American energy portfolio.

Analyses from the EPA, EIA and others of the Waxman-Markey plan show that America will diversify our energy economy, move forward on long-stalled projects such as solar, wind, nuclear and carbon capture and sequestration, and create opportunities for new small businesses to break into the clean energy marketplace.

Renewable Energy

When the 20 percent by 2020 Renewable Electricity Standard in the Waxman-Markey bill is combined with the clean energy commitments from the American Recovery and Reinvestment Act, along with forward-thinking state clean energy programs, the increases in American clean energy generation are huge:

- Solar energy will increase 20-fold.
- Wind energy will increase more than 500 percent. DOE projects that by 2020 the US could have 150,000 megawatts of wind.
- Biomass will increase by more than 350 percent.
- Geothermal will increase by 50 percent or more.

Nuclear Power

Placing a market cap on carbon pollution creates a competitive advantage for carbon-free nuclear energy. According to EPA modeling of the draft Waxman-Markey plan, twice as many new nuclear plants would be built by 2025 under Waxman-Markey than without the legislation. The legislation also assists with the financing of nuclear power by establishing a Clean Energy Deployment Administration and reforming the existing Department of Energy loan guarantee program.

Coal and Carbon Capture Technology

By putting a price on carbon and investing in carbon capture and sequestration (CCS) technologies, coal plants will start to employ CCS by 2020, according to the EPA analysis of Waxman-Markey. CCS technology is not only critical for the future of domestic coal – but also for building a bridge to China and India in the fight against global pollution.

Hydropower

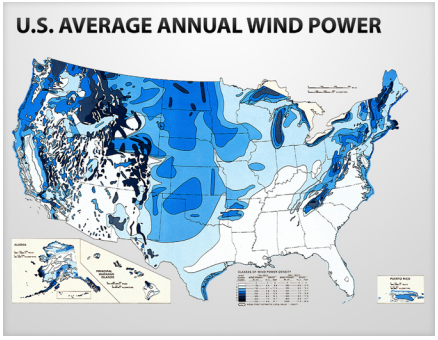
Hydropower is already the largest source of renewable power and will continue to play a role in our nation's energy portfolio. American Rivers and other environmental groups worked closely with the National Hydropower Association to craft a definition of qualifying hydropower that would be eligible under the Renewable Electricity Standard (RES), giving credit to efficiency improvements and hydropower added to existing dams in an environmentally responsible manner. Better utilization of these existing dams has the potential to meet the power needs of nearly 8 million households.

Energy Efficiency

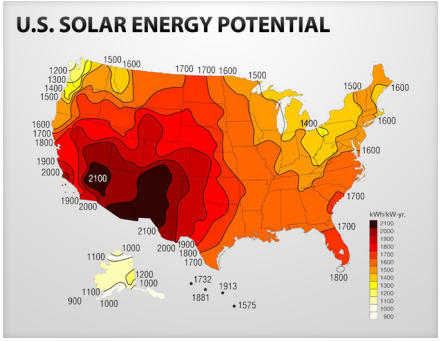
Waxman-Markey will update standards for our nation's appliances, buildings, factories and power plants, saving families and businesses energy and money while cutting emissions. Waxman-Markey will update standards for our nation's appliances and buildings, and encourage greater efficiency at factories and power plants, saving families and businesses energy and money while cutting emissions. An independent analysis of the bill says that the energy efficiency provisions alone will save consumers over $4,000 by 2030 and reduce our oil consumption by 1.4 million barrels per day.

Natural Gas

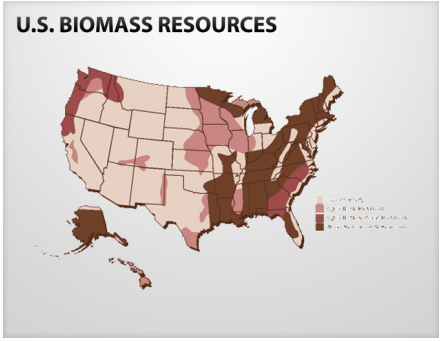
Natural gas produces half the carbon dioxide emissions of coal, and in recent years new natural gas reserves have been discovered in the Eastern United States. The Waxman-Markey legislation encourages the use of this domestic resource to meet our energy needs, and provides assistance to consumers who rely on natural gas for home heating.



WIND



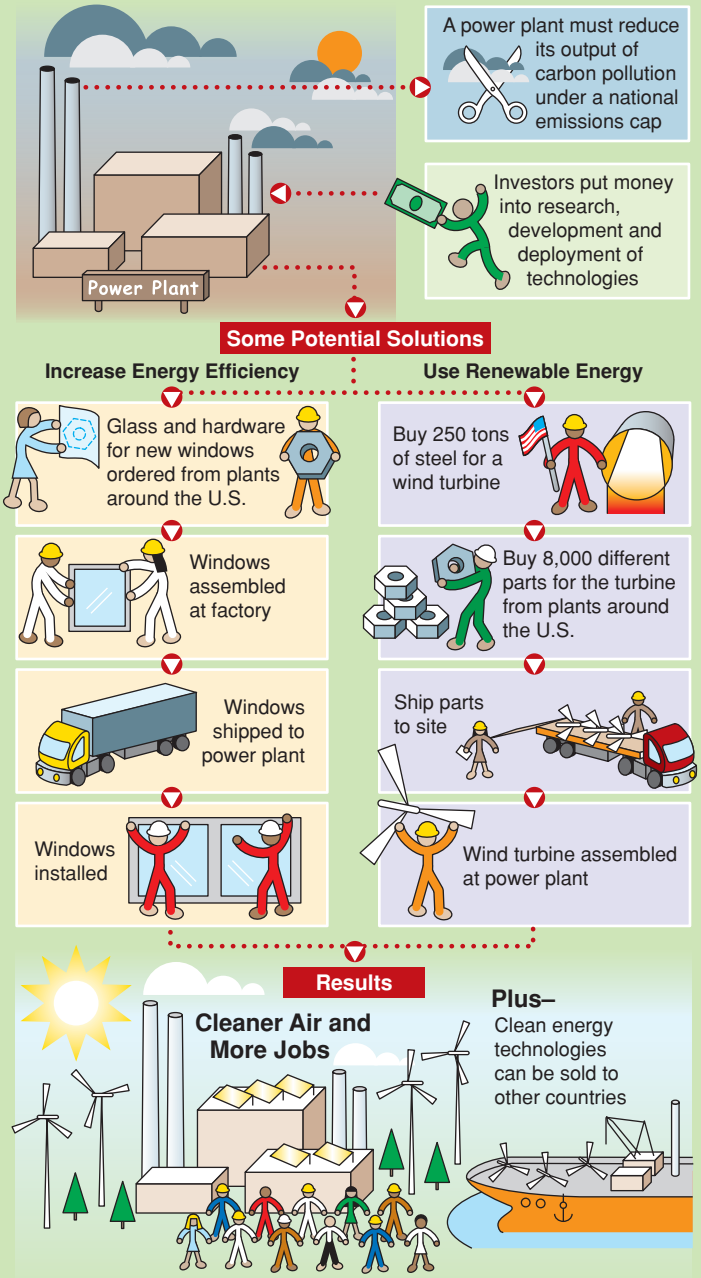
SOLAR



BIOMASS

HOW THE AMERICAN CLEAN ENERGY AND SECURITY ACT (HR 2454) CREATES JOBS

Legislation now in the U.S. House of Representatives makes the case that economic recovery, job creation and addressing global warming are linked. Here's how it works:



SOURCE: Environmental Defense Fund, *www.edf.org*

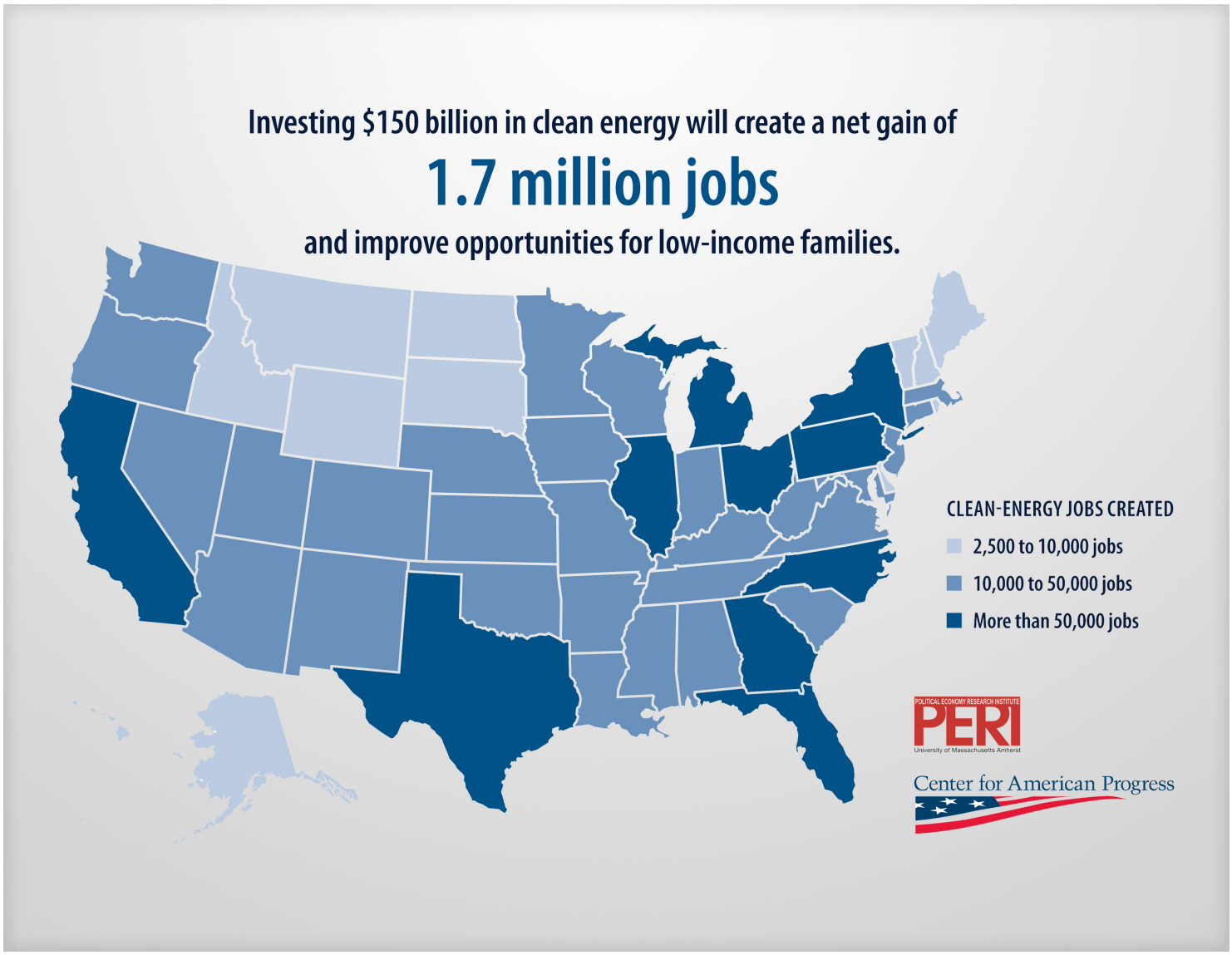
CARBON CAP TIMELINE

Baseline for carbon emission levels

Congress passes a carbon cap

2005	2009	2020	2030	2050
		Emissions reduced **17%**	Emissions reduced **42%**	Emissions reduced **83%**

SOURCE: *American Clean Energy and Security Act of 2009*



Green investments and jobs

Major areas for green investment agenda	Representative jobs
Building retrofitting	Electricians, heating/air conditioning installers, carpenters, construction equipment operators, roofers, insulation workers, carpenter helpers, industrial truck drivers, construction managers, building inspectors.
Mass transit/freight rail	Civil engineers, rail track layers, electricians, welders, metal fabricators, engine assemblers, bus drivers, dispatchers, locomotive engineers, railroad conductors.
Smart grid	Computer software engineers, electrical engineers, electrical equipment assemblers, electrical equipment technicians, machinists, team assemblers, construction laborers, operating engineers, electrical power line installers and repairers.
Wind power	Environmental engineers, iron and steel workers, millwrights, sheet metal workers, machinists, electrical equipment assemblers, construction equipment operators, industrial truck drivers, industrial production managers, first-line production supervisors.
Solar power	Electrical engineers, electricians, industrial machinery mechanics, welders, metal fabricators, electrical equipment assemblers, construction equipment operators, installation helpers, laborers, construction managers.
Cellulosic biofuels	Chemical engineers, chemists, chemical equipment operators, chemical technicians, mixing and blending machine operators, agricultural workers, industrial truck drivers, farm product purchasers, agricultural and forestry supervisors, agricultural inspectors.

Source: See appendix.

Breakthrough Reached on Provisions for America's Farmers

The Agricultural Offsets section of the American Clean Energy and Security Act empowers farmers, ranchers and forestland owners to fully participate in a market-based carbon offset program, earning income for activities they undertake to address global climate change.

Helps Producers' Bottom Lines While Helping the Environment

- Allows farmers, ranchers and forestland owners to work with USDA and its conservation partners to design and implement plans that reduce or avoid greenhouse gas emissions and sequester carbon on their operations.
- Directs the U.S. Department of Agriculture to use its extensive network of specialists and field offices to establish and carry out the agricultural offsets program.
- Fully exempts agriculture from being covered by the cap-and-trade system.
- Provides flexibility to allow producers to undertake activities to help address global climate change while recognizing the realities of modern farming practices.

Ensuring Environmental Integrity

- After producers have implemented their practices, independent third party verifiers will ensure that plans have been followed and the intended amount of carbon has been removed from the atmosphere.
- A specific list of practice types is included to assist the Secretary of USDA in implementing the program and to help producers determine which types of activities will work best on their operations.

Protects Early Actors

- Allows farmers and ranchers who participate in USDA conservation programs or who have already undertaken carbon sequestration activities to receive offset credits.
- Fairly compensates early actors who have participated in voluntary offset registries for carbon sequestration, such as the Chicago Climate Exchange, if their offsets from 2001-2009 have not been used.
- Allows producers who undertook carbon sequestration activities before 2009 to get credit for those activities and reductions that continue on their farms.

Renewable Fuels Standard

- The definition of renewable biomass has been harmonized with the definition negotiated under the 2008 Farm Bill for private lands while preserving environmental safeguards for those materials currently found on public lands.
- In addition, the bill addresses a provision in the 2007 Energy Bill that unfairly penalized American biofuels producers and requires any future regulations on international Indirect Land Use Changes to be based on sound science.

Rural Utilities

- The legislation ensures that no utility receives a "windfall" of allowances above what it needs to cover its costs of complying with the cap-and-trade program. The bill also provides additional assistance to small utilities for efficiency, renewable electricity, or low-income assistance programs.

Supporters

- The National Farmers Union, Renewable Fuels Association, Growth Energy, and American Farmland Trust support the bill, with passage of the Peterson amendment. The following agriculture organizations support the Peterson amendment: American Farm Bureau Federation, American Forest Foundation, Growth Energy, Minnesota Farm Bureau Federation, National Association of Conservation Districts, National Cattlemen's Beef Association, National Corn Growers Association, National Cotton Council, National Council of Farmer Cooperatives, National Farmers Union, National Pork Producers Council, Renewable Fuels Association, United Egg Producers, Western Peanut Growers Association, and Wisconsin Farm Bureau Federation.

The House Agriculture Committee
Chairman Collin Peterson
June 24, 2009

BY THE NUMBERS

JOBS:

- Moving to a clean energy economy and transitioning off foreign oil will create whole new industries and millions of new jobs. A recent jobs study concluded that the American Clean Energy and Security Act and the American Recovery and Reinvestment Act would **create 1.7 million new clean energy jobs**. [Center for American Progress]
- The energy efficiency provisions alone in the American Clean Energy and Security Act will generate 770,000 jobs by 2030. [ACEEE]
- Dollar for dollar, investments in a clean energy economy will create **four times as many jobs** as investments in the oil and gas industry.
- Jobs in the clean energy economy **grew more than 9 percent**, two and one-half times the rate for traditional jobs between 1998 and 2007.

ENERGY INDEPENDENCE:

- U.S. consumers are exporting **$400 billion a year** to pay for foreign oil.
- America's energy bill will increase by **$420 billion annually** within the next 5 years if we do nothing to reduce our dependence on oil and fossil fuels. That amounts to **$3,500 annually for every family** in the nation. [NRDC]
- The bill will cut the use of oil and petroleum products by **1.4 million barrels a day** in 2030. [ACEEE]
- The American Clean Energy and Security Act - combined with the 2007 energy bill and the Obama Administration's plan to ramp up vehicle fuel efficiency standards - will cut the use of oil by **more than 5 million barrels a day in 2030**. That is equivalent to all the oil we currently import from the **Middle East and Venezuela** and **one-fourth of our nation's current total daily consumption** - and will save consumers more than $135 billion in fuel costs.

LOWER COSTS/SAVING MONEY:

- Transitioning off foreign oil will have minimal impact on average households at just **22 to 30 cents per day** - less than a postage stamp - or $80 to $111 per year. [EPA]
- The average American household saw their energy costs for electricity and **gasoline rise $1,100** under the Bush-Cheney plan, between 2001 to 2007.
- Low-income families would actually receive a **$40 net benefit** from the legislation in 2020. [CBO]
- A Republican requested analysis shows the average annual cost of the legislation would be approximately **$175 per household in 2020** – not including energy efficiency savings of approximately over **$4,000 per household by 2030**. [CBO; ACEEE]
- The American Reinvestment and Recovery Act is estimated to save households **up to $98 per year** in energy costs.

COMPETING IN A GLOBAL ECONOMY: America should be leading the world in clean energy; instead we're falling behind in the race for jobs and technology that will drive global markets for generations.

- China is spending **six times more** on clean energy in their economic stimulus bill (as a percentage of their economy) than we are: **$12.6 million every hour**.
- We rank **below Spain, Denmark, and Portugal** in the use of wind power.
- The Germans control nearly half of the global photovoltaic market, and **Europe deployed 13 times more solar photovoltaic power** than the United States last year.
- **Only six of the top 30** wind, solar, and advanced battery technologies are American.

EFFICIENCY: ENERGY SAVINGS & REDUCED POLLUTION:

- The energy efficiency provisions in H.R. 2454 could reduce U.S. energy use by about **5 percent in 2020** – saving more than the annual energy use of 47 of the 50 states, including New York State – and that will grow to 12 percent in 2030.
- The efficiency savings alone will **reduce projected carbon pollution in 2020** by the equivalent of **taking 57 million cars off the road for a year**. [ACEEE]

LESS POLLUTION/FIGHTING GLOBAL WARMING:

- The American Clean Energy and Security Act would **reduce total global warming emissions 83 percent below 2005 levels by 2050**.
- Heavy downpours in the last 50 years have **increased 67 percent in the Northeast and 31 percent in the Midwest**. Unsurprisingly, this time has been marked by **record flooding** in those regions. [U.S. Global Change Research Program]
- Average global temperatures could **increase 11 degrees Fahrenheit** by the end of the century, with greater overall increases in the United States exceeding global averages. [USGCRP]
- The growing season now starts **2 weeks earlier**, impacting farming and crops in rural America. [USGCRP]
- **Sea-level rise would be 3-4 feet by 2100**, completely flooding places like the Everglades and Cape Canaveral. [USGCRP]

The think tank Third Way conducted a focus group and made this WORD CLOUD with answers to the question, "What would change mean in how we get and use energy - the kind of change you would like to see?"

Myths VS. Facts

MYTH: The bill will raise energy costs, imposing a hidden energy tax of $3,100 per year.
FACT: The EPA found the overall impact on the average household would be 22 to 30 cents per day ($80 to $111 per year)—or less than the cost of a postage stamp a day. This does not take into account the household energy costs savings from the American Reinvestment and Recovery Act estimated of up to $98 per year.

Congressional Republicans requested a CBO analysis of the bill that shows an average cost around 48 cents per day for the average household in 2020 ($175 per year) – 18 times smaller than what the House GOP's been claiming for months – and still not including efficiency savings. In fact, household savings generated from greater efficiency in appliances and homes are estimated to total over $4,000 a year by 2030. [ACEEE]

Neither the EPA analysis nor the CBO analysis take into account the benefits of reducing global warming to our economy, farmers, children, and our planet.

Bottom line is that transitioning off foreign oil and creating millions of jobs will have minimal impact on average households. No wonder the St. Petersburg Times' Politifact fact-checker site calls this a "pants on fire lie" and the MIT professor cited as the source called the figure "wrong in so many ways."

MYTH: This plan will cost jobs and stop economic growth.
FACT: This transition to clean energy is going to be a key driver for economic growth—unleashing private sector investment that will far outweigh government incentives. The measure will create millions of new American clean energy jobs that can't be shipped overseas -- whether it's installing solar panels, manufacturing wind turbines, or renovating homes for greater energy efficiency – as well as whole new industries. The clean energy jobs plan promotes building a smart grid and the production of clean electric cars. The plan includes incentives for farmers and agriculture and provisions for retooling factories – a move that will breathe new life into America's manufacturing sector and assembly lines that have been left idle by this recession. Under the EPA's analysis of the Waxman-Markey bill, the nation gross domestic product grows robustly - from $13 trillion in 2008 to over $22 trillion in 2030, as clean energy technology is deployed and carbon pollution is reduced.

MYTH: This plan will harm manufacturing and ship jobs overseas.
FACT: This legislation will strengthen U.S. global competitiveness, helping America become the world leader in new energy technologies, while preventing American job losses to other countries. Reducing our carbon emissions will create good jobs manufacturing clean energy technologies, weatherizing and updating new energy efficient buildings, and making thousands of other products in America. A single wind turbine contains up to 400 tons of steel, along with 8,000 parts, from copper wire, gearboxes, and ball bearings to electronic controls. Jobs making these components must be created here in America. The clean energy jobs plan includes critical protection measures for American workers and businesses to prevent the shifting of jobs and pollution to other countries. Under the Waxman-Markey bill, energy-intensive, trade-exposed industries like steel will receive allowances to cover transition costs as America moves toward energy independence. The auto industry will also receive incentives to manufacture electric and other advanced technology vehicles.

MYTH: This amounts to an economic declaration of war on the Midwest.
FACT: Quite the opposite. The bill will spur a clean energy economy to reinvigorate the Midwest's battered manufacturing base and will help Midwestern consumers. More than 50 percent of the value of the pollution

program is set aside to protect consumers, and the bill includes provisions designed specifically to protect consumers in states that rely largely on coal for electricity. The bill directs local electricity distribution companies, which are given permit values according to their carbon emissions, to pass along that money to consumers to protect them from rate increases on their electricity bills. And the bill provides additional consumer protections including monthly energy refunds for families in need.

The bill also contains provisions to protect the manufacturing sector of our economy from unfair competition from foreign countries and companies that refuse to deal with their carbon pollution. The bill includes help for the automobile industry to retool their facilities to build more fuel efficient vehicles. In fact, the bill creates new manufacturing job opportunities in areas hard hit by the recession and the struggles of the auto industry. This measure will build on the investments of the American Recovery and Reinvestment Act, which is estimated to create nearly 160,000 new jobs in the Midwest.

MYTH: Rural Americans will be adversely impacted from higher energy prices under the bill.
FACT: This legislation also creates an opportunity for farmers and ranchers, establishing a robust carbon offsets market that would allow farmers to create and sell carbon offsets to polluting entities. Farmers would be paid for their land stewardship efforts – planting trees, preserving existing forests, no-till farming and other efforts that reduce global warming emissions. A viable carbon offsets market – one that rewards farmers, ranchers and forest landowners for stewardship activities – has the potential to play a very important role in helping America address climate change while providing a possible new source of revenue for landowners. The EPA has estimated the market for agriculture and other domestic offsets would be worth at least $4 billion annually through 2030.

Rural America is uniquely positioned to create the clean energy to power our economy. From wind turbines paying royalties to ranchers and farmers, to cellulosic biofuels and biomass energy, rural America's natural resources will create home-grown American energy. And these investments in rural America will avoid the steep cost of global warming to America's farmers and ranchers, with greater risk of drought, floods and lower crop yields if we do not act as good stewards of the earth.

MYTH: It is unfair for America to take action on climate change when some of the biggest polluters in the world, like China and India, are not.
FACT: America does not set its policy according to what China does. America leads. Action by the U.S. is crucial to putting pressure on China and India to become part of the world effort to address the climate crisis. One guarantee: China and India will not cap their carbon emissions unless the U.S., the largest emitter in the West, moves first. We need to enact this bill to make sure that America, and not China, becomes the leader in new energy technologies that will create millions of new jobs and be needed worldwide over the next decade. A comprehensive energy bill will unleash investments in new clean energy technologies that can be manufactured here in America, used to reduce our pollution, and exported to nations like China and India. Opponents of the bill are willing to miss this economic opportunity to be a world leader again in new energy technologies that will create whole new industries and millions of new jobs.

MYTH: Republicans claim that other House committees have not had a chance to debate energy and climate policy.
FACT: Dozens of hearings on energy and climate policy have taken place this year in committees/ subcommittees in the House, including in Ways and Means (4), Science and Technology (9), Transportation (6), Foreign Affairs (1), and Agriculture (4). In addition, we have held 20 or more hearings and markup sessions in the Energy and Commerce Committee and in the Select Committee on Energy Independence and Global Warming.

MYTH: Republicans claim that NOT ONE small business had weighed in on energy and climate legislation.
FACT: This Spring, more than 22,000 small business owners delivered a petition to Congress calling for action on energy and climate.

Questions and Answers

Global warming is the challenge for this generation. We can argue why the 10 hottest years on record in the U.S. have all occurred since 1998. And we can argue about the changing weather patterns we've all seen – the floods, droughts, and tornadoes. But whatever the causes we must do something: stop the carbon pollution that is heating our planet and contributing to diseases like asthma and emphysema. We can protect the future of our children and planet with a comprehensive clean energy plan investing in new technologies, like wind and solar power that will rebuild our manufacturing base and get our economy moving again. The American Clean Energy and Security Act is a comprehensive approach to will create millions of clean energy jobs, reduce our dependence on foreign oil, and increase our national security.

Q: How will a cap on carbon pollution work?

A: A market-based cap on pollution puts a limit on the amount of carbon and other heat-trapping emissions large power plants and other sources can emit. It then uses the power of a well-regulated market to get companies competing to produce the cleanest and cheapest energy and materials. Companies can decide whether it is more economical to make investments in reducing carbon pollution, or to buy credits from other companies or farmers. It then re-invests revenues from the market back to consumers, energy research and development, and job-creation measures. Over time, pollution is reduced and our energy, vehicles, appliances, and other parts of our economy will be cleaner, cheaper and American-made.

It is modeled after the Acid Rain solution, which was bi-partisan and signed by the first President Bush. Former Senator John Warner (R-VA) endorsed the Waxman-Markey bill, and even Sen. John McCain and Newt Gingrich have backed market-based pollution caps as the best vehicle for fighting pollution. The Waxman-Markey approach not only fights pollution, it also invests resources into consumer and worker protection, clean energy and efficiency savings for businesses and families.

Q: How will this impact low-income families?

A: On top of the significant protections for all consumers through allowances to electricity, natural gas and heating oil companies, the bill includes monthly energy refunds for low-income families against higher energy prices. In fact, the one-fifth of families with the lowest incomes would see an average benefit of about $40 in 2020 under the bill, without accounting for the substantial energy efficiency savings. [Congressional Budget Office, 6/19/09]

Specifically it dedicates 15% of the allowances to low-income families through monthly energy refunds -- equal to the average cost to these households (after taking the general consumer relief into account). CBO estimates this payment for the all eligible households would average $302 in 2012, growing to $550 by 2019. For larger families (eligible family of five), the payment would start at $465 in 2012, growing to $834 by 2019. Households eligible for food stamps, the drug subsidy under Medicare, and Supplemental Security Income would be automatically eligible for this monthly energy refund, and other households below 150 percent of poverty could apply for benefits. In addition, the bill includes a tax credit to help those who are unlikely to access the energy refunds.

Q: Is the Senate going to act on this?

A: Majority Leader Harry Reid (D-Nev.) recently commented that "If [the House] can do it, we can do it," with his aide confirming that clean energy legislation would "likely be in the fall." [The Hill, 6/10/09; 6/24/09] A group of 25 senators, led by Senate Environment and Public Works Chairwoman Barbara Boxer (D-Calif.), is rallying around the Waxman-Markey legislation. And last week, the Senate Energy and Natural Resources Committee completed action on expansive energy legislation, requiring greater use of renewable energy, funding for clean energy technologies, and training for workers in new energy-related industries, which Majority Leader Reid plans to combine with legislation capping carbon pollution that the Environment and Public Works Committee is aiming to mark up this summer and take up after the August recess.

The President has made this legislation a centerpiece of his agenda.

Q: How does this compare with the initially criticized European model?

A: The portion of the bill that sets up a carbon "cap-and-trade" system is the same American solution we used in the 1990s to successfully reduce Acid Rain, through the bipartisan Clean Air Act. After that system was put in place, electricity rates dropped 10 percent and 16 million new American jobs were created.

Our legislation is different than the EU's Emissions Trading System, which distributed too many pollution permits. The companies sold their excess permits, kept the money, and raised rates anyway.

The American Clean Energy and Security Act would avoid the early mistakes of the EU system, by devoting most of the allowances to public purposes and requiring electricity distributors to pass on these savings to consumers. Specifically, more than 80 percent of the permits are used for public purposes, including consumer rebates, worker assistance and job training, and only 17 percent are given to specified companies. [Harvard economist Robert Stavins] A hefty fraction of permits go to regulated local electricity distributors, which must pass on the savings to consumers in order to receive free permits. This will help lessen the impact of electricity price hikes and avoid the windfall-profit problem that plagued Europe.

After the European Commission learned from early mistakes and made reforms, the system functioned properly, and in 2008, carbon dioxide emissions were cut by more than 3 percent, while the economy grew by 0.8 percent.

Q: What about the possibilities of fraud and market manipulation in this new carbon market?

A: The bill provides for aggressive oversight of the trading market and includes anti-fraud and anti-manipulation provisions that make sure the market is transparent, fair, and open. This is just a prelude to the comprehensive financial regulatory reforms Congress will take up later this year to ensure accountability and transparency for our financial and commodity markets.

June 23, 2009

THE AMERICAN CLEAN ENERGY AND SECURITY ACT (H.R. 2454)

Committee on Energy and Commerce

On May 21, 2009, the Energy and Commerce Committee reported the American Clean Energy and Security Act by a vote of 33 to 25. The legislation will create millions of new clean energy jobs, enhance America's energy independence, and protect the environment. The summary below reflects changes in the substitute amendment filed with the Rules Committee on June 22, 2009.

Key provisions in the bill:

- Require electric utilities to meet 20% of their electricity demand through renewable energy sources and energy efficiency by 2020.

- Invest in new clean energy technologies and energy efficiency, including energy efficiency and renewable energy ($90 billion in new investments by 2025), carbon capture and sequestration ($60 billion), electric and other advanced technology vehicles ($20 billion), and basic scientific research and development ($20 billion).

- Mandate new energy-saving standards for buildings and appliances, and promote energy efficiency in industry.

- Reduce carbon emissions from major U.S. sources by 17% by 2020 and over 80% by 2050 compared to 2005 levels. Complementary measures in the legislation, such as investments in preventing tropical deforestation, will achieve significant additional reductions in carbon emissions.

- Protect consumers from energy price increases. According to estimates from the Environmental Protection Agency, the reductions in carbon pollution required by the legislation will cost American families less than a postage stamp per day.

Because of its balanced approach, the American Clean Energy and Security Act has received broad support from industry and environmentalists. During Committee consideration, the legislation was backed by a coalition that included electric utilities, oil companies, car companies, chemical companies, major manufacturers, environmental organizations, and labor organizations, among many others. According to the Congressional Budget Office, the legislation meets PAYGO requirements.

Clean Energy Provisions

Renewable Electricity Standard. The American Clean Energy and Security Act (ACES) requires retail electric suppliers to meet a growing percentage of their load with electricity generated from renewable resources and electricity savings. The combined renewable electricity and electricity savings requirement begins at 6% in 2012 and gradually rises to 20% in 2020. At least three quarters (75%) of the requirement must be met by renewable energy, except that upon receiving a petition from the governor, the Federal Energy Regulatory Commission can reduce the renewable requirement to three fifths (60%). In 2020,

15% of the electricity load in each state must be met with renewable electricity and 5% with electricity savings. Upon petition by the governor, the renewable requirement can be reduced to 12% and the electricity savings can be increased to 8%.

Investments in Clean Energy. ACES requires major sources of carbon emissions to obtain a pollution permit called an "allowance" for each ton of carbon dioxide or its equivalent that they emit. Through 2025, 13% of these allowances are allocated to investments in clean energy and energy efficiency. Using EPA estimates of allowance prices, ACES invests over $190 billion through 2025 in clean energy and energy efficiency programs, including: $90 billion in state programs to promote renewable energy and energy efficiency; $60 billion in carbon capture and sequestration technologies; $20 billion in electric and other advanced technology vehicles; and $20 billion in basic research and development into clean energy and energy efficiency. The investments in carbon capture and sequestration include $10 billion generated through a small "wires charge" on electricity generated through fossil fuels.

Investments in clean energy continue after 2025, with 5% of allowances being devoted to renewable energy and energy efficiency, 5% to carbon capture and sequestration, and 1.5% to research and development.

Supporting Private Investment in Clean Energy. ACES establishes a self-sustaining Clean Energy Deployment Administration to support private investments in clean energy technologies, including nuclear power. Other provisions promote private investment in clean energy by reforming the existing Title 17 loan guarantee program.

Modernizing the Electricity Grid. ACES includes provisions to promote deployment of smart grid technology and enhanced transmission planning.

Energy Efficiency Provisions

Building Standards. ACES establishes new standards for building efficiency, requiring new buildings to be 30% more efficient in 2012 and 50% more efficient in 2016. States are offered allowances that they can sell to support adoption and enforcement of the new standards. The Department of Energy must enforce the standards in states that do not incorporate the building standards into their state building codes.

Appliance Standards. ACES mandates new efficiency standards for lighting products, commercial furnaces, and other appliances.

Vehicle Standards. The ACES discussion draft included provisions to harmonize federal fuel economy standards with EPA carbon emission standards and California's standards for light-duty vehicles. These provisions were dropped in the reported bill after the Administration reached an agreement on light-duty fuel economy standards with the automakers and California. The reported bill retains requirements for EPA to promulgate carbon emission standards for heavy-duty vehicles and off-road vehicles, such as construction equipment, trains, and large ships. ACES also integrates consideration of climate change into the existing transportation planning process to further reduce transportation-related energy consumption.

Other Efficiency Measures. ACES contains measures to increase the efficiency of water use and promote energy savings by the federal government and other public institutions. As filed with the Rules

Committee, the legislation creates a new energy efficiency program for small utilities with dedicated funding.

Global Warming Provisions

ACES contains three primary programs for reducing dangerous carbon emissions that cause global warming: (1) a cap on large domestic sources of emissions; (2) a program to reduce tropical deforestation; and (3) an offset program. In addition, ACES caps emissions of global warming pollutants that are substitutes for ozone-depleting chemicals, and it requires EPA to set performance standards for some uncapped sources of emissions. Taken together, these programs will reduce carbon emissions by 28% to 33% below 2005 levels by 2020. By 2050, ACES will reduce carbon emissions by over 80% below 2005 levels through these programs.

Capping Carbon Emissions from Large Sources. Starting in 2012, ACES establishes annual tonnage limits on emissions of carbon and other global warming pollutants from large U.S. sources like electric utilities and oil refiners. Under these limits, carbon pollution from large sources must be reduced by 17% below 2005 levels by 2020 and 83% below 2005 levels by 2050. To achieve these limits, ACES establishes a system of tradable permits called "emission allowances" modeled after the successful Clean Air Act program to prevent acid rain. This market-based approach provides economic incentives for industry to reduce carbon emissions at the lowest cost to the economy.

Preventing Tropical Deforestation. ACES directs EPA and the State Department to use 5% of the allowances to secure agreements from developing nations to prevent tropical deforestation. This program will reduce carbon emissions by an additional 10 percentage points below 2005 levels by 2020.

Emission Offsets. ACES allows capped sources to increase their carbon emissions if they can obtain offsetting emission reductions from uncapped sources at a lower cost. The legislation allows capped sources to use offsets to acquire up to 2 billion tons of emission credits annually. Half of these credits must come from domestic sources, except that if insufficient domestic offsets are available, up to 1.5 billion tons of emission credits can be obtained from international offset projects. Starting in 2017, ACES requires capped sources to turn in five tons of international offsets to receive four tons of emission credits. This mechanism will reduce carbon emissions by up to an additional five percentage points below 2005 levels by 2020.

ACES contains multiple provisions to ensure the integrity of offsets, including review by an independent scientific panel. Offsets may not be obtained from sources in a foreign nation until the United States has entered into an agreement with the originating nation establishing the terms of the offset program.

Cost-Containment Measures. ACES contains numerous cost-containment measures recommended by an industry-environmental coalition called the U.S. Climate Action Partnership (USCAP). These include unlimited banking, a two-year compliance period (which allows borrowing one year in advance), and a strategic reserve of allowances that are available for auction if allowance prices exceed 160% of their three-year average. The proceeds of any sales from the reserve will be used to acquire additional international offsets, which will replenish the reserve at a low cost and result in additional reductions in carbon emissions. In addition, ACES establishes a minimum floor price for auctioned allowances of $10 (in 2009 dollars) to provide stability and investment certainty.

Carbon Capture and Sequestration. ACES uses a combination of regulatory requirements and financial incentives to ensure that new coal-fired power plants will operate with carbon capture and

sequestration (CCS) technology. All new coal plants permitted after 2020 must use CCS when they commence operations. Coal plants permitted between 2015 and 2020 lose eligibility for federal financial assistance if they do not use CCS when they commence operations; if they do not use CCS when they commence operations, they must retrofit CCS by no later than 2025 without federal financial assistance. Coal plants permitted between 2009 and 2015 lose eligibility for federal financial assistance if they do not retrofit CCS within five years after commencing operations; if they do not retrofit CCS by this date, they must retrofit CCS by no later than 2025 without federal financial assistance. The 2025 retrofit deadline is accelerated if four gigawatts of electricity generation is deployed with CCS before 2025; it may also be extended by EPA by up to 18 months on a case-by-case basis.

Allowance Provisions

ACES requires that major U.S. sources of emissions obtain an allowance for each ton of carbon or its equivalent emitted into the atmosphere. EPA estimates that in 2005 dollars, these allowances will cost $11 to $15 in 2012 and increase to $22 to $28 by 2025. These allowance price estimates are consistent with estimates by the Congressional Budget Office. According to CBO, allowance prices in 2005 dollars will be $14 in 2012 and increase to $28 by 2025. At these allowance prices, the total value of the allowances created under the legislation ranges from $50 to $70 billion in 2012 to $90 to $120 billion in 2025.

For the period from 2012 through 2025, 55% of the allowances will be used to protect consumers from energy price increases; 19% will be used to assist trade-vulnerable and other industries make the transition to a clean energy economy; 13% will be used to support investments in clean energy and energy efficiency; and 10% will be used for domestic adaptation, worker assistance and training, prevention of deforestation, and international adaptation. The remainder (3% of allowances) will be used to help ensure that ACES is budget neutral.

From the period from 2026 through 2050, up to 58% of the allowances will be used to protect consumers; 19% will be used for domestic adaptation, worker assistance and training, prevention of deforestation, and international adaptation; 12% will be used to support investments in clean energy and energy efficiency; 7% will be used to ensure budget neutrality; and at least 4% will be used to assist trade-vulnerable and other industries.

Under ACES, approximately 80% of allowances are distributed without charge during the early years of the program to ease the transition to a clean energy economy. This transition period starts to phase out after 2025. By 2031, about 70% of the allowances are auctioned.

Protection of Consumers. ACES establishes five programs to protect consumers from energy price increases: one for electricity price increases; one for natural gas price increases; one for heating oil price increases; one to protect low- and moderate-income families; and one to provide tax dividends to consumers. In combination, these programs substantially reduce the impact of ACES on American consumers. EPA estimated that the global warming provisions in the ACES discussion draft would cost the average household $98 to $140 per year, less than a postage stamp per day. EPA has estimated that the changes to ACES made in Committee will further reduce the costs of the legislation.

Protection from Electricity Price Increases. Electricity price increases will be regional in nature, with the greatest increases occurring in the coal-dependent regions of the country. To mitigate these price increases, the regulated utilities that distribute electricity to consumers will receive 32% of allowances through 2025 under a formula that distributes half of the allowances based on emissions and half based on

electricity generation. These utilities are directed to use these allowances exclusively to keep rates low and, to the extent they use rebates, to do so to the maximum extent practicable by reducing the fixed-rate portion of consumer electricity bills. As filed with the Rules Committee, the legislation contains a new ratepayer fairness provision that ensures against windfalls by providing that no local distribution company should receive more allowances than necessary to cover its direct and indirect costs.

Protection from Natural Gas Price Increases. To mitigate increases in natural gas prices, the regulated utilities that distribute natural gas to consumers will receive 9% of allowances from 2016 through 2025. One-third of these allowances must be used for energy efficiency programs. The remainder must be passed through to consumers through lower prices under provisions similar to those that apply to the regulated electric utilities.

Protection from Heating Oil Price Increases. To mitigate increases in home heating oil prices, states will receive 1.6% of allowances through 2025 under a formula based on home heating oil use. These allowances must be used for rebates to consumers and investments in energy efficiency.

Protection of Low- and Moderate Income Families. The electricity, natural gas, and heating oil provisions mitigate the costs of ACES on all consumers. In addition, ACES directs that 15% of the allowances be auctioned and the proceeds distributed back to consumers through a combination of refundable tax credits and electronic benefit payments. The Center for Budget and Policy Priorities estimates that these provisions will fully protect the bottom quintile of families and part of the next quintile from any direct or indirect energy price increases.

Consumer Climate Dividend. Under ACES, many of the allowance provisions phase out starting in 2026. As these allowance allocations are phased out, ACES directs that the remaining allowances be auctioned and the proceeds distributed to consumers through tax credits.

Protection of Trade-Vulnerable and Other Industries. Pursuant to the Inslee-Doyle program, energy-intensive, trade-exposed industries that make products like iron, steel, cement, and paper will receive allowances to cover their increased costs. The number of allowances set aside for this program will equal 15% of the allowances in 2014 and then decrease based on the percent reductions in the carbon emissions cap. These allowances will phase out after 2025 unless the President decides the program is still needed.

In addition, oil refiners will receive 2% of allowances starting in 2014 and ending in 2026, and merchant coal producers and electricity producers obligated to supply electricity under long-term contracts will receive 5% of allowances through 2025. As filed with the Rules Committee, the legislation provides an additional 0.25% of allowances for small business refiners from 2014 through 2026.

Investments in Clean Energy and Energy Efficiency. States will receive 10% of allowances from 2012 through 2015; 7% of allowances in 2016 and 2017; 6% of allowances from 2018 through 2021; and 5% of allowances thereafter for investments in renewable energy, energy efficiency, and pollution reducing transportation projects. Two percent of allowances from 2014 through 2017 and 5% thereafter will be available to electric utilities to cover the costs of installing and operating carbon capture and sequestration technologies (from 2014 through 2017, a small portion of these allowances will be used to offset the costs to the Treasury of the Carbon Storage Research Corporation, which will invest an additional $10 billion in carbon capture and sequestration technologies). Three percent of allowances from 2012 through 2017 and 1% of allowances from 2018 through 2025 will be available for investments in electric vehicles and other advanced automobile technology and deployment. One-and-a-half percent of allowances in each year will

be allocated to support research and development in advanced clean energy and energy efficiency technologies.

Domestic Adaptation. From 2012 through 2021, 2% of allowances will be allocated to prepare the United States to adapt to the impacts of climate change. The amount of allowances allocated for domestic adaptation will increase to 4% from 2022 through 2026 and to 8% thereafter. Half of these allowances will be used for wildlife and natural resource protection and half for other domestic adaptation purposes, including public health.

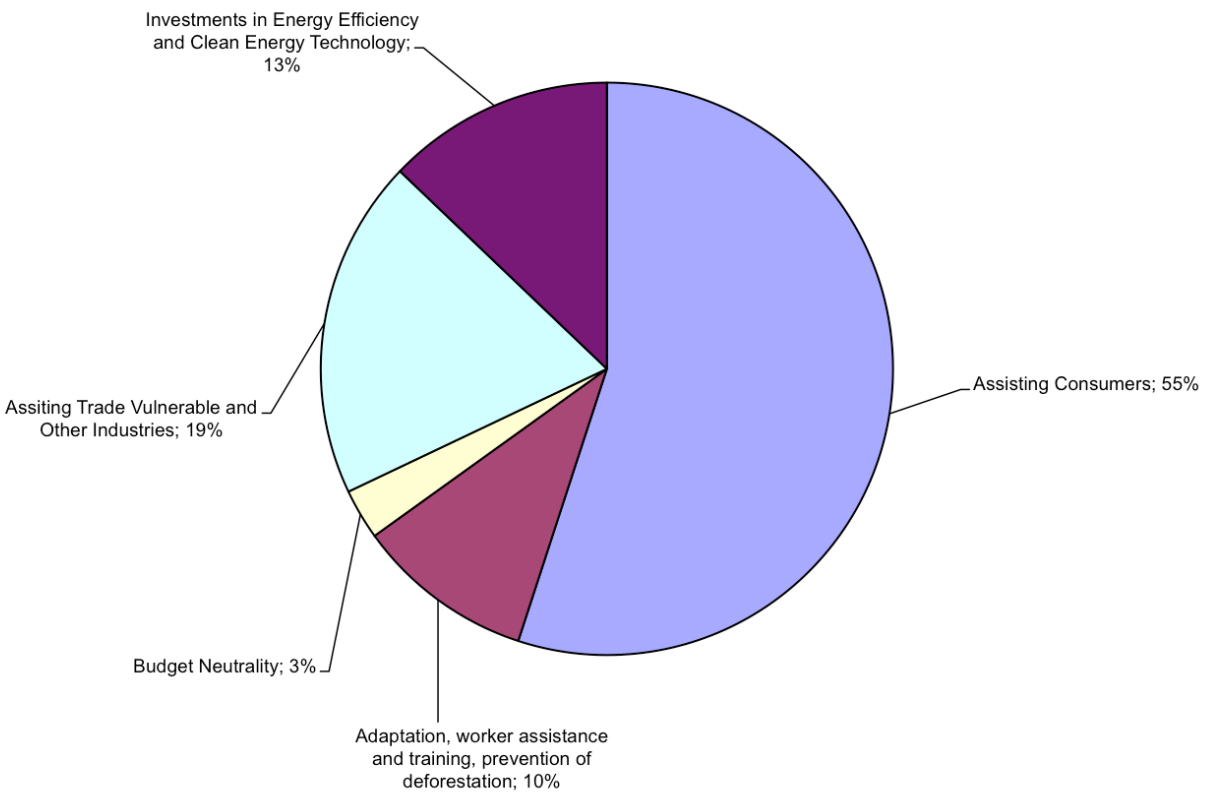
Preventing Tropical Deforestation and International Adaptation. From 2012 through 2025, 5% of allowances will be allocated to prevent tropical deforestation and build capacity to generate international deforestation offsets. The allowances allocated to this program will be reduced to 3% from 2026 through 2030 and to 2% thereafter. From 2012 through 2021, 2% of allowances will be allocated for international adaptation and clean technology transfer. The amount of allowances allocated for these purposes will increase to 4% from 2022 through 2026 and to 8% thereafter. Half of these allowances will be used for adaptation and half for clean technology transfer.

Worker Assistance and Job Training. From 2012 through 2021, 0.5% of allowances will be allocated for worker assistance and job training. This amount will increase to 1% thereafter.

CBO Score

According to the CBO score of the legislation, ACES meets PAYGO requirements. For scoring purposes, CBO considers the creation of allowances as an increase in revenues and the free distribution of allowances as an offsetting outlay. Using this methodology, CBO estimates that the legislation will raise federal revenues by $846 billion over ten years and increase direct spending by $821 billion, resulting in a net $24 billion reduction in the federal budget deficit.

Waxman-Markey ACES Allocation Chart



Prepared by the Committee on Energy and Commerce

Organizations Supporting the Bill

Consumer Groups
National Consumers League
Consumers Union
Center for Budget & Policy Priorities

Electric Utilities & Energy Companies
Duke Energy
Exelon Corporation
PG&E Corporation
FPL Group
National Grid
Constellation Energy
PNM Resources
NRG Energy Inc.
Austin Energy
PSE&G
Avista
Edison Electric Institute
Solar Power Industries
BP Solar
Nuclear Energy Institute
Con Edison

Business and Manufacturing
GE
DuPont
Levi Strauss
Nike
Starbucks
DOW Chemical Company
Sun Microsystems
eBay
Gap
Symantec
Clean Economy Network
National Venture Capital Association
HP
Applied Materials
Clif Bar
Jones Lang LaSalle
The North Face
Timberland
Business for Innovative Climate & Energy Policy
Aspen Skiing Company
Kleiner, Perkins, Caufield, Byers
Seventh Generation
Johnson Controls
Dow Corning
National Semiconductor
Business Council on Sustainable Energy
Alcoa
Alstom
Johnson & Johnson
Siemens Corporation
Rio Tinto

Environment/Conservation
League of Conservation Voters
National Parks and Conservation Association
National Wildlife Federation
Natural Resources Defense Council
Sierra Club
The Wilderness Society
Union of Concerned Scientists
World Wildlife Fund
Audubon Committee
Climate Communities
Defenders of Wildlife
Pew Center on Global Climate Change
The Nature Conservancy
Audubon
World Resources Institute
Environmental Defense Fund
Ceres
Earthjustice
Environment America
Clean Water Action
American Rivers
Center for Clean Air Policy
American Wind Energy Association

Agriculture and Sportmen
National Farmers Union*
Renewable Fuels Association*
American Farmland Trust*
Growth Energy*
Izaak Walton League of America
Trout Unlimited
Theodore Roosevelt Conservation Partnership
Association of Fish & Wildlife Agencies

International Development
Oxfam
CARE
Oceana

Labor
Building and Construction Trades Department, AFL-CIO
Blue Green Alliance: United Steelworkers
Communications Workers of America
Laborers International Union of North America
Service Employees International Union
Utility Workers Union of America

Health/Progressive/State-Local/Others
League of Women Voters
American Lung Association
American Public Health Association
Association of State & Territorial Health Officials
National Association of County & City Health Officials
National Environmental Health Association
Center for American Progress Action Fund
Vote Vets
Hip Hop Caucus
US Conference of Mayors
National League of Cities
National Association of Clean Air Agencies

Faith
United States Conference of Catholic Bishops
Evangelical Climate Initiative
National Council of Churches
Coalition on the Environment and Jewish Life
Baptist Center for Ethics
The United Methodist Church - General Board of Church and Society
Evangelical Lutheran Church in America

** with Peterson amendment*

JUNE 16, 2009

Statements Received During Full Committee Markup The American Clean Energy and Security Act (H.R. 2454)

COMMITTEE ON ENERGY AND COMMERCE

"It puts the nation on a path to achieve significant and necessary greenhouse gas emission reductions, while **protecting consumers and advancing new technologies** that will lead to the transition to a lower carbon economy."

US Climate Action Partnership (USCAP)
May 19, 2009

"It is important for the nation to **achieve meaningful reductions in greenhouse gas emissions while minimizing disruptions to our economic recovery**. **This bill takes the right approach** by requiring that emissions allowances be allocated instead of auctioned."

Theodore F. Craver, Jr.
Chairman and CEO, Edison International
May 20, 2009

"Chairman Waxman and Chairman Markey have shown outstanding commitment to building a clean-energy economy that will create jobs, strengthen our energy security, protect our electric customers from undue price increases and address the threat of climate change... **It is vital that legislation pass this year**."

Lew Hay
Chairman and CEO, FPL Group
May 18, 2009

"**U.S. leadership is essential to fostering a global solution** to GHG emissions. America is at its best when it leads. Sound and predictable policy to address climate change **will unleash investment in new technologies that will advance both energy security and sustainability**."

Andrew N. Liveris
Chairman and Chief Executive Officer
The Dow Chemical company
May 19, 2009

"**The American Clean Energy and Security Act would establish U.S. leadership in reducing the emissions that are threatening ecological and human well-being**. The bill dedicates 5% of the allowances under the cap to support a program that would conserve tropical forests... This investment, combined with robust offset provisions, would create a real chance to reduce forest emissions while engaging developing nations to reduce emissions. **We urge your support for these provisions**."

Mark R. Tercek
President and CEO, The Nature Conservancy
May 18, 2009

"**PG&E has long supported taking action** to address climate change. We strongly believe that climate change is an urgent matter, requiring immediate action and bold solutions. **The longer we wait to begin to tackle the challenge, the more costly and difficult it will be for our country and the world**. We believe the process to date has resulted in a strong bill that works to balance competing interests and puts the nation on a path to achieve significant and necessary greenhouse gas emission reductions, while protecting consumers and advancing new technologies that will create clean energy jobs for America."

Peter A. Darbee
Chairman of the Board and Chief Executive Officer and President
PG&E Corporation
May 19, 2009

"We firmly believe that putting a price on carbon while protecting consumers can advance clean technology and infrastructure critical to America's future."

Jeffry E. Sterba
Chairman & CEO, PNM Resources
May 19, 2009

"The Blue Green Alliance [includes Steelworkers, Service Employees International, NRDC, Sierra Club, CWA, LIUNA] believes that **ACES is a positive step** to ensuring America's energy and climate challenges are addressed while shifting the nation to a clean energy economy that provides high-road jobs in green manufacturing and skilled construction trades. **It is through this combined effort that we can establish a new economic development model that provides opportunities for workers across America by making job creation and environmental integrity the two keys to our country's future prosperity**."

Blue Green Alliance
May 21, 2009

"The U.S. Congress can pass climate legislation that is both environmentally effective and economically sound, and this bill provides a strong foundation for such action."

Charles O. Holliday
Chairman of the Board, DuPont
May 2009

"**H.R. 2454 contains the tools to provide certainty to the marketplace and to promote investment in technology**. The bill recognizes the important greenhouse gas reducing contributions of the advanced clean coal technologies and energy efficient technologies that we innovate."

George Nolen
President and CEO, Siemens Corporation
May 21, 2009

"This historic bill will make significant investments in clean, renewable energy and reduce carbon pollution that causes global warming. By making investments in clean energy, we will create whole new industries, millions of good-paying American jobs, and generate hundreds of billions of dollars in energy savings and benefits to low-income families. It will also demonstrate American leadership as nations work to reach a strong international agreement to protect our planet in Copenhagen later this year."

Frances G. Beinecke
President, Natural Resources Defense Council
May 28, 2009

"**We may be on the brink of something astounding in Washington**. This is due to the hard work and political courage of President Obama, Chairmen Waxman and Markey, Congressman Boucher, Senator Bingaman, and others."

John W. Rowe
Chairman and CEO, Exelon
May 15, 2009

"**The UAW believes that H.R. 2454 contains many positive provisions that should form the basis for comprehensive energy and climate change legislation**. These provisions will reduce our dependence on foreign oil and improve our energy security... At the same time, the legislation includes important provisions to facilitate the transition to a clean energy economy."

Alan Reuther
Legislative Director, UAW
May 18, 2009

"**We urge you to support The American Clean Energy and Security Act and to work to strengthen the bill as it moves through the legislative process**. Most immediately, we urge you to oppose any amendments that weaken this legislation and to support any amendments that would accelerate clean energy investments, create more clean energy jobs, promote a global climate agreement, further safeguard natural resources and respond to the latest climate science."

American Rivers, Audubon, Center for American Progress Action Fund, Clean Water Action., Climate solutions, Defenders of Wildlife, Earthjustice, Environment America, League of Conservation Voters, League of Women Voters, National Parks Conservation Association, National Wildlife Federation, Natural Resources Defense Council, Oceana, Pew Environment Group, Sierra Club, The Wilderness Society, Union of Concerned Scientists, World Wildlife Fund
May 18, 2009

"**Let's be clear. This legislation is good for America's economy, health and competitive future**, as well as our country's ability to lead globally on climate change."

> BICEP [includes Levis Strauss &Co., Nike, Starbucks, Sun Microsystems, The Timberland Company, eBay, Gap Inc., Symantec, Clif Bar & company, Seventh Generation, Aspen Skiing Company, and Jones Lag LaSalle]
> May 22, 2009

"Companies across America are ready to build the clean energy technologies we need to grow the economy and protect the climate; a cap will unleash the private-sector investment they need to get going. The short-term targets in the bill help ensure that investments are made quickly, and they increase our chances of minimizing climate impacts by kick-starting the transition to low-carbon energy sources."

> Fred Krupp
> President, Environmental Defense Fund
> May 18, 2009

"The ACES combines ambitious but achievable greenhouse gas emission reduction targets with a market-based program that will reward business leaders for deploying clean energy technologies as quickly and inexpensively as possible. There is a global race underway to develop these technologies - a race that will dominate the 21st century economy - and the ACES act will help U.S. business lead that race."

> Eileen Clausen
> President, Pew Center on Global Climate Change
> May 19, 2009

"Tackling climate change through **comprehensive legislation that is fair and balanced** and supported by the Obama Administration is a significant step forward for our nation, and one that is long overdue."

> Tom King
> President, National Grid U.S.
> May 15, 2009

"It is imperative that Congress act this year to put a cap on carbon and other greenhouse gas emissions. We commend the leadership of Congress in moving forward on critically important legislation that invests in a clean energy infrastructure of tomorrow."

> Chris Murray
> Senior Counsel, Consumers Union
> May 21, 2009

SUPPORT FROM ACROSS THE COUNTRY
EDITORIALS

Indianapolis Star (5/28/09), "Lighten up on carbon reduction"

Gov. Mitch Daniels and U.S. Reps. Mike Pence and Steve Buyer have some significant non-allies in their vehement opposition to the carbon reduction legislation now moving through Congress.

Among them are most of the Midwest's governors, who already have signed a regional cap-and-trade agreement; and Indiana's largest electric utility, whose boss accepts the need for congressional action and insists it will benefit rather than punish this coal-dependent region -- if the region's leadership pulls up to the table.

The Houston Chronicle (5/24/09), "Cap-and-trade off: Compromise bill to cap greenhouse gas emissions spreads the cost"

The compromise legislation crafted by committee chairman Henry Waxman, D-Calif., and Edward Markey, D-Mass., preserves the original intent of the Obama administration to begin addressing the causes of climate change, while insulating emissions-producing industries and consumers from economic damage.

The legislation has attracted an unusual coalition of supporters, including Duke Energy, Alcoa and the Environmental Defense Fund. Former Vice President Al Gore, whose film An Inconvenient Truth helped raise public awareness of global warming, plans to campaign for its passage.

The Tennessean (4/9/09), "Economy no excuse to ignore global warming"

The quest for new energy sources is not just a dream. It's real. It's happening. The only question is the level of commitment others will have to develop new energy sources. Tennessee is positioned to be a global leader. That didn't happen by making excuses.

The New York Times (5/22/09), "Leadership Long Delayed"

It began [this week] with the White House's announcement that it will impose the first-ever limits on greenhouse gas emissions from cars and trucks. It ended with a House committee approving a comprehensive energy and global warming bill — an important first step on legislation that seeks to reduce America's dependence on foreign oil, reverse emissions of carbon dioxide and create millions of clean energy jobs.

The Salt Lake Tribune (5/22/09), "Cap and trade"

Anything less than this far-reaching legislation would not mitigate the global-warming crisis that could displace millions with rising sea levels, and bring drought, more wildfire, shrunken snowpack, severe weather and economic hardship to the West.

Daily Herald, IL (6/11/09), "Consider climate bill despite costs"

Opponents worry that means costs will rise. Supporters admit that's the case. But they say we'll use less energy, meaning the bottom line will be lower. They also note that the bill includes a number of cost containment measures to limit the impact.

Taking this action to improve our environment will cost, no question. But inaction will undoubtedly cost far more.

OP-EDS FROM MEMBERS

Indianapolis Star (6/10/09), "Focus our energy on common ground" by Rep. Baron Hill

I believe enacting energy legislation that addresses energy independence, green jobs and climate change is both pressing and productive. And I believe it can and should be done in a way that takes into account the current economy and geographic disparities.

The Hill (6/15/09), "ACES Act lays solid foundation for nation's clean-energy future" by

Rep. Bobby L. Rush

The inclusion of the Low-Income Community Energy Efficiency Program (LICEEP), which was an amendment I offered that was adopted unanimously in the committee, will provide grants to mission-driven community development organizations as a means to increase the flow of capital and technical assistance to low-income communities, as well as minority- and women-owned businesses.

The Tennessean (4/9/09), "Energy reform key to the economy" by Rep. Jim Cooper

[Cap-and-trade] uses market forces to reward efficient businesses instead of centralized bureaucratic control. We used this approach to reduce acid rain in the 1990s, and it has been remarkably successful.

The Hill (6/15/09), "Poorest Americans, contributing least to climate change, will not be hurt by legislation to rectify" by Rep. G.K. Butterfield

Most importantly, the poorest Americans, who contributed least to this problem and are least able to endure any increases in costs, are held harmless. The 15 percent of allowance value devoted to these struggling households guarantees the recoupment of any lost purchasing power, and does not phase out over the 40-year life of the program…Our goal in the consideration of this legislation was to lower greenhouse gases, bring sustainable new jobs to America, and aid the consumer, and particularly low- and moderate-income consumers who have contributed the least to the problem.

The Boston Globe (6/6/09), "The race for clean-energy innovation" by Rep. Edward J. Markey

It [ACES] also reduces carbon emissions from major US sources 83 percent by 2050 compared with 2005 levels, and saves consumers money at the pump by investing $20 billion to retool America's auto manufacturers to produce electric cars that don't use any gasoline.

The Waxman-Markey bill would invest more than $190 billion in clean-energy technologies that will go to the companies, research institutions, and entrepreneurs smart enough, agile enough, and innovative enough to devise the next great clean-energy technology.

Mercury News (6/9/09), "Congress needs to hear from constituents on climate change" by

Rep. Michael Honda

A recently published study by Yale and George Mason universities, entitled "Global Warming's Six Americas," found that a growing majority of Americans — 67 percent — want the United States to reduce its greenhouse gas emissions, regardless of other countries' reticence toward reduction…Furthermore, a majority of Americans are keen to create a culture of climate-friendly consumer practices, rewarding or punishing corporations based on their steps to reduce global warming.

OP-EDS & COLUMNISTS

The Detroit News, MI (5/28/09), "House energy bill will increase green jobs" by Phillip Thompson, Service Employees International Union

ACES, which the House Energy and Commerce Committee has approved, will continue this trend and expand our burgeoning green jobs economy - breathing new life into Michigan's withering manufacturing sector…The legislation will create millions of new manufacturing and construction jobs -- manufacturing jobs for those who will produce the wind turbines and solar panels, and construction jobs for making our buildings significantly more energy efficient.

Richmond Times-Dispatch, VA (6/7/09), "Virginian Leads Sensible Climate Change Efforts" by Tom Farrell (Dominion Resources), Mike Morris (American Electric Power), and Jim Rogers (Duke Energy)

Most important to Virginians and U.S. consumers, it is designed to avoid dramatic price spikes in coal, oil, natural gas, gasoline, and other carbon-based fuels that have been the foundation of our economy for more than a century…It also provides strong incentives needed to develop an array of new, cleaner energy and renewable technologies that, over time, will stabilize and help grow our economy.

The Desert Sun, CA (6/14/09), "Governor says world needs California Leadership on renewable energy" by Gov. Arnold Schwarzenegger

Californians understand better than anyone that we need more jobs and a stronger economy. We need to stop climate change - and our best chance of achieving all three goals is to have Congress put a cap on carbon pollution…We pay for the fuel we burn but not for the pollution we emit. That pollution causes serious damage to our world, and in the long run, we all pay for it.

The New York Times, NY (5/17/09), "The Perfect, the Good, the Planet" by Paul Krugman, columnist

The bill represents major action to limit climate change. As the Center for American Progress has pointed out, by 2020 the legislation would have the same effect on global warming as taking 500 million cars off the road.

Roll Call, DC (6/12/09), "Find a Market Solution to Problem of Climate Change" by Federico Peña, Compete Coalition, former Sec.of Energy, Sec. of Transportation, Mayor of Denver

By relying on market forces, we will cost-effectively reduce greenhouse gas emissions by creating rational economic incentives for clean energy, greater efficiency and innovative products for both electricity generators and consumers.

Palm Beach Post, FL (6/15/09), "Do you support cap-and-trade legislation? Yes" by Eric Draper, Audubon of Florida

…every kilowatt of energy saved is money in your purse. Drivers of fuel-efficient cars are less vulnerable to gas price hikes. People using energy-efficient appliances pay less than those doing things the old way. And renewable energy, such as solar power, harnesses free fuel from the sun, far from the control of unstable foreign governments… This bill makes good economic sense.

The Detroit News, MI (6/17/09), "Cap-and-trade bill creates green jobs: Legislation balances employment with warming fight" by Mark Gaffney, Michigan AFL-CIO

The cap-and-trade legislation will help take a balanced approach toward an economy-wide program that prevents foreign competitors from getting advantages over America companies. The nation should maintain a diverse energy portfolio that includes renewable energy, fossil fuels, nuclear and hydro electric. And solutions must protect individual industries and geographical regions from being disproportionably or adversely affected… Such a strategy is the American Clean Energy & Security Act…

THE REPUBLICAN ENERGY PLAN

RECYCLING THE BUSH-CHENEY FAILURES

The Republican Energy Plan can best be summed up as:

- Far too **expensive** for consumers and tax payers;
- **Harmful** for the **environment**, and;
- **More** of the **same.**

Instead of helping America build a clean energy economy, Congressional Republicans have introduced a re-hash of failed energy policies promoted by Bush and Cheney. After years of gas price increases, rising temperatures, dangerous dependence on foreign oil, and a loss of jobs to clean energy competitors in China, Germany and elsewhere, the Republican plan is to. . . continue business as usual.

The Republican energy plan follows the same policies of Bush and Cheney:

--Simply license -- not build -- 100 new nuclear power plants, with no assurances that any energy would come online, or that taxpayers would not foot the projected $800 billion bill.

--Open up our coasts to more drilling, instead of following President Obama's lead to follow a comprehensive energy plan for our coasts that includes wind, tidal, and wave energy with responsible drilling.

--Open up the Arctic National Wildlife Refuge to drilling, which would not produce oil for more than a decade and only affect prices by a little more than a penny.

--Promote the currently unworkable and water- and energy-intensive process of oil shale, which produces twice the global warming emissions as conventional oil.

--Would set no targets reducing pollution, and would not set a market for carbon, guaranteeing more of the same energy and more of the same dangerous carbon pollution.

The Bush-Cheney energy policies failed the American people:

--Under the previous administration's drill-first, clean energy-later plan, American families paid $1,100 more for their energy. During the Bush-Cheney era, the typical annual American household electricity costs rose more than $170, and families costs at the pump rose more than $960 (in 2007 dollars). That's even before the unprecedented $4.11 gasoline prices and $147 per barrel of oil that occurred in the summer of 2008. [CAP]

--Under the Bush-Cheney energy plan, the United States became more dependent on foreign oil from OPEC. According to the Energy Information Administration, U.S. petroleum imports from OPEC countries increased from an average of 168 million barrels a month in 2001 to 181 million barrels a month in 2008.

Republican Members of Congress who Support Clean Energy Initiatives

"With our nation facing significant economic challenges, it is essential that we craft climate change legislation and an economy-wide cap and trade program in the right way, without placing an unbearable burden on hardworking Americans… It is my hope that we can work together to craft a sustainable bill that will develop clean, renewable energy and reduce our dependence on foreign oil." **– Rep. Mary Bono Mack (R-CA), 5/14/09, who voted for the ACES Act in committee**

"Climate change, in my view, is real… I am confident [that with] American technology and the embrace of green technologies... we can reduce these greenhouse gas emissions. And suppose that we are wrong, and there's no such thing as climate change, and we hand our kids a cleaner world. But suppose we are right and do nothing." **– Sen. John McCain (R-AZ), 1/24/08**

"If we successfully implement a cap-and-trade system that will reduce long-term risk and provide market certainty, the economy undoubtedly will respond with ingenuity, entrepreneurship, and job expansion, while simultaneously addressing climate change, one of the greatest challenges of this century." **– Sen. Olympia Snowe (R-ME), 5/7/09**

"The Congress must pass legislation establishing a cap and trade mechanism. A cap and trade system would provide regulatory certainty, reward innovation to improve energy efficiency, and provide strong market incentives for clean renewable fuels." **– Sen. Dick Lugar (R-IN), 3/13/06**

"If we want to get serious about alternative energy we have got to rely more on clean, renewable energy sources like wind, solar and geothermal." **– Rep. Leonard Lance (R- NJ), 4/22/09**

"We must aggressively pursue cleaner energies which are sustainable and produce no greenhouse gas emissions." **– Rep. Frank LoBiondo (R-NJ), 4/6/09**

"For my congressional colleagues, I would say the president's going to go down this road and the public's ready to be led down this road… I don't see an alternative to cap-and-trade." **– Sen. Lindsey Graham (R-SC), 6/1/08**

"Last year, Senator Stevens and I co-sponsored legislation to formally establish a 'cap and trade' carbon emission program designed to significantly reduce carbon emissions in this country – and a bill that should encourage foreign nations to follow suit." **– Sen. Lisa Murkowski (R-AK), 2/10/08**

Republican Governors who Support Clean Energy Initiatives

"Californians understand better than anyone that we need more jobs and a stronger economy. We need to stop climate change — and our best chance of achieving all three goals is to have Congress put a cap on carbon pollution. That's why I'm proud that California has become a leader once again - by championing the American Clean Energy and Security Act of 2009." **– Governor Arnold Schwarzenegger (R-CA), 6/14/09**

In November 2007, ten Midwestern governors, including Republican Governors Tim Pawlenty of Minnesota and Michael Rounds of South Dakota, signed the Midwestern Regional Greenhouse Gas Reduction Accord, which endorsed a cap-and-trade model.

"Today's agreement is an important milestone toward achieving a cleaner, more secure energy future… The Midwest is well-positioned to help lead the energy revolution that our nation needs to stay competitive and strong. Working together, states can build a de facto national energy policy that will create good jobs and build a cleaner and safer world." **– Governor Tim Pawlenty (R-MN), 11/14/07**

On May 21, 2009, the Republican governors of California, Connecticut, Florida, Rhode Island, Utah, and Vermont were part of a group of 31 states and territories to form the Governors' Energy and Climate Coalition. The Coalition's statement of principles endorses a *"cap on greenhouse gases to reduce emissions to levels guided by science to avoid dangerous global warming."*

"Investing in green technologies and energy efficiency strengthens our economy, increases our energy independence and reduces greenhouse gas emissions." **– Governor Charlie Crist (R-FL), 1/15/09**

Events such as the terrible tornadoes and flooding that have ravaged America's Midwest, and the recent cyclone that devastated Myanmar, remind us of the threats we face from global climate change. The natural beauty that surrounds us and the extreme weather patterns that spawn death and destruction urge us to take action to prevent further devastation from global climate change." **– Governor Charlie Crist (R-FL), 7/15/08**

Republican governors have also endorsed The Regional Greenhouse Gas Initiative, the nation's first mandatory, market-based effort in the United States to reduce greenhouse gas emissions.

"By taking the lead in this landmark initiative, Connecticut continues its work to ensure a healthier environment for our future generations and make clear our commitment to cleaner and greener energy sources. " **– Governor M. Jodi Rell (R-CT), 3/22/09**

"Rhode Island is exceptionally committed and pleased to be working with the other states to bring the final steps in the Regional Greenhouse Gas Initiative into fruition. My administration has taken many bold actions in the development of offshore wind and distributed generation facilities, which, when coupled with this program, will put Rhode Island in the forefront of governments working on both energy independence and long-term security for our residents and businesses." **– Governor Donald L. Carcieri (R-RI), 9/25/08**

Offices of Speaker Pelosi, Leader Hoyer, the Energy and Commerce Committee, and the Select Committee on Energy Independence and Global Warming

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