

## **ENERGY AND COMMERCE COMMITTEE**

### **American Clean Energy and Security Act Full Committee Markup**

**MAY 18, 2009**

I am pleased to report that following six weeks of continuous and intensive negotiations with Chairman Waxman and Chairman Markey, I have now reached an agreement with them on the principles for greenhouse gas control legislation, and as a result I will be supporting the measure before the committee and urge other members to do so as well.

It is now inevitable that federal controls on greenhouse gases will be adopted. The Supreme Court ended the debate on whether there would be controls when it effectively mandated three years ago that the Environmental Protection Agency regulate greenhouse gas emissions unless the Congress regulates first. Virtually all interested parties, from the coal industry and electric utilities to the environmental community would prefer that Congress adopt the regulations rather than have them be adopted by the EPA. Accordingly, I have been working with Chairmen Waxman and Markey to advance the goals which I think are important to achieve in control legislation. These goals are the preservation of coal related jobs, the facilitation of growing coal production, and keeping electricity rates affordable in regions like Southwest Virginia where most of the electricity is coal fired. The compromise we have now achieved is a major step toward meeting these goals.

Our agreement will provide to electric utilities 90 percent of the emission allowances they will need without charge. The provision of free allowances will help to keep electricity rates affordable.

Our agreement provides 2 billion tons annually of offsets that will enable electric utilities to invest in agriculture and forestry, including tropical rain forest preservation, as a means of meeting their emission reduction requirements under the law. Therefore, by using offsets, electric utilities can continue using coal while at the same time reducing greenhouse gas emissions.

Under our agreement, separate legislation I have introduced to accelerate the flow of federal funding for the latest generation of carbon capture and storage technologies, will be enacted into law. Under that measure, \$1 billion annually will be devoted to the development of these technologies for a ten year period, and estimates are that with this funding they will be available and reliable in 2020. This technology development is essential to achieving our long term goals for greenhouse gas controls while at the same time preserving coal jobs, allowing increased coal production and keeping electricity rates affordable.

Throughout the course of the negotiations, I have been in continuous discussions with a number of stakeholders including the coal industry, electric utilities and the United Mineworkers, and we are broadly in agreement that the legislation that is the product of our compromise should now move through the Energy and Commerce Committee to be considered in the full House of Representatives.

We also are in agreement that further improvements in the legislation should be sought after it is approved by the Energy and Commerce Committee, and I am committed to seeking those additional improvements. One key improvement which I believe to be necessary is a change in the level of greenhouse gas reductions that will be required by 2020. Chairman Waxman's initial proposal was a 20 percent reduction based on 2005 levels by 2020. Our agreement for purposes of committee consideration sets the level at 17 percent. I continue to believe that a 14 percent reduction would further our goals of preserving coal jobs, increasing coal sales, and keeping electricity affordable, and I will continue to promote in future steps within the legislative process a 14 percent target for emissions reductions for 2020. In addition, I remain concerned about the short length of the phase out of the electricity sector allowances after 2025, the remaining discount on international offsets which emerges after 5 years, and other matters.

Despite these reservations, and my commitment to seeking additional improvements, I do support moving the legislation through our full committee. I will be voting yes, I encourage other members to vote yes and to work constructively with Chairmen Waxman and Markey as this measure goes to the floor of the House, and also, hopefully, with our Senate colleagues as it is considered there and in conference.

Let me just say a word about our negotiations. They have been intense, but they have been collegial. They were well structured and methodical, and they have proven ultimately to be successful. And I want to commend Chairman Waxman and Chairman Markey for a superb process in which they accommodated my concerns, they solicited my views, they listened to our arguments, and they were willing to make sure that our core needs were met. I very much appreciate that process and their cooperation in this effort, and I am pleased that we have achieved agreement on many key matters.