



October 14, 2009

U.S. Senator Barbara Boxer
Chairman
U.S. Senate Committee on Environment and Public Works
410 Dirksen Senate Office Building
Washington, DC 20510-6175

U.S. Senator James Inhofe
Ranking Member
U.S. Senate Committee on Environment and Public Works
456 Dirksen Senate Office Building
Washington, DC 20510-6175

Dear Chairman Boxer and Ranking Member Inhofe,

With the release last week of the Clean Energy Jobs and American Power Act, a bill co-authored by you, Chairman Boxer, and U.S. Sen. John Kerry (D-Mass.), your panel will soon be called upon to take the lead in crafting a final product that, with hope and much hard work, finds a way to meet the existing and growing energy needs of our country while advancing the imperative of preserving and enhancing the environment in which we live.

While not included in the base text of the legislation as introduced, the future adoption of a policy proposal known as the Low-Carbon Fuel Standard (LCFS) would cast serious doubt on the bill's ability to meet these core objectives. That's because an LCFS would represent, and in fact directly initiate, a de facto ban on some of the most secure and affordable sources of energy available to us in our hemisphere, all while doing nothing to rein in, or even keep static, the rate at which global greenhouse gases are emitted into the atmosphere.

Much attention has been paid to the question of how an economy-wide cap on carbon emissions might impact America's long-term security, a consideration that has taken on added emphasis by the leadership role that Sen. Kerry, chairman of the Foreign Relations Committee, has adopted as this legislation has proceeded. The inclusion of an LCFS title to this legislation would represent a clear and categorical blow to that security, forcing American consumers to turn away sources of secure, affordable energy in favor of foreign energy imports from some of the least stable regions of the world.

Closer to home, the story of how an LCFS would impact the economic well-being of American consumers and the states in which they live isn't much better. To be sure, some states across this nation, mostly along our coasts, may be able to more easily adapt than others to a policy that insists upon restricted access to secure North American energy supplies. But for states whose entire economic model is founded upon the availability of secure, affordable and reliable forms of energy from Canada and Mexico – the precise forms targeted for elimination under an LCFS – a policy that seeks to limit the type and amount of energy they're allowed to permit entry each day could leave these states with few options.

Ninety-three percent of the oil that the state of Montana uses each day comes from Canada;



greater than 80 percent of Minnesota's energy comes from there as well; Illinois imports more than half of its oil from Canada; and in Michigan, a state with a 15 percent unemployment rate, 63 percent of its energy supply is tied directly to its neighbor to the north. Cut-off that supply, and you effectively cut-off thousands of high-wage jobs while imposing extraordinary upward pressure on prices at the pump – all without taking any meaningful steps to reduce global greenhouse gas emissions.

It is legitimate to ask how that can be possible – how a plan that restricts the amount of Canadian energy allowed to cross our border does not reduce, at least by a corresponding amount, the volume of carbon dioxide cast into the atmosphere.

The answer isn't located in Canada, or in Mexico, or even in the United States. The answer is found in China. Unwilling to risk the chance of Congress instituting a de facto ban on its energy exports via an LCFS, our friends in Canada recently invited our competitors from China to make a major investment in the Albertan oil sands. The arrangement sets up the possibility, indeed the likelihood, that secure, affordable energy resources previously destined for U.S. markets will be directed to Asia instead – resulting in more, not less, carbon emissions all while casting America's present position of security in even greater doubt.

Consumer Energy Alliance (CEA), with its 125 affiliates and grassroots membership of more than 250,000 supporters, has not yet taken a formal position on the Kerry-Boxer bill, a stance we believe is prudent given the legislation's continued evolution and the understandably modest portfolio of analysis that has been assembled detailing its potential economy-wide impacts.

But on LCFS, allow me to make our position plain: CEA categorically opposes a plan that would in any way limit or otherwise restrict reasonable access to secure sources of energy on our continent. An LCFS endeavors to do precisely this. We thank you for your willingness to consider this position as you begin the important work for our country that lies ahead.

Sincerely,

David Holt
President
Consumer Energy Alliance

CC: Full Membership of Senate Environment and Public Works Committee