

# United States Senate

WASHINGTON, DC 20510

March 26, 2010

The Honorable John Kerry  
United States Senate  
218 Russell Senate Office Building  
Washington, DC 20510

The Honorable Lindsey Graham  
United States Senate  
290 Russell Senate Office Building  
Washington, DC 20510

The Honorable Joe Lieberman  
United States Senate  
706 Hart Senate Office Building  
Washington, DC 20510

Dear Senators Kerry, Graham and Lieberman,

We write as strong supporters of comprehensive clean energy and climate change legislation, which we believe will power our economic recovery, create jobs, strengthen America's energy security, and address the serious consequences of climate change. We appreciate your efforts to craft such legislation. It is time to get the United States running on clean energy and there is no time to waste.

We also appreciate your willingness to reach out to Senate colleagues to discuss issues of importance to them and their states and to craft legislation that seeks to address these concerns. We believe that these efforts can result in a comprehensive package that will position the United States as a global leader in clean energy technologies and provide the certainty that many businesses are seeking in order to compete in this emerging international market. Here at home, we also hope that comprehensive national climate and clean energy legislation does not undermine the critical progress that has been made on these issues in many states across the nation. It is for this specific reason that we write you today.

Absent federal leadership in confronting the serious challenges of global climate change and providing consistent and sustained incentives for the deployment of alternative energy, a number of states have taken the initiative to develop their own programs to address carbon pollution and invest in clean energy and energy efficiency. Today, many of the strategies and programs being discussed for inclusion in comprehensive federal energy and climate change legislation are drawn from the lessons learned in our states. For instance, many states have established their own Renewable Energy Standards that are driving public and private investment in clean, alternative energy and are saving consumers money. Some states have enacted standards, pioneered by the State of California, to reduce tailpipe emissions from automobiles, which comprise the vast majority of a transportation sector responsible for 28% of US global warming emissions. These important state-based programs have taken many forms and we must guard against undermining their continued success.

States have also been pioneers in establishing carbon trading programs. Ten states in the Northeast and Mid-Atlantic, for instance, are participating in the Regional Greenhouse Gas Initiative (RGGI), which is the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas

emissions. RGGI capped greenhouse gas emissions in the power sector beginning in January, 2009 and is on target to reduce emissions by 10 percent by 2018.

In the West, the Western Climate Initiative (WCI) set a goal of reducing greenhouse gas emissions by 15% from 2005 levels by 2020. The program includes a cap-and-trade system for western states and Canadian provinces, and some WCI member states have also set individual state-based carbon reduction targets.

While we support creating a national, mandatory, market-based system to establish a price on carbon and reduce carbon pollution, we cannot support the potential preemption of state-based programs, such as RGGI and WCI, without ensuring equity for these states that have taken early action to address carbon pollution at their own expense.

To take one example, RGGI has not only set Northeastern and Mid-Atlantic utilities on a path to a low-carbon future, but it has generated significant funding for energy efficiency and clean energy programs. To date, revenue raised from RGGI auctions exceed \$582 million. Every day, these funds are being invested to improve energy efficiency and alternative energy technologies, creating thousands of jobs and helping to protect consumers. Two-thirds of the proceeds from the RGGI auctions are being invested in energy efficiency programs, which lower electricity consumption and carbon emissions. The WCI will make similar investments. A federal program must not eliminate the critical resources to continue these successful efficiency and clean energy programs.

An outright federal preemption of state-based clean energy programs and regional carbon trading programs could leave states and businesses with millions of dollars in stranded costs and severely undermine public confidence in the new federal program. Both the American Clean Energy and Security Act (H.R. 2454) and the Clean Energy Jobs and American Power Act (S. 1733) recognized the importance of state regulatory and trading programs to early acting states. It is critical that the legislative framework you are developing likewise recognize the importance of this issue and include provisions to allow for continued state-based innovation in reducing global warming pollution and accelerating the transition to a clean energy economy, to facilitate conversion of state carbon pollution permits into a federal program, and to provide replacement revenue streams to states with existing programs so that they might continue with investments that have already been made.


We recognize the inherent complexity in crafting comprehensive clean energy and climate change legislation that seeks to address the multitude of diverse and dynamic issues affecting every region of the country. We stand ready to work with you to overcome these issues and thank you for your consideration of our concerns.

Sincerely,

  
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Barbara Mikulski

Robert Menendez

Frank R. Lautenberg

Ron Wyden

Ben Sanders

Barbara Boxer

Jeffrey A. Merkley

Kirsten E. Gillibrand

Patrick Leahy

Chris Dodd

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