

United States Senate

WASHINGTON, DC 20510

January 30, 2014

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC

Dear President Obama,

As a consequence of your recent Executive Order relating to your June 2013 Climate Action Plan (CAP), the Environmental Protection Agency (EPA) has conducted “listening sessions” in anticipation of proposing a rule designed to address emissions of greenhouse gases from existing power plants. Leaving aside whether EPA even has the legal authority to do this, as well as the dubious value of conducting “listening sessions” far from the homes of many of those most likely to be affected, we write to urge that you consider the burden to ratepayers before moving forward with plans to increase regulation of the existing power generation fleet.

In 2009, the American Clean Energy and Security Act, commonly known as “Waxman-Markey,” passed the Democratic-controlled House, but was not even considered in the Senate. The central provision of that legislation would have placed a cap on greenhouse gas emissions, which would then be sharply reduced over time. The legislation contemplated a final target of roughly 80% below 2005 levels by 2050. This bill was rejected by Congress for a variety of reasons, including primarily the tremendous costs it would impose on consumers and the economy for little or no benefit. For example, one study found that the bill would raise electricity rates by 90% (after adjusting for inflation).¹

Your June 2013 CAP announcement differs little from Waxman-Markey. Your CAP reflects the goal you announced in 2009 to reach an 80% emissions reduction by 2050 below 1990 levels.² Even if met, this goal, which was developed with no input from Congress, will have no measurable effect on global temperatures.

¹ William W. Beach, Ben Lieberman, Karen Campbell, and David W. Kreutzer, *Son of Waxman-Markey: More Politics Makes for a More Costly Bill*, Heritage Foundation (June 16, 2009), <http://www.heritage.org/research/reports/2009/05/son-of-waxman-markey-more-politics-makes-for-a-more-costly-bill>.

² Matthew Wald, *Energy Secretary Optimistic on Obama's Plan to Reduce Emissions*, N.Y. Times (June 27, 2013), http://www.nytimes.com/2013/06/28/us/politics/energy-secretary-optimistic-on-obamas-plan-to-reduce-emissions.html?_r=0.

The goal will nonetheless cost consumers in the form of increased prices for energy and anything made, grown, or transported using energy. These new costs will result in less disposable income in families' pockets. That means less money to spend on groceries, doctors' visits, and education. In short, low cost energy is critical to human health and welfare.

For some ratepayers, like the millions of rural electric cooperative consumers in the country, coal makes up around 80% of their electricity. According to the 2009 Bureau of Labor Statistics Consumer Expenditure Survey, nearly 40 million American households earning less than \$30,000 per year spend almost 20% or more of their income on energy.³ The most vulnerable families are those hit the hardest by bad energy policies and high utility bills.

For consumers, your Administration's actions will mean goods are costlier to produce and therefore costlier to purchase. Manufacturers and employers will face higher costs of capital and labor. What's worse, as noted by a 2003 Congressional Budget Office (CBO) report, these are the types of losses that cannot be offset with subsidies or other forms of assistance. As a result these costs will be borne solely and directly by American workers and consumers.⁴

Manufacturers and companies will face higher production costs if they are denied access to affordable energy, and instead be forced to use costlier, less reliable forms of energy. These businesses will either pass these costs along to consumers, or their profits will suffer and threaten their viability.

Either outcome is unacceptable given that America is on the verge of a manufacturing renaissance. A large part of our manufacturing success has been due to the inexpensive and reliable electricity that this country currently benefits from. Low price natural gas is a part of this, as is coal, which at 40% of our electricity mix is still the main source of base load power for our nation.

Recent studies have predicted that the U.S. is steadily becoming one of the lowest-cost countries for manufacturing in the developed world. The study estimates that by 2015, average manufacturing costs in advanced economies such as Germany, Japan, France, Italy, and the U.K. will be up to 18% higher than in the United States.⁵

This should come as no surprise. The fact is that going "all-in" on renewables has significantly weakened the stability of many European Union (EU) countries' electricity generation, caused prices to skyrocket, and has left ratepayers footing the exorbitant bill. The EU subsidies for wind

³ Department of Labor, U.S. Bureau of Labor Statistics, Report 1029, *Consumer Expenditures in 2009* (May, 2011), available at <http://www.bls.gov/cex/csxann09.pdf>.

⁴ Congressional Budget Office, *Shifting the Cost Burden of a Carbon Cap-and-Trade Program* (July, 2003), available at <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/44xx/doc4401/07-09-captrade.pdf>.

⁵ Harold L. Sirkin, Michael Zinser, and Justin Rose, *The U.S. as One of the Developed World's Lowest-Cost Manufacturers: Behind the American Export Surge*, *bcg.perspectives*, (Aug. 20, 2013), https://www.bcgperspectives.com/content/articles/lean_manufacturing_sourcing_procurement_behind_american_export_surge/

and solar that began almost a decade ago in the name of ending reliance on fossil fuels have saddled customers with an increase of almost 20% in the cost of electricity for homes and businesses over the past four years.⁶

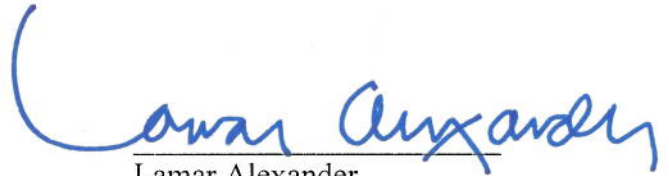
As an illustration, Germans will be paying more for electricity than any other major participant in the EU, according to the Household Energy Price Index for Europe. In September, Germans paid 40 cents per kilowatt hour (kWh) of electricity. Even the ratepayers in Connecticut, who suffer the highest electricity rates in the U.S. (17 cents per kWh), pay less than half that.⁷

Whatever our disagreements might be on how best to approach a changing climate, we think we can all agree that whatever we do should not burden ratepayers and consumers, especially middle and low-income families, with new costs. We therefore implore you to avoid any actions which damage ratepayers throughout this country, especially when those actions result in no measurable benefits and no measurable effects on the very thing that the actions are designed to address.

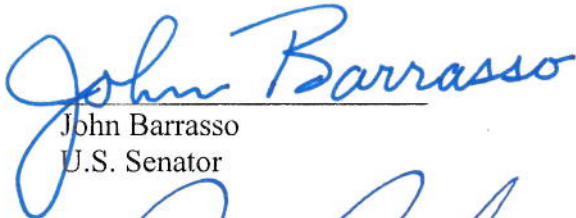
Sincere regards,



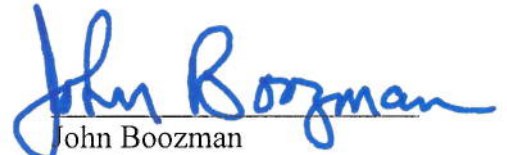
Roy Blunt
U.S. Senator



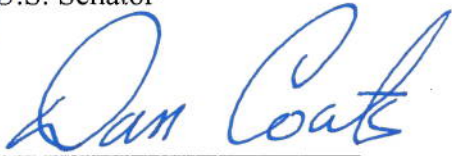
Lamar Alexander
U.S. Senator



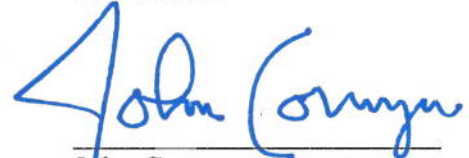
John Barrasso
U.S. Senator



John Boozman
U.S. Senator



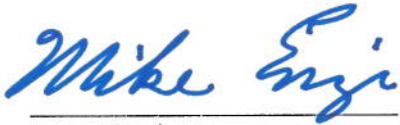
Dan Coats
U.S. Senator



John Cornyn
U.S. Senator

⁶ Geraldine Amiel, *Energy Bosses Call for End to Subsidies for Wind, Solar Power*, Wall St. J. (Oct. 11, 2013), <http://online.wsj.com/news/articles/SB10001424052702303382004579129182510803694>.

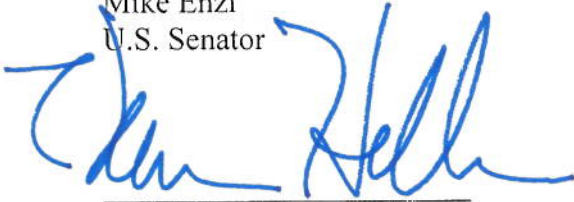
⁷ William Pentland, *Berlin's Electric Rates Become Highest In Europe*, Forbes (Oct. 27, 2013), <http://www.forbes.com/sites/williampentland/2013/10/27/berlins-ballooning-electricity-rates-become-highest-in-europe/>.



Mike Enzi
U.S. Senator



Deb Fischer
U.S. Senator



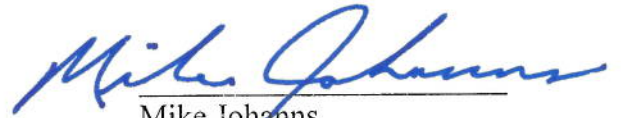
Dean Heller
U.S. Senator



John Hoeven
U.S. Senator



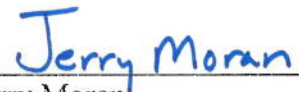
Jim Inhofe
U.S. Senator



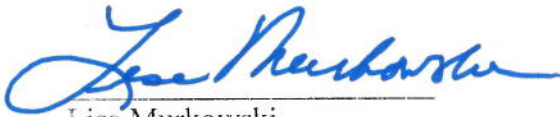
Mike Johanns
U.S. Senator



Joe Manchin
U.S. Senator



Jerry Moran
U.S. Senator



Lisa Murkowski
U.S. Senator



Rob Portman
U.S. Senator



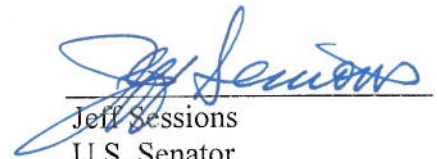
James Risch
U.S. Senator



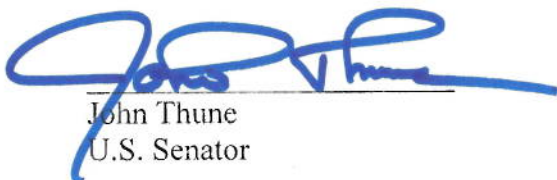
Pat Roberts
U.S. Senator



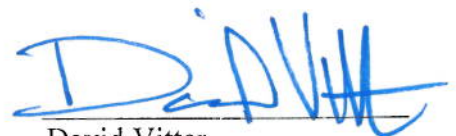
Tim Scott
U.S. Senator



Jeff Sessions
U.S. Senator



John Thune
U.S. Senator



David Vitter
U.S. Senator