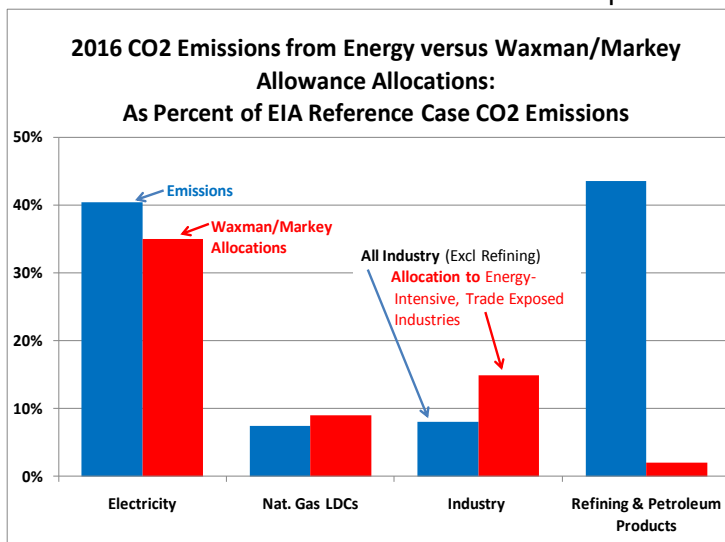


The House climate change bill will increase costs of gasoline, diesel and aviation fuel, and drive jobs and production overseas, increasing greenhouse gas emissions (GHGs) in foreign countries that will have a new competitive advantage.

Under the so-called “American Clean Energy and Security Act”, U.S. refiners will have to buy allowances, increasing their costs and giving a competitive advantage to non-US refiners. U.S. jobs will be lost and contrary to the bill’s intention, America will be less energy secure and more reliant on imports of gasoline and other refined products.

The unbalanced bill puts disproportionate costs on people who drive a car, truck, tractor, or take a flight.

- The Heritage Foundation recently completed an analysis of the Waxman-Markey bill that projects 90% increases in electricity costs and 55% increase in natural gas costs. Further, gasoline costs are estimated to increase by 58% - at today’s prices, that’s nearly \$4 a gallon at the pump.
- The legislation drives up individual and business fuel costs because it inequitably distributes free emission “allowances” to various sectors. Refiners are held responsible for 44% of emissions, including the refinery emissions (about 4%) as well as consumer emissions from planes, trains, automobiles, heating oil, and other petroleum use. Yet refiners are allocated only 2% of allowances. In contrast, some other sectors receive free allowances that match or exceed their obligation.
- Unlike power generation, which has the ability of switching to a low-carbon fuel source, there is no commercial-scale low-carbon source to fuel the nation’s 250 million cars or the millions of trucks and buses.
- This inequitable system of allocations will disproportionately hurt constituents that rely on gasoline, diesel fuel, heating oil, jet fuel, propane and crude oil. The unbalanced cost burden of the bill is contrary to a “market based” approach. The bill would also have a ripple effect throughout the economy as increased energy costs will impact the costs of goods and services.



With U.S. unemployment on target to top 10 percent this year, we cannot afford to lose more high-paying jobs.

- The federal Government Accountability Office warns that a cap- and-trade bill would give manufacturers in China and other countries a competitive edge over American companies and put U.S. jobs at risk. The GAO said the program would also lead to ‘carbon leakage’ as other countries’ greenhouse emissions would offset benefits that might result from U.S. restrictions.

- One independent study projects the bill results in up to 2 million net jobs lost annually, even with new green jobs created, and expects the wages of workers who remain employed to fall and for the loss to become greater over time.
- Six million Americans depend on the oil and natural gas industry for their jobs.
- The language in the bill itself acknowledges that job losses are inevitable, setting aside more than \$4 billion to re-train American workers who lose their jobs.

The bill outsources refining capacity and weakens our energy security.

- The bill compounds the inequities by barring U.S. refiners from receiving the same domestic protections granted to other industries exposed to foreign competition. The bill establishes international competitiveness protections for energy-intensive, trade exposed industries with one exception -- *petroleum refiners* – even though the federal government ranks the refining sector as the second most energy-intensive industry in the nation.
- By singling out one sector as ineligible for these protections, the bill’s sponsors are picking winners and losers, and risking sending millions of barrels of refining capacity and thousands of jobs overseas. This hurts both energy security and the economy.
- According to an ICF study on a similar bill in the Senate, by 2020 the unbalanced cap and trade program reduced U.S. refining capacity by 3 million barrels a day out of a total 18 million barrels a day.

Climate change policy should encourage greater domestic supplies of clean-burning natural gas.

- Ironically, the legislation’s allowance system and the renewable electricity standard discriminate against this abundant domestic resource. Half of the free allowances for the power sector are granted on the basis of historical emissions, benefitting older, higher emitting plants at the expense of newer, lower emitting natural gas-fired generators. The standard favors renewable energy while ignoring the emissions benefits of natural gas. Thus, the bill puts downward pressure on domestic natural gas production and use, once again driving jobs and production overseas. Consumers could face higher costs for goods and services made from or powered by natural gas.

The oil & natural gas companies are by far the leading investors in R&D for low-greenhouse gas energy technology.

- Since the year 2000, the government and U.S. companies spent \$134 billion on new energy technology to reduce greenhouse gases, such as solar, geothermal, advanced biofuels, and new applications of clean-burning natural gas. Nearly half -- 44% -- of that “clean energy” investment is by American oil and natural gas companies.

We support starting anew and support legislation in lieu of the ill-suited federal and state programs on greenhouse gases.

- The goal of the Waxman-Markey legislation was well-intentioned: protect the environment by reducing greenhouse gas emissions. But this legislation badly serves it. The controversial bill was rushed through the House in June on a 219-212 vote with sparse analysis on the impact to our economic recovery.
- Politics have distorted the legislation’s “cap-and-trade” scheme, and the idea once advanced of spreading the costs equitably across society has been abandoned. too little analysis was conducted. We oppose this deeply-flawed legislation and urge the Senate to make a new start to replace it with something far better.
- A new bill must create a national policy, preempting conflicting state and federal greenhouse gas programs.
- New policies should avoid a low carbon fuel standard (LCFS) that conflicts with existing fuels standards and sets requirements that are chemically impossible to meet.