

October 23, 2007

The Honorable Nancy Pelosi
Office of the Speaker of the House
H-232, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Office of the Majority Leader
S – 221, The Capitol
Washington, DC 20515

Dear Speaker Pelosi and Majority Leader Reid:

As members of the National Commission on Energy Policy (NCEP) we write to urge you to complete action as soon as possible on the pending energy legislation. Energy issues have profound implications for all Americans, with direct effects on our national security, economic competitiveness and environmental well-being. Because there is a rising danger that partisanship could obscure and undermine policy agreement on these important issues, we encourage you to get a bipartisan energy bill to the President's desk this year that will serve as a significant step in meeting our nation's energy security and climate change challenges.

The National Commission on Energy Policy is a bipartisan group of top energy experts from industry, government, labor, academia, and environmental and consumer groups. We have developed recommendations to address the nation's leading energy challenges including: strengthening and reforming fuel economy standards; establishing a national renewable energy portfolio standard; establishing a national cap and trade program to address global warming; and dealing with other major energy policy issues. Many of the issues in the Commission's recommendations are addressed in the pending energy legislation. Specifically, we recommend:

Fuel Economy

- Establish a national average new-vehicle fuel-economy improvement target of 4 percent per year, while retaining the full discretionary authority of the National Highway Traffic Safety Administration (NHTSA) to modify the presumptive target up or down if safety, technology, or economic considerations warrant.
- Provide targeted consumer and manufacturer incentives to promote the domestic development, production, and deployment of advanced automotive technologies such as hybrid, plug-in hybrid, and advanced diesel vehicles.

Renewable Energy

- Adopt a federal renewable portfolio standard that increases the share of electricity generated by renewable resources nationwide to at least 15 percent by 2020.
- Continue to provide investment certainty by extending the eligibility period for federal production tax credits in five-year, rather than two- or one-year, increments.

Energy Efficiency

- Enhance and extend tax incentives for efficiency investments introduced under the Energy Policy Act of 2005 (EPAAct05).
- Ensure that the Department of Energy (DOE) follows through on its recent commitment to issue efficiency standards for 22 categories of appliances and equipment that capture all cost-effective and technically feasible energy savings.

Advanced Coal

- Direct greater resources toward accelerating the commercialization of carbon capture and storage (CCS) by providing substantial deployment incentives.
- Explore carbon capture options for non-IGCC plants.
- Ensure that the U.S. Environmental Protection Agency (EPA) completes a rigorous, formal public process to formulate effective regulatory protocols governing long-term carbon storage as soon as possible (recognizing that midcourse corrections will likely be needed as experience is gained).

Biofuels

- Re-evaluate ethanol subsidies and tariffs in light of current fuel prices and mandates and rationalize existing policies to direct a greater share of public resources to more promising options, such as cellulosic ethanol; biobutanol; and clean, high-quality diesel fuel from organic wastes.
- Address other hurdles to biofuels deployment, including hurdles related to the deployment of critical supporting infrastructures (including gathering systems, distribution systems, and refueling facilities) and compatible vehicle technologies.
- Take steps to ensure that policies aimed at reducing U.S. oil dependence do not promote environmentally unsustainable fuel alternatives.

Energy Technology Innovation

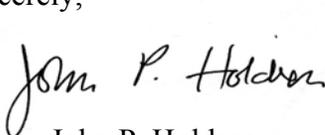
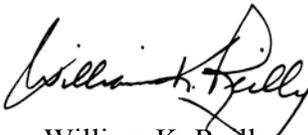
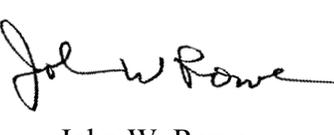
- Double annual direct federal expenditures on energy-technology research, development, and demonstration, corrected for inflation, with increases emphasizing public-private partnerships, international cooperation, and energy-technologies that offer high potential leverage against multiple challenges. Substantially increasing public investment in energy technology innovation is critical to the achievement of oil security and climate change objectives.

- Triple federal funding specifically for cooperative international efforts in energy research, development, and deployment (where this proposed increase is within the overall expansion of federal expenditures recommended above).

We believe it is critical that the Congress enact measures like those described above to address our energy security and environmental needs. The pending legislation, if passed, would be an important step in US energy policy and would help to provide a pathway for any ensuing climate change bill.

We again urge you to get the energy bill—including fuel economy reforms and the establishment of a national renewable portfolio standard—to the President’s desk as soon as possible.

Sincerely,

		
John P. Holdren NCEP Co-Chair	William K. Reilly NCEP Co-Chair	John W. Rowe NCEP Co-Chair

cc: The Honorable John Boehner
The Honorable Mitch McConnell