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March 19, 2007

The Honorable John D. Dingell
Chairman
House Energy & Commerce Committee
U.S. Congress
Washington, D.C. 20515-6115

Dear Chairman Dingell:

The National Petrochemical & Refiners Association (NPRA) appreciates the Energy Commerce Committee's invitation to provide responses to the questions regarding climate change included in its letter of February 27, 2007. NPRA is pleased that the Committee is seeking input on the many complex issues inherent in crafting a climate change program. NPRA members include more than 450 companies, representing more than 98 percent of the U.S. refining capacity and 75 percent of U.S. petrochemical production. Our members supply consumers with a wide variety of products used daily in their homes and businesses. These products include gasoline, diesel fuel, home heating oil, jet fuel, lubricants, and the chemicals that serve as "building blocks" for everything from plastics to clothing to medicine to computers.

NPRA does not believe carbon dioxide should be considered a pollutant. We are supportive of further study and continued research to better understand climate science. Until these questions are conclusively answered, we believe it is premature to address greenhouse gas regulation. However, NPRA is prepared to participate in collaboration between industry and government on the issue of greenhouse gas emissions. We look forward to a constructive engagement in the process and view the following components as critical for inclusion in any consideration of the issue:

- That global action with sufficient measures to protect the U.S. economy is a precondition to any action;
- An economy-wide strategy that does not disproportionately target the U.S. refining and petrochemical sectors and the jobs they represent;
- Consideration of the impact to natural gas supplies which has significant consumer impacts and represents a threat to the refining and petrochemical industries;

- A system that is transparent, broad-based, and efficient;
- Coordination of energy, environment and transportation policy to avoid unintended consequences;
- Federal preemption;
- Milestones that realistically reflect the time required to develop and deploy the technology needed to reduce and remove greenhouse gases;
- Federal research and development funding policy should emphasize:
 - Better understanding of climate science
 - Energy efficiency and conservation
 - Carbon capture and sequestration
 - Development of low-carbon energy sources

Climate change is a complex and long-term public policy challenge that must be addressed with realistic, long-term strategies which recognize the vital role energy plays in maintaining our country's freedom, economic strength and way of life. U.S. climate change policy must adhere to strong environmental goals and reflect that the understanding of science and related technologies of climate change continues to evolve.

Further, we do not believe that sufficient attention has been paid to the combined impact on the nation's petroleum refining industry of a large number of proposed transportation-related measures. Many proposals are under discussion regarding increased bio-fuel mandates, gasoline taxes, upstream and downstream approaches to "cap-and-trade", and re-opening of CAFE standards. All of these are under discussion at the same time that petroleum refiners are being urged to expand refining capacity. To date, the combined impact of these approaches on this important national sector and its future has not been adequately assessed. NPRA stands ready to work with the Committee to evaluate fully these and related issues highlighted in more detail below.

NPRA and its members look forward to working further with the Committee on this issue. If you should have any questions on this submittal, please contact David Friedman of my staff at (202) 457-0480.

Sincerely,



Charles T. Drevna
Executive Vice President

cc: The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce

The Honorable Rick Boucher, Chairman
Subcommittee on Energy and Air Quality

The Honorable J. Dennis Hastert, Ranking Member
Subcommittee on Energy and Air Quality