June 15, 2007

The Honorable John D. Dingell
Chairman
Committee on Energy and Commerce
Washington, DC 20515-6115

The Honorable Rick Boucher
Chairman
Subcommittee on Energy and Air Quality
Washington, DC 20515-6115

Dear Chairmen Dingell and Boucher:

Thank you for inviting the American Chemistry Council (ACC) to respond to the Energy and Commerce Committee's questions on the role of "portfolio standards" policies in assisting our Nation's transition to cleaner, more efficient energy supplies.

As we have noted in earlier correspondence, American Chemistry is a major user of energy inputs, but what makes our industry unique is that we use energy to save energy. Our industry uses more natural gas than the state of California and more electricity than the state of New York. The business of chemistry uses energy inputs to make energy-saving materials, including insulation, reflective coatings, lubricants, caulking, packaging, light-weight auto body parts and much more. Energy is the lifeblood of the chemical industry and we welcome the opportunity to comment on the Committee's policy considerations.

American Chemistry is a strong supporter of renewable energy, energy efficiency and other sources of "clean" energy, including combined heat and power, natural gas, nuclear, coal gasification with carbon capture and sequestration when economically sustainable, and recycled energy. There is a strong body of evidence, supported by research and analysis such as that conducted by Princeton and the Electric Power Research Institute (EPRI),[1], that the United States must make massive investments – on the scale of $500 billion or more – to develop and bring to market a variety of lower carbon technologies that will lead to reductions in greenhouse gas emissions. Other major-emitting nations – including China and India – face even larger investment decisions.

It is important to evaluate "portfolio standards" policies in the context of the broad range of lower carbon technologies that are required to control, reduce or eliminate carbon emissions.

[1] Princeton, *Stabilization Wedges: Solving the Climate Problem for the Next 50 Years with Current Technologies,* Science Magazine, August 2004; EPRI, *Electricity Technology in a Carbon-Constrained Future*, Feb. 2007

EPRI's recent report[2] states that the electricity sector in the United States "will need ALL of the following technology advancements to significantly reduce CO_2 emissions over the coming decades (original emphasis):

- Smart Grids and communications infrastructures to enable end-use efficiency and demand response;
- A grid infrastructure with the capacity and reliability to operate with intermittent sources of renewables power;
- Significant expansion of nuclear energy (and a viable strategy for managing spent fuel); and
- Coal-based generation units operating with 90 plus percent CO_2 capture and storage.

Further, EPRI estimates that as the U.S. utility sector works to lower CO_2 emissions below 1990 levels by 2030, the sector will still get more than 50 percent of its power from Advanced Coal technologies and more than 25 percent from nuclear. Under this scenario, renewables and efficiency will no doubt make a significant contribution to a lower carbon footprint (on the order of 15 percent), but again, that contribution must be viewed in the context of the overwhelming demand for a broad portfolio of technologies that must be brought to market (including available technologies for efficient combined heat and power (CHP) and clean natural gas generation as well as other advanced technologies under development).

In short, American Chemistry strongly supports the increased use of renewable energy and energy efficiency technologies as an important component of a broad portfolio of clean and advanced technologies. We strongly urge the Committee to put the issue of energy technology "portfolios" in the proper context as climate-related policies are considered.

Thank you again for inviting us to respond to the Committee's questions. If we can provide any additional information on ACC's position, please feel free to contact me or Owen Kean, ACC's Senior Director for Energy, at (703) 741-5806.

Sincerely,

Thomas J. Gibson
Senior Vice President
Advocacy

cc: The Honorable Joe Barton
The Honorable J. Dennis Hastert

[2] EPRI, *Electricity Technology in a Carbon-Constrained Future (2007)*